5 NEOLIBERAL HEGEMONY

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Confusing neoliberalism and hegemony

Back in the 1990s, Social Democratic politicians and many observers proclaimed the end of the neoliberal era when New Labour, New Democrats and New Social Democrats in the UK, USA and Germany, respectively, defeated the heirs of Thatcher and Reagan. A few years later, however, Tony Blair, Bill Clinton and Gerhard Schröder became famous mostly due to their efforts to extend neoliberal ideas to the public sector in general and to the sphere of social and labour market policy in particular. New types of marketization like public private partnership and new public management, cross-border financial liberalization and welfare state retrenchment became cornerstones of new social democratic reforms (Birch and Siemiatycki 2015; Helleiner 2014; Svalfors and Taylor-Gooby 1999). Conversely, few efforts were made to reverse previous neoliberal agendas, and disillusioned voters eventually abandoned Social Democracy, and politics in general, in droves (Marlière 2008; Mair 2013; Plehwe et al. 2006).

Fast forward to 2008, and once again politicians and commentators, even a number of economists, declared the end of neoliberalism. The global financial crisis ushered in a return to Keynesian economic policies across the OECD world. Deregulation and cross-border liberalization, many now argued, had gone too far. Yet only two years later, governments in the European Union, for example, have changed course to prescribe austerity regimes, which have reinforced public sector and welfare state retrenchment in many countries (Blyth 2013; Streeck 2013). Moreover, North America and the EU have started pushing for unprecedented free trade agreements to further advance cross-border liberalization. Although it is rare to hear outspoken advocates of radical neoliberal messages nowadays, there is no shortage of neoliberal programming and policy-making, and neoliberal resilience in general (Cahill 2014; Crouch 2011; Mirowski 2014).

In order to address questions and issues around this continuing neoliberal hegemony, it is necessary to clarify the understanding of both neoliberalism and hegemony. Neoliberalism has been associated with specific historical periods: for example, UK and US politics during the Thatcher and Reagan eras, military dictatorship in Latin America, ‘Washington Consensus politics’ in the global South of the 1990s, or ‘shock therapy’ in different regions. Yet neoliberal influence was quite strong in countries like Germany or Switzerland right after World War II; neoliberals already had bridgeheads in many Latin American states and in Japan during the 1950s...
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and 1960s; and neoliberal politicians and scholars played a significant role in the early history of the European Community (e.g. with regard to competition law) and the Global Agreement on Tariffs and Trade (GATT, e.g. Gottfried Haberler 1958 report, Baldwin 1982). In order to clarify if, to what extent, and how historical configurations are actually ‘neoliberal’, the study of neoliberal ideas and activities has to be taken seriously. Even more so as neoliberal ideas, much like other ideas, have been evolving, and have been advanced in gradual manner in many places, frequently compromised and as a result of compromise rather than pristine and in confrontation.

Instead of looking for the one comprehensive neoliberal system or regime, students of neoliberalism really need to look both at neoliberal ideas carefully and at social, political and ideological power relations.

**Studying neoliberal ideas: historical social network analysis and group biography (prosopography)**

Beyond neoliberalism as a swear word, the discussion of neoliberal ideas, concepts, policies and instruments can be analytically distinguished from the discussion of varieties of neoliberal capitalism, regimes, and political configurations. Neoliberal influence can be conceptualized and examined in two ways. It can be a) a historical instantiation of an ideology carried by social forces in particular power relations. It can be b) an instance of successful (if restricted) institutionalization of social relations according to neoliberal perspectives. In consideration of these dimensions we can perceive of a sufficiently broad research programme designed to establish both a large set of examples and varieties of neoliberal ideas on the one hand, and their relevance in countries and policy or issue areas over time on the other hand.

Neoliberal hegemony in such an understanding differs from a more general notion of bourgeois or capitalist class hegemony and requires specifying the neoliberal (or right-wing liberal) content and meaning of political leadership and institutions. Closer attention needs to be paid to intellectual history. Neoliberalism can be traced to its origin in the 1930s in opposition to both laissez-faire liberalism and socialism or collectivism (Walpen 2004; Plickert 2008). From there we can follow the subsequent evolution, and also try to note if sufficiently clear demarcations can be observed vis-à-vis social liberalism and the revival of free market radicalism (e.g. anarcho-capitalism, conservative libertarianism etc.).

Roots of neoliberalism precede the history of neoliberalism, of course. But the works of later neoliberals in the course of the 1920s, for example, does not yet entail a clearly perceived distance from classical liberalism. In the eyes of 1920s liberals, the advance of Soviet socialism and organized interests in Western capitalism posed a threat, but the belief in the viability of capitalism was not yet shaken by the Great Depression, which really started liberals to think of and define neoliberalism as a space between classical liberalism and collectivism; or, as a third way in competition to the other neoliberalism, (British) new liberalism. It is problematic, therefore, to date the first period of neoliberalism back to the 1920s, as Stedman Jones (2012) does, without offering a convincing reason. Ordo-liberalism, which Stedman Jones mentions, was created during the 1930s rather than 1920s (Ptak 2009), even though key members of the German-Swiss ordo-/neoliberal community like Röpke or Rüstow were active intellectuals in the Weimar Republic. The social reform programme of or akin to British new liberals flourished in the 1920s in various countries, of course, but only in the course of the 1930s can we distinguish the opening of explicit neoliberal space in the battle over the future of capitalism and the ‘good society’ (Lippmann 1937).

Historical ideas centred analysis of neoliberalism has been originally conceived and developed to study intellectuals and scholars organized in the Mont Pèlerin Society (MPS), and
related think tank networks (Plehwe et al. 2006). The MPS has been conceived (by Hayek) as a right-wing, yet global counterpart to Fabian elite socialists (Walpen 2004). A focus on the MPS does not imply exclusiveness, of course, but can be considered initially helpful to capture the related varieties of neoliberal ideas and the role they played in a great many countries over time since World War II (Walpen 2004; Plickert 2008; Plehwe and Mirowski 2009).

Prominent elements studied so far include Austrian Economics, German-Swiss Ordoliberalism, American Chicago-School, and Public Choice traditions, for example. But the neoliberal ‘style of thought’ and ‘thought collective’ (Mannheim 1922) has many more pillars like Italy’s Bocconi School, British development economics, and Scandinavian trade theory. Neoliberal intellectuals worked inter alia in Mexico, Australia, Japan and South Africa. Even if the MPS is too small a world to study the whole of the neoliberal ideas’ universe, it is a good antidote to common reductionism to European, German and British varieties of neoliberalism in particular, or to American components of the history of neoliberal ideas. Burgin’s (2012) effort to describe a shift from Hayek to Friedman provides some additional information on US neoliberals, but sadly fails to broaden the understanding of the history of neoliberal ideas and neoliberal influence. The Italian Bocconi School impact on public finance, for example, recently became highly relevant beyond Italy through arguments around ‘expansionary austerity’ (i.e. spending cuts as good to both consolidate budgets and stimulate growth), which have been used to legitimate much of the European crisis management since 2010 (Blyth 2013). We still know almost nothing about neoliberals in Japan, where numerous members of the MPS held high-ranking positions in government, central banking, business associations etc. The dominant focus on Anglo-American neoliberals reinforces an existing bias in academic knowledge regimes, but does not really improve the study of the international and transnational dimensions of neoliberal ideas and influence.

**Studying varieties of neoliberalism: hegemonic constellations**

A broader view of comparative capitalism in the age of neoliberal hegemonic constellations acknowledges a large-scale transformation from social (or embedded) liberalism to neoliberalism, which is always embedded in certain ways as well, of course (Cahill 2014), but often does not look closely at the history of ideas dimension. The hitherto best example of the study of the diversity of neoliberal economic and political institutions is the work of Bohle and Greskovitch (2012). In the tradition of comparative capitalism, Bohle and Greskovitch examine the configuration and diversity of neoliberal economic and political institutions in Central Europe after the collapse of the Soviet Union. They argued that only Slovenia evolved in ways that did not fit well into a framework based on neoliberal institutions and social relations. But the study also identifies variations in the primarily neoliberal configurations in the Baltic States, in the Czech Republic and Slovakia, and Poland. Hegemonic constellations in Central Europe find expression in a variety of neoliberal institutional configurations even if the ideologies of leading parties would not always fit easily with the neoliberal universe of ideas. Some countries have been governed at times by post-socialist parties that are members of the Social Democratic party alliance; some have been governed by conservative parties. The shift from socialism and social liberalism to neo- or right-wing liberalism is nevertheless important in each of the non-neoliberal or anti-neoliberal camps. New social democracy has embraced market solutions to most problems and conservatives have embraced a somewhat more tolerant individualist outlook.

If neoliberalism is a complicated concept due to its polyvalence in terms of ideas and *Realpolitik*, hegemony is an exacting term due to its multiple theoretical underpinnings. Antonio Gramsci developed a sociological and relational understanding of hegemony which focused
mostly on agency dimensions of leadership, although Gramsci also referred to structural proportions (Anderson 1976). Most frequently scholars associate hegemony with Gramsci’s notion of consensus politics (Gill 1986), which must be distinguished from straightforward coercion. Consensus, at the same time, cannot be reached without integrating significant parts of marginalized strata of society, which otherwise would have to be repressed. In any case, intellectuals and ideas are credited for the architecture of hegemony whereas repressive police and military functions are central to politics of constraint.

Gramsci’s key concern was socialist strategy in the face of defeat and the victory of fascism: unlike Bolshevism in Russia, socialist strategy in Italy and Western Europe could not rely on capturing power and the state in a ‘war of movement’. Civil society in support of the bourgeoisie and capitalist order was too strong to overturn the rulers in one stroke. Instead, Gramsci clearly perceived of a need to engage in a long-lasting ‘war of position’ covering many different political, economic and cultural spheres. Here we can also appreciate his link between agency and structure: Gramsci was aware of structural change, which can be driven by different forces. He no longer considered superstructures as simply (and fully) determined by economic structures. Accordingly, a class position rooted in economic power only is insufficient to achieve a hegemonic position. Political and cultural spheres have to be considered realms and sources of social power in their own right, which does not mean they can be studied in isolation from economic power relations (Opratko 2014). Studying neoliberal networks through think tanks, for example, enables the tracing of links between (corporate) funding and other constituencies of neoliberal intellectual life, which also helps avoiding a purely apolitical history of ideas.

The 1970s and 1980s witnessed a revival of Gramscian thought, which also extended to international relations (Cox 1983). But the use of the term ‘hegemony’ in relation to welfare state capitalism, to the role of intellectuals, and to comprehensiveness came at a price.

First, hegemony has been equated to post-war Fordism and the welfare state, which Gramsci certainly did not (and could not) have in mind in his writing on hegemony. Gramsci could only draw on examples of the late nineteenth and early twentieth centuries due to his premature death in 1937. Hegemony as rule based on consent in addition to constraint arguably referred simply to countries and circumstances of ‘normal’ functioning of political democracy: no civil war, no revolution, and no state of extraordinary rebellion. The extent to which such normal functioning of the political system required social integration should not be judged by the standards of a fully developed welfare state.

Second, the role of intellectuals as architects of hegemony does not require them to be interested in compromise in general. While hegemony cannot be achieved by way of unilateral imposition of a specific world view, a new compromise between relevant classes and factions can necessitate fighting against the former architecture of compromise. Neoliberals, much like marginalized segments of society, have refused ‘passive revolution’, or adaptation to the dominant order. Hayek and the other MPS neoliberals were convinced of the need to develop their own (original) perspective, instead of prematurely fighting on the turf of social liberalism. The compromise function of intellectuals does, in any case, not preclude other avant-garde and leadership roles.

Third, hegemony is sometimes stated to be near universal, which hardly conforms to Gramsci’s notion of war of position, and his primary focus on national configurations. Sometimes hegemony is held to be impossible to achieve by neoliberal forces simply because they do not want to and cannot integrate the social underclasses. Yet classical liberalism arguably obtained hegemonic status in certain countries at times despite relegating social matters to the church and private charity.
Fourth, in neo-Gramscian perspective, the analysis of hegemony requires asking how social forces can move in the direction of socialism. Neoliberal hegemony instead is perceived in paradoxical ways. Some analysts draw a coherent picture of an iron cage, other (e.g. post-neoliberalism) analysts seem to believe that neoliberal hegemony can simply collapse (like the implosion of the Soviet Union), but refrain from carefully analysing and demonstrating the reach and the limits of neoliberalism in time and space.

A productive alternative to general notions of neoliberal hegemony is asking for comparative analyses of neoliberal hegemonic constellations, which need to combine national and transnational dimensions in the contemporary era of globalized capitalism and to allow differentiation according to different social spheres and political matters. If the era of social-liberal hegemonic constellations lasted up until Thatcher and Reagan in general, a careful analysis will observe that the roll back started earlier: in Chile after competing economic policy orientations were replaced within the dictatorship (Fischer 2009), in the USA with the U-turn under Carter (Harrison and Bluestone 1988), in the UK with IMF-imposed cut-backs. Institutions of a previous age are not easily and entirely dismantled, of course. The resilience of the welfare state has been an important topic in the comparative welfare regime research (Pierson 1996). Defending public health systems, for example, may limit neoliberal hegemony in some countries and policy areas at the same time that neoliberal hegemony advances in financial affairs and economic regulations. Latin America’s increasing investments in a basic welfare state co-exists with advanced liberalization vis-à-vis North America and the WTO. Notions of hegemony thus have to be comprehensive without becoming monolithic, and compromise architectures may require more or fewer doses of constraint in addition to active or, possibly more important, passive consent.

I will go through the three major phases of the manifestation of neoliberalism next, and distinguish origins, movement building and momentum, consolidation and defensive stages. I only consider the later stages to be mostly neoliberal hegemonic constellations due to overall architecture of economic and social policy-making and the evolution of social relations. The concluding section will address the perspective of counter-hegemony, which cannot be restricted to emancipatory movements, unfortunately.

**Studying neoliberalism before, during and towards the end of neoliberal hegemonic constellations**

**Origins and early manifestations**

Neoliberalism was born after the Great Depression. Contrary to the frequent reduction of neoliberalism to anti-state/pro-market ideology since the Thatcher and Reagan years (e.g. Crouch, 2011), a wide range of right-wing liberals started to think about the limits of laissez-faire capitalism and the market-state dichotomy in classical liberal theories when the Great Depression undermined the very existence of capitalism and private property. Henceforth, neoliberals confronted a double threat of socialism (or collectivism) and the insufficient framework of classical liberalism. Neoliberals competed with social and political (new) liberalism for ideas and leadership as to how to stabilize the capitalist order. Both with regard to ends and to means the neoliberal right differed from the liberal mainstream and left, even if there was a convergence with regard to recognizing the need of the state to secure economic and social stability.

At the end of World War II, neoliberal ideas did not enjoy widespread support. War-related planning and social integration on the premises of macro-economic (Keynesian) management under reliance on public sector investment was widely considered to offer the most promising solution for the post-war period. The Bretton Woods order secured the road towards a new
social order, which materialized as a variety of capitalist welfare states (Esping-Andersen 1990). John Ruggie (1982) described the new order in Polanyian-terms as ‘embedded liberalism’.

Hegemony by and large was social liberal in the OECD world during the heyday of the ‘social democratic century’ (Dahrendorf 1983), under pressure from consolidated Soviet Union socialism and the rising developmental states of the global South (Hobsbawm 1994). But during the 1950s, right-wing liberals nevertheless enjoyed powerful positions in several countries and specific policy areas. While Friedrich Hayek and other neoliberals who founded the MPS in 1947 maintained a posture of marginalized minority surrounded by socialism (compare Hartwell 1995), in a number of countries and policy areas early neoliberals were contributing significantly to the social order. For example, and, contrary to widespread beliefs, Germany’s social market economy was conceived by neoliberal scholars and politicians around Ludwig Erhard, even though real-world policies were not identical to the ideas of Alfred Müller-Armack, who coined the term, or Wilhelm Röpke, who was a key adviser to Erhard (Ptak 2009). Germany’s post-war neoliberals had to struggle with the other wings of Christian Democracy and the labour movement. The German ordo-neoliberals opposed the significant power of trade unions and the emerging configuration of welfare capitalism in Germany much like the neoliberals reinforced the corporate opposition against the New Deal in the USA. Right-wing German and Swiss leaders inspired by the ordoliberal ideas even opposed the economic growth models because they objected to the expansion of both big business and big unions. They wanted to control the increasing concentration of economic activity and wanted to limit ‘proletarianization’ of social structures. Ideas about the economic order centred on anti-trust and competition, on the one hand, and around small and medium-sized family enterprise, on the other hand. A mix of industrial and agricultural work was considered as ideal for social integration, not socialist planning or the big welfare state (Slobodian 2014). But Ludwig Erhard and his Mont Pèlerin circles lost some of their critical battles – for example, the fight against the public pension system (Erhard preferred private insurance).

It is interesting to note that the difference between Hayek and Keynes in regard to social policy and welfare provision was, arguably, not that great. We can only speculate if the endorsement of social minimum standards by both Keynes and Hayek were unambiguous or contextually specific to the late 1940s. Right-wing liberals, in any case, lost many of the decisive battles of the 1950s and 1960s to trade union-backed Social Democracy and popular (Christian) Conservatism. In the USA, the Great Society programme and new social regulation manifested itself less in generous welfare provisions beyond social security, but more in powerful regulatory agencies like the Organization of Safety and Health Administration or the Environmental Policy Agency. In more or less comprehensive ways, public pension systems, public health systems and progressive tax and transfer regimes ushered in the era of welfare state capitalism based on productivity growth and rapid wage increases compared to previous times.

But neoliberals during this ‘defensive era’ were not merely ‘saving the books’ (Hartwell 1995). They managed to build bases and bridgeheads in many countries and policy areas, and consolidated a leading position in a few rather important policy areas like competition policy and international trade (Walpen 2004; Plehwe et al. 2006; Plehwe and Mirowski 2009). A lot of work still remains to be done on neoliberal circles in many countries, academic fields and policy areas to understand better the configuration of neoliberal positions in the era of social liberalism. The subsequent movement and momentum towards neoliberal hegemony can be much better explained if the actor networks and agencies are tracked and traced across time. Scholars who insist on structural transformation as major explanation for the rise of the neoliberal age (e.g. Harvey 2005; Doering-Manteuffel and Lutz 2010) tend to obscure the lineages and heritage of early neoliberalism as well as the contributions of neoliberals to the shaping of critical
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battles and to the capacity building for neoliberal political leadership. This is most important to better understand the ‘movement phase’ of the neoliberal attack on welfare capitalism during the 1970s.

**Movement phase: an alternative perspective of the 1970s and 1980s**

In contemporary histories of capitalist democracies, the late 1960s and 1970s are frequently seen in the light of student rebellion and the advance of progressive movements in many countries. National liberation movements around the world defined progressive nationalism and restricted Western interest spheres. Socialist and non-aligned countries forged a strong alliance in economic policy areas culminating in the demands for a new world economic order (Bair 2009). In the advanced industrialized countries, old and new social movements also advanced during this period of time. For example, social and environmental regulations were extended during these decades. The Club of Rome members added momentum to this new agenda with their worries about the natural limits of capitalism, thereby establishing legitimacy for environmental activism. Under the umbrella of the United Nations, the ecological policy agenda added a new layer of national and international environmental state institutions. Precautionary environmental agendas and climate change politics, in particular, were considered to require increasing state and planning capacities (Bernstein 2001).

Yet, at the same time, the neoliberal counter-movement moved from its mostly defensive posture, with regard to the rise of welfare capitalism, and expanded its capacities and policy influence in many areas way beyond trade and competition politics. The dissolution of the Bretton Woods regime followed a script written by a group of neoliberal advisers around Fritz Machlup, Gottfried Haberler and Milton Friedman who exerted a new authority with regard to the international monetary regime of flexible exchange rates long before monetarism became an authority in national central banks. MPS members focused on the preservation of capital mobility as prime concern during this rocky period (Schmelzer 2010). Rational choice-based scholarship formed the basis of an increasingly vigorous attack on traditional welfare economics (e.g. market failure) and shifted the focus on problems of government (e.g. public choice, state failure theory). In practical terms, the neoliberal research agenda fuelled the deregulation and privatization movements that took shape in the 1970s (Canedo 2008). While social regulation expanded to health and environmental matters in many OECD countries, economic regulation was pushed back at the same time.

The most violent counter attacks came in the global South. Dictatorships in Chile and Argentina served as the earliest models of privatization of social welfare regimes, anticipating the developments of the 1980s and 1990s in the global North (Fischer 2009; Plehwe 2013). Obviously, this would not be an example of hegemony in Gramsci’s terminology since brutal force was required, and consent was rather limited. Yet it is also clear that social democratic liberalism and socialism had lost an opportunity to consolidate progressive hegemony, and neoliberal approaches had gained a very serious advantage in addressing the major issues of economic and social policy-making under conditions of military dictatorships. Authoritarian neoliberalism was ambivalent (Dussel-Peters 2006), however, because it threatened to undermine the magic of the liberty concept which was still needed in ideological competition with the socialist empire. As long as human civil rights abuses could be blamed on Northern supporters of Southern dictatorships, the Western campaign for freedom and democracy remained shackled and marred in contradictions.

The great crisis of Fordism eventually prepared the shift in the balance of power towards neoliberalism in many countries (Yergin and Stanislaw 2008). Economic stagnation, combined
with rising unemployment and rising inflation, suggested limits to Keynesian economic wisdom in the OECD world. The French experiment in left-wing Keynesianism under Mitterrand in the early 1980s shows that neoliberal approaches to deal with the stagflation crisis were not the only game in town. But the failure of the French strategy demonstrated the very limited room to manoeuvre for socialist or social-liberal alternatives to neoliberalism after the shift of global hegemonic constellations in the direction of the latter. When it was clear that there cannot be liberal socialism in one republic, French Socialists – under additional pressure from German central banders – became the key architects of Europe’s economic and monetary union, and the larger world of global finance (Abdelal 2007). The debt crisis of the early 1980s and near collapse of many developing countries in the global South signalled an end to import substitution and state-led development paradigms at the same time the French experiment failed. The 1980s witnessed the collapse of authoritarian neoliberalism, yet also paved the way for the so called ‘Washington Consensus’, which is widely regarded as a period of neoliberal convergence. While many, if not most, countries moved in a similar direction, there are important differences between Argentina’s radical currency board neoliberalism and more pragmatic varieties (and continuities) in Chile, for example, let alone between the Eastern European transformation countries. Varieties of neoliberal (austerity) capitalism emerged in confrontations between weaker social democratic and stronger neoliberal and conservative forces, not least within the capitalist classes.

By the 1970s, the preparation of the networks of intellectuals and think tanks during the 1950s and 1960s provided neoliberalism with great capacities to fully exploit the problems and contradictions of the opponents even if neoliberals continued to fight an uphill battle in some areas (e.g. with regard to defending Pinochet, with regard to environmental activism, etc.). It is important to realize that Thatcher and Reagan, or Helmut Kohl in Germany and many other leaders who were orchestrating the political shift of the 1980s leaning towards neoliberal approaches, did not come out of the blue in terms of political thought and epistemic authority. All of the new centre-right governments relied to no small degree on the capacities developed in civil society by privately financed, more or less business-related neoliberal networks. Sprawling civil society networks in turn enabled the intellectual leadership to point in a neoliberal direction. After the Heritage Foundation presented a new government programme to Reagan, the social technology of administration programming was imitated across the world. Transnational networks of neoliberal think tanks provided excellent channels for the diffusion of ideas, policy instruments and PR techniques (Wedel 2009; Dinan and Miller 2007). The political power shifts of the late 1970s, 1980s and early 1990s allowed neoliberals to greatly expand their networks (compare Plehwe and Walpen 2006), which was a prerequisite of the successful consolidation of neoliberal hegemonic constellations.

**Consolidation: 1989 until ?**

The broad story of consolidation of neoliberal hegemonies from the 1990s is easily related: Europe deepened and widened the single market after the collapse of socialism in Central and Eastern Europe as well as in large parts of Asia. There was no talk of a third way or market socialism in the former Soviet empire (Bohle and Neunhöffer 2006); there was no alternative to neoliberal (globalized) capitalism at this point in time. North America reacted to European regionalism by way of pursuing NAFTA and eventually continental free trade across the Americas. The shift towards export (and import!) orientation had removed the long-standing reservations vis-à-vis the power of the USA in particular. The book title *The Poverty of ‘Development Economics’* (Lal 2000[1983]) signalled the unification of neoliberal market economic ideas. This was not simply neoclassical orthodoxy, but the replacement of the synthesis of neoclassical
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economics and Keynesianism by combinations of neoliberal and neoclassical traditions, which still need to be better understood. The shift towards micro-economics and information economics, for example, represents the profound influences of Austrian economics in general and Hayek in particular on neoclassical macro-economics. Behavioural and experimental economics even broke with the rationality assumptions of the neoclassical tradition; bounded rationality underlines the key neoliberal insight according to which markets need to be constructed and secured (Ptak 2009; Peck 2012).

The term ‘consolidation’ might seem awkward for an era that also witnessed some of the greatest crises of neoliberal capitalism (e.g. Russia, Argentina, South East Asia). Consolidation should definitely not be considered smooth and harmonious. Consolidating neoliberalism, in fact, meant pushing back countervailing forces and limiting the extent to which compromises were needed to integrate disaffected members of society. The reduction and market-oriented reorientation of the welfare state (e.g. retrenchment, individual asset-based welfare) certainly produced conflicts that advanced neoliberalism in society. The main point to be made is that the contradictions of neoliberal capitalism and its crises did not lead to a comprehensive move towards an alternative. Latin American countries went further than others in the search for alternatives when backed by state oil revenues (e.g. Venezuela), but neither Argentina nor Brazil, for example, were able to push for an alternative to free trade and free capital movement with the North. The evolution of the varieties of welfare capitalism in the southern hemisphere suggests thinking of a shared perspective of limited welfare states rather than of a counter-movement against neoliberal hegemonic constellations.

When it came, the North Atlantic financial crisis demonstrated the systemic fragility of neoliberal globalization and financialization. The key insight that capitalism has to be stabilized by the state had been violated with financialization, and the post-hoc stabilization came at the steep price of significantly increasing public and private debt (Streeck 2013). Neoliberal resilience and strategic reform capacities were demonstrated by way of temporary reliance on fiscal stimulus combined with monetary easing, and a quick return to more severe versions of austerity capitalism in Europe, in particular. Reform neoliberalism displays a greater propensity to re-regulate on neoliberal terms, relying on the insights of behavioural economics and the original recognition of neoliberal statehood. No better title than the paradoxical formula of libertarian paternalism (Sunstein and Thaler 2003) could be found to demonstrate the distance to traditional socialist and social-liberal concepts of solidarity and social citizenship.

Conclusions: prospects of counter-hegemonic forces

Since the lingering great recession and the approaches and capacities of neoliberal statehood to cope with the contradiction of neoliberal austerity capitalism have not led to a shift reminiscent of the 1970s, we may need to consider the contemporary dynamics of really existing neoliberalism (Brenner and Theodore 2002), more or less hegemonic, as indicative of a still ongoing great transformation. This would be the third after the original birth of liberal capitalism and the second transformation towards the welfare state capitalism Polanyi analysed before it was ‘complete’. The beginning of the third transformation would be dated back to the earliest instances of authoritarian neoliberalism from where it was extended to the OECD and eventually to the ‘second world’ of Soviet socialism. The ‘strange non-death of neoliberalism’ (Crouch 2011) and neoliberal resilience are one side of the coin: the entrenched power of neoliberal social social forces, enhanced corporate, technocratic and epistemic authorities. But the other side of the coin would be the contradictions, movements and transformations, including the building of pockets and bridgeheads of counter-hegemonic forces.
The consolidation of varieties of neoliberal capitalism currently seems to suffer from stagflation 2.0 problems; namely the combination of stagnation and deflation rather than inflation. If reflation is not successfully orchestrated by way of neoliberal leadership, its contradictions and limits will be more visible in the future than they have been in the past. But would-be counter-hegemonic forces still need to become clearer about their own perspectives. Neoliberalism has proven capable of a considerable amount of problem-solving capacity, integration and innovation, which is partly due to an intelligent and quite plural intellectual conversation within neoliberal confines. Those wings of neoliberalism that try to rewrite liberal history as linear (classical) or even break away from Mont Pèlerin essentials like the freedom and property society inspired by von Mises’s descendants do not belong to the realm of neoliberalism, in fact. The new and positive programme of neoliberalism of the 1930s and 1940s understood the need to break with orthodoxy; contemporary free market right-wingers do not. Neoliberals did indeed compete with social liberals and socialists. They did and will do better, arguably, as long as there was and will be a significant other. The neoliberal history of social movement and counter-movements still needs to be written, though.

Comprehensive moves against right-wing liberal perspectives need to clarify an alternative to competitive federalism, individualism, and the iron cage of profit maximization that is inherent to capitalist socialization processes. There are many types of non-liberal and anti-liberal objections, but many of those can be considered quite compatible with overall neoliberal hegemonic constellations. Authoritarian neoliberalism and communitarian islands of limited solidarity are not obstacles to continuity. Universal social citizenship, transnational solidarity and a confrontation with profitability concerns are not. While cultural spheres and the state at all levels are critical areas to contemporary wars of position, the counterattack needs to reach into the private sector. Unless inroads are made in this direction, the main source of right-wing liberal hegemony cannot be curtailed. It has not been an accident that corporate citizenship rose when social citizenship declined. Corporate social responsibility in combination with nudging of market citizens (consumers) provide for an alternative neoliberal frame that has yet to be challenged in a comprehensive and decisive way.

Notes

1 The Mont Pèlerin Society has been the home for a variety of liberalism since 1947. Some radical wings around von Mises were never fully at ease with the spectrum of Mont Pèlerin neoliberalism. In 2006, the property and freedom society was founded to finally offer an alternative home for ‘Austrian libertarianism’ (http://propertyandfreedom.org/about/).
2 Ben Jackson (2010) emphasizes the diversity of early neoliberal perspectives and quotes Henry Simons and Walter Lippmann in particular with regard to neoliberal acceptance of welfare provisions. While he suggests Lippmann to be on the far left of the neoliberal spectrum, Simons did not make it to the Mont Pèlerin meeting in 1947 due to his premature death. The Mont Pèlerin formula of ’social minimum standards not inimical to the market’ in any case qualifies welfare provision agendas.

References


