

# What is Neoliberalism?

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## **Abstract:**

The concept of ‘neoliberalism’ has, during the past twenty years or so, become quite widespread in some political and academic debates. Several authors have even suggested that neoliberalism is ‘the dominant ideology shaping our world today’, and that we live in an ‘age of neoliberalism’. The overshadowing importance accorded by some to the phenomenon of neoliberalism does not signify, however, that it is a clearly defined concept. We suggest in this article that while the concept itself has become an imprecise exhortation in much of the literature, often describing any tendency deemed to be undesirable, it might still be given a more precise definition, which we attempt below. If this is done, then the concept could become a useful analytical device in order to describe some recent economic and political trends, even if it is an ever so slight overstatement to say that we live in a neoliberal age or a neoliberal society.

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## Introduction

The subject of this article is the concept of ‘neoliberalism’ and its history. The concept has, during the past twenty years or so, become somewhat of an exhortation in many political and academic debates. This has especially been the case among authors who uses the concept pejoratively, describing what they perceive of as the lamentable spread of global capitalism and consumerism, as well as the equally deplorable demolition of the proactive welfare state (cf. especially Bourdieu 1998; 1998a; 2001; Chomsky 1999; Touraine 2001; Hermansen 2005; Saad-Filho and Johnston 2005; Hagen 2006; Plehwe et al. 2006).

The concept suggests its own definition: ‘Neoliberalism’ is a revival of ‘liberalism’. This definition suggests that liberalism, as a political ideology, has been absent from political discussions and policy-making for a period of time, only to emerge in more recent times in a reincarnated form. It suggests, in other words, that liberalism has undergone a process of initial growth, intermediary decline, and finally a recent rejuvenation. Alternatively, neoliberalism might be perceived of as a distinct ideology, descending from, but not identical to liberalism ‘proper’. Under this interpretation, neoliberalism would share some historical roots and some of the basic vocabulary with liberalism in general. This interpretation places neoliberalism in the same category as American ‘neoconservatism’, which is an ideology or ‘political persuasion’ somewhat similar to and yet markedly different from much conventional conservative thought, and often hardly recognisable as a genuinely *conservative* ideology (Kristol 1983; Wolfson 2004, Fukuyama 2006).

An initial mystery facing anyone who wants to study neoliberal ideology in more detail is that there does not seem to be anyone who has written about neoliberalism from a sympathetic or even neutral point of view. Practically everyone who writes about neoliberalism does so as part of a critique of neoliberal ideology. Neoliberalism is in this ‘critical literature’ customarily thought of as the return and spread of one specific aspect of the liberal tradition, namely *economic liberalism*. Economic liberalism is, basically, the belief that states ought to abstain from intervening in the economy, and instead leave as much as possible up to individuals participating in free and self-regulating markets. Economic liberalism and neoliberalism should, in our view, be held separate from liberalism in general, which we understand, along with the *Oxford English Dictionary* (1989), rather broadly as a political ideology which is “[f]avourable to constitutional changes and legal or administrative reforms tending in the direction of freedom or democracy”. The same dictionary describes neoliberalism also, which is said to be “a modified or revived form of

traditional liberalism, [especially] one based on belief in free market capitalism and the rights of the individual” (Oxford English Dictionary 1989a). While these definitions are somewhat illuminating, they do need further elaboration, which we intend to give below.

In the second part of this article, we set out – because we find it necessary to do so before we discuss what neoliberalism is – to briefly analyse the concept of liberalism. This analysis of liberalism in general will serve as a background to the third part, which will attempt to sort out the concept of neoliberalism. At the end of this section, we will propose a unified definition of the concept we set out to describe. The fourth and final part will ask how important neoliberalism actually is, and to what degree it is the kind of governing force in the world today, as many of the ‘critical’ authors would have it. This section will contain more questions than clear answers, and with it we intend to inspire others to take part in more careful reflection and further research.

## **Liberalism**

The concept of neoliberalism suggests a particular account of the development of liberal thought. It suggests that liberalism was at one point in time an influential political ideology, but that it at some point lost some of its significance, only to revive itself in more recent times in a new form. As it turns out, however, liberalism has dominated normative political thought as well as practical politics in the West for the past sixty years, up to the point in which it has become a shared inheritance among political theorists, professional politicians, and nearly all significant political movements in its native countries. This is attested by the fact that hardly anyone speaks out *against* freedom or democracy anymore, which are the primary values of liberalism, as identified in the dictionary definition quoted above. Neoliberalism could therefore scarcely be understood as the recovery of a lost tradition of liberal, political thought. It should, in our view, instead be seen as an ideology different from, and often opposed to, what is more commonly described as ‘liberalism’.

The word ‘liberal’ took on a specifically political meaning with the establishment of liberal parliamentary caucuses in Sweden and Spain, and later on throughout Europe, in the first decades of the nineteenth century (Gray 1995). When these embryonic political parties coined the term ‘liberal’, they wanted to signal their favourable assessment of the emerging democratic systems in Britain and especially the United States, as opposed to their conservative opponents, who wanted to return to pre-revolutionary forms of government (cf. Sartori 1987:367f). The epithet is usually, however, held to describe a considerably older phenomenon, dating at least back to the political theories of John Locke, and his

philosophical and theological defence of popular sovereignty and religious toleration at the end of the seventeenth century (Laski [1936] 1997; Ryan 1993; Gray 1995). Partly because of its relatively long history, the term ‘liberalism’ has become a rather nebulous concept, and usage has tended vary quite considerably over time, and in accordance with varying regional experiences. The opening sentences of one entry in a reference book should suffice to describe the lexicographer’s headache:

“Anyone trying to give a brief account of liberalism is immediately faced with an embarrassing question: are we dealing with liberalism or liberalisms? It is easy to list famous liberals; it is harder to say what they have in common. John Locke, Adam Smith, Montesquieu, Thomas Jefferson, John Stuart Mill, Lord Acton, T. H. Green, John Dewey and contemporaries such as Isaiah Berlin and John Rawls are certainly liberals – but they do not agree about the boundaries of toleration, the legitimacy of the welfare state, and the virtues of democracy, to take three rather central political issues” (Ryan 1993:291).

The matter is not helped, either, by the fact that many have used ‘liberalism’ as a generic term “of praise or obloquy in the political struggle”, with many liberals themselves attempting to “define liberalism in such a way that only the very deluded or the very wicked could fail to be liberals” (Ryan 1993:292). In addition, different liberal parties, politicians, and political philosophers have often put forward differing opinions of what the ‘original’ or ‘true’ meaning of liberalism actually is. This is often what happens when adherents of economic liberalism clash with more left-leaning adherents of ‘social liberalism’ on such basic political questions as with what, and with how much, the state ought to concern itself.

One could more easily identify, however, some of the common varieties of liberalism and liberal thought. One frequently encountered distinction goes between ‘classical’ and ‘modern’ types of liberalism (Ryan 1993:293-296). *Classical* liberalism is, under Ryan’s understanding, associated with earlier liberals such as the already mentioned John Locke and Adam Smith. In addition, he names Alexis de Tocqueville from the nineteenth century, and Friedrich von Hayek from the twentieth, as belonging to the tradition of classical liberalism.

Classical liberalism is often associated with the belief that the state ought to be *minimal*, which means that practically everything except armed forces, law enforcement and other ‘non-excludable goods’ ought to be left to the free dealings of its citizens, and the organisations they freely choose to establish and take part in. This kind of state is sometimes described as a ‘night-watchman state’, as the sole purpose of the minimal state is to uphold the most fundamental aspects of public order. Some of these authors, especially John Locke ([1689/90] 1823), even consider the state to be a freely established association between

individuals, where its members have a justified cause for rebellion if the state seizes more power than what has been originally ceded to it by its citizens. Classical liberalism has thus much common ground with what we described above as ‘economic liberalism’. And it is often the case that classical liberals are, with their tendency to favour *laissez-faire* economic policies, portrayed as leading proponents of ‘neoliberalism’.

*Modern* liberalism is, on the other hand, characterised by a greater willingness to let the state become an active participant in the economy. This has often issued in a pronounced tendency to regulate the marketplace, and to have the state supply essential goods and services to everyone. Modern liberalism is therefore, for all intents and purposes, a profound revision of liberalism, especially of the economic policies traditionally associated with it. Whereas ‘classical’ or ‘economic’ liberals favour *laissez-faire* economic policies because it is thought that they lead to more freedom and real democracy, modern liberals tend to claim that this analysis is inadequate and misleading, and that the state must play a significant role in the economy, if the most basic liberal goals and purposes are to be made into reality.

Such ‘modern’ views could be associated with nineteenth-century theorists such as Benjamin Constant and John Stuart Mill. More recently, John Dewey, William Beveridge, and John Rawls have articulated similar ideas. Modern liberalism could generally be thought of as being situated politically to the left of classical liberalism, because of its willingness to employ the state as an instrument to redistribute wealth and power – in order to create a society deemed to be more decent or equitable (cf. Beveridge 1944; 1945; Rawls 1993).

Another dimension within liberal thought Ryan (1993:296-297; cf. also Kymlicka 2002:53-165) describes is the more recent conflict between ‘liberalism’ (or ‘liberal egalitarianism’) on one hand, and ‘libertarianism’ on the other. This dimension overlaps to a degree with the division between classical and modern liberalism, but not entirely so. One might perhaps perceive of libertarianism as a radicalised variety of classical liberalism, at least as this position has been expressed by for instance Robert Nozick (1974) and Murray Rothbard ([1962/1970] 2004), and liberal egalitarianism as a more systematic or theoretical restatement of modern liberalism (cf. especially Rawls 1971; Ackerman 1980).

Libertarianism is typified, as its name suggests, by a remorseless concern for liberty above everything else, especially economic or commercial liberty, coupled with a corresponding de-emphasis of other traditional liberal purposes and values such as democracy and social justice. This sets libertarians apart from many earlier classical liberals such as Smith and Tocqueville who, while they vigorously advocated quite extensive economic liberties, also acknowledge the validity and legitimacy of other concerns. Later

classical liberals such as Hayek are however hardly distinguishable from the libertarians, even if he and the other economists of the ‘Austrian school’ insists on describing themselves as proponents of classical liberalism, while at the same time accusing mainstream liberals of advocating “a program that only in details differs from the totalitarianism of the socialists” (Mises 1962:v; cf. Hayek 1973; 1976, 1979). Liberal egalitarians, meanwhile, generally share the traditionally liberal view that legitimate goals and ideals are many, and that commercial freedom is merely one of these goals. The name, liberal egalitarianism, indicates that liberal egalitarians would like to see equality as well as liberty brought about, which places them alongside other modern liberals, politically to the left of classical liberals and libertarians alike.

Surveying the history and recent developments of liberal thought, one could quite easily come to agree with Ryan (1993), that it would be difficult to pinpoint exactly which political ideals, goals, and beliefs liberals have in common. There have, however, been made several attempts to make a reunified definition of what sort of ideology liberalism actually is. John Gray’s solution is to emphasise what he believes all liberals have in common. He identifies four basic elements of a highly abstract conception of man and society which he believes liberals of all quarters adhere to, and which sets them apart from non-liberals:

“Common to all variants of the liberal tradition is a definite conception, distinctively modern in character, of man and society. What are the elements of this conception? It is *individualist*, in that it asserts the moral primacy of the person against the claims of any social collectivity; *egalitarian*, inasmuch as it confers on all men the same moral status and denies the relevance to legal or political order of differences in moral worth among human beings; *universalist*, affirming the moral unity of the human species and according a secondary importance to specific historic associations and cultural forms; and *meliorist* in its affirmation of the corrigibility and improvability of all social institutions and political arrangements. It is this conception of man and society which gives liberalism a definite identity which transcends its vast internal variety and complexity.” (Gray 1995:xii, author’s own emphases).

Ryan’s introductory essay on liberalism also contains an elaboration of some core tenets of liberalism, summated under the headings of three ‘liberal antipathies’, and three ‘liberal prescriptions’. The liberal antipathy for political absolutism, theocracy and unrestricted capitalism are common to all liberals from Locke to our day, according to Ryan (1993). Of these, it is perhaps the last which sounds a bit surprising, given the emphasis put on commercial liberty by the classical liberals. As Ryan shows, however, there are marked differences between the favourable assessment of the market economy given by classical liberals such as Smith, and the uncompromising support of any type of market activity shown by many libertarians, which Ryan implicitly places outside of liberalism ‘proper’. The

prescriptions he alludes to are, on the other hand, more familiar. Liberalism is, he says, a set of political theories which emphasise first of all that individuals ought to be free to choose between different meaningful options in life-defining decisions. Secondly, liberalism includes the view that society ought to be subjected to the rule of law and to democratic governance. Finally, Ryan hook up liberalism with the idea that state power ought to be exercised with caution and within constitutional limits, for instance within a system based on the separation of powers, as suggested by earlier liberals such as Locke and Montesquieu.

‘Liberalism’ is, undoubtedly, a rather vague and often highly contested concept. It usually describes a disposition towards individual liberty and democracy which might be present in a person’s political point of view, or ingrained in the political culture of a country, rather than a well-defined and clearly demarcated set of political beliefs (cf. Waldron 1987; Shklar 1989; Walzer 1990; Larmore 1990; Rawls 1993; Galston 1995; Kekes 1997; Gray 2000). As a preliminary understanding of liberalism, we wish however to suggest that it is best understood as *‘a political programme or ideology whose goals include most prominently the diffusion, deepening and preservation of constitutional democracy, limited government, individual liberty, and those basic human and civil rights which are instrumental to any decent human existence’*.

This definition is in part inspired by Giovanni Sartori, who stresses that liberalism is better understood as a ‘practical’ theory of building and maintaining democratic polities and securing individual liberty, rather than a ‘metaphysical’ conception of man and society (Sartori 1987:379-383). This means that liberalism is less of a ‘partisan’ ideology, and more like a shared heritage between those that are committed to goals and ideals such as democracy and freedom. Our definition is, we believe, better than most of the definitions which have been suggested from time to time, because it highlights the practical side of liberal politics, and the most central goals which liberals wish to see realised. Because our definition does not try to escape into metaphysical unreality, it is more likely to be controversial than Gray’s, but also, we believe, more politically relevant than some of the other attempts to capture (with little hope) what has become, in effect, an ‘essentially contested concept’ (Abbey 2005; cf. Gallie 1956).

## **Neoliberalism: conceptual history and definitions**

### **The ‘critical’ literature**

According to Saad-Filho and Johnston (2005:1), “we live in the age of neoliberalism”. Along with the other authors of the book, *Neoliberalism – A Critical Reader*, they share the quite

common, but not necessarily factually accurate, view that power and wealth are, to an ever increasing degree, concentrated within transnational corporations and elite groups, as a result of the practical implementation of an economic and political ideology they identify as 'neoliberalism'. On the volume's back cover blurb, the publisher of the book go even further, and describe neoliberalism as "the dominant ideology shaping our world today". But in spite of its purportedly overshadowing importance, Saad-Filho and Johnston find it "impossible to define neoliberalism purely theoretically" (ibid.).

It is not, according to another contribution to the same volume, possible to date the emergence of neoliberalism precisely, but its foundations can be traced back to the classical liberalism advocated by Adam Smith, and to the specific conception of man and society on which he founds his economic theories (Clarke 2005). Neoliberalism is, under this view, thought of as an entirely new 'paradigm' for economic theory and policy-making – the ideology behind the most recent stage in the development of capitalist society – and at the same time a revival of the economic theories of Smith and his intellectual heirs in the nineteenth century.

This line of argument is continued by Palley (2005), who argues that a 'great reversal' has taken place, where neoliberalism has replaced the economic theories of John Maynard Keynes (1936) and his followers. Keynesianism, as it came to be called, was the dominant theoretical framework in economics and economic policy-making in the period between 1945 and 1970, but was then replaced by a more 'monetarist' approach inspired by the theories and research of Milton Friedman (1962; Friedman and Schwartz 1963). Since then, we are led to believe that 'neoliberalism', i.e. monetarism and related theories, has dominated macroeconomic policy-making, as indicated by the tendency towards less severe state regulations on the economy, and greater emphasis on stability in economic policy rather than 'Keynesian' goals such as full employment and the alleviation of abject poverty.

As maintained by Munck (2005), the possibility of a 'self-regulating market' is a core assumption in classical liberalism, and an important presumption among neoliberals as well. Efficient allocation of resources is the most important purpose of an economic system, and the most efficient way to allocate resources goes through market mechanisms, according to what Munck describes as 'neoliberal economic theories'. Acts of intervention in the economy from government agencies are therefore almost always undesirable, because intervention can undermine the finely tuned logic of the marketplace, and thus reduce economic efficiency. As 'the dominant ideology shaping our world today', neoliberalism wields, according to Munck, great power over contemporary debates concerning reforms of



international trade and the public sector. One is forced, basically, either to take up a position against neoliberal reforms, or else contribute to their diffusion and entrenchment.

The *Critical Reader* is in many ways a typical representative of a recent wave of ‘critical literature’ whose main goal it is to denounce a powerful tendency which goes under the name of ‘neoliberalism’ (cf. e.g. Blomgren 1997; Bourdieu 1998; 1998a; 2001; Giddens 1998; Chomsky 1999; Campbell and Pedersen 2001; Touraine 2001; Marsdal and Wold 2004; Rapley 2004; Harvey 2005; Hagen 2006; Plehwe et al. 2006). Several of these works accord neoliberalism an overwhelming significance, while they at the same time seem quite happy to leave the concept of ‘neoliberalism’ completely undefined, claiming, along with Saad-Filho and Johnston, that it defies definition. One might therefore easily begin to suspect that the concept has become, in some quarters at least, a generic term of deprecation describing almost any economic and political development deemed to be undesirable.

### **Neoliberalism: A conceptual history**

But even if the recent upsurge of literature suggests that neoliberalism is a new phenomenon, recorded usage of the term stretches back to the very end of the nineteenth century (Oxford English Dictionary 1989a), when it appeared in an article by the prominent French economist and central ideologue of the cooperative movement, Charles Gide (1898; 1922). In his article, which is mainly a polemic against the so-called ‘neoliberal’ Italian economist Maffeo Pantaleoni (1898), Gide foreshadows later usage of the term, where it is generally thought that neoliberalism is a return to the classical liberal economic theories of Adam Smith and his attendants. After Gide, however, few make use of his concept, and usage is inconsistent, as different authors seem to emphasise different aspects of liberalism, when they describe more recent contributions to liberal theory as ‘neoliberal’ (cf. e.g. Barnes 1921; Burns 1930; Merriam 1938).

The first book-length work we have been able to discover, employing the term ‘neoliberalism’ in its title, is Jacques Cros’ doctoral thesis, “*Le ‘néo-libéralisme’ et la révision du libéralisme*” (Cros 1950). To Cros, neoliberalism is the political ideology which resulted from a few efforts at reinvigorating classical liberalism in the period immediately before and during World War II, by political theorists such as Wilhelm Röpke (1944; 1945) and Friedrich von Hayek (1944; Hayek et al. 1935). Cros’ main argument is, basically, that these ‘neoliberals’ have sought to redefine liberalism by reverting to a more right-wing or *laissez-faire* stance on economic policy issues, compared to the modern, egalitarian liberalism of Beveridge and Keynes. Cros generally applaud these ‘neoliberals’ for speaking

out against totalitarianism at a time when only few people did so, especially among intellectuals. He remains sceptical, however, to their central thesis, common to most classical liberals, that individual liberty depends on there being a free-market economy, where the state has voluntarily given up its ability to control the economy for the good of society as a whole, or the interests of its own citizens.

After Cros, there are forty years in which the concept of ‘neoliberalism’ is used only infrequently, and then mainly to describe the situation in Germany, where it was occasionally used as an epithet for the ideology behind West Germany’s ‘social market economy’ (*soziale Marktwirtschaft*), for which in particular Röpke and other so-called ‘ordo-liberals’ served as central sources of inspiration (cf. Arndt 1954; Friedrich 1955). In particular, it is the German social theorist and Catholic theologian Edgar Nawroth (1961; 1962) who attempts, building in part on Cros, to concentrate his analyses of the political and economic developments of the Federal Republic around a concept of *Neoliberalismus*.

In Nawroth’s studies, it is the attempts made by the first two West German Chancellors, Konrad Adenauer and Ludwig Erhard, to combine a market economy with liberal democracy and some elements of ‘Catholic social teachings’ (*katholische Soziallehre*), which are described as ‘neoliberalism’, and as a ‘third way’ between fascism and communism. Nawroth himself, however, remains sceptical to this rather eclectic ideology, and he is especially concerned by his perception that the open market economy inspires people to become acquisitive and self-centred, and thus hampering their moral development and weakening the internal solidarity of German society. In short, Nawroth’s highly conservative critique of West German ‘neoliberalism’ (and modernity in general) inaugurates a new tradition of using the term depreciatively, even if he uses it to describe an economic system which characteristically lacked the doctrinaire rigidity often associated with neoliberalism in the ‘critical literature’ more recent times.

Cros and Nawroth’s concept of neoliberalism was slowly and gradually exported to the rest of the world, where it during the 1990’s gained the prevalence it now has. We can witness the early stages of this movement in an article by the Belgian-American philosopher Wilfried ver Eecke (1982), which implicitly is an attempt to export Cros and Nawroth’s concept of neoliberalism to the English-speaking world. Ver Eecke uses in his text the concept of neoliberalism to describe German ordo-liberalism as well as American monetarism, which according to ver Eecke share a strong preference for a state which reserves for itself the right to intervene in the market only in order to preserve the market economy as such, for instance with the institution of anti-trust legislation and monetary

policies solely aimed at price stability. In his article, we can therefore see the concept of neoliberalism in a more mature state, compared to the expositions given by Cros and Nawroth. Under ver Eecke's understanding, neoliberalism is not a description of any kind of recent contributions to liberal theory, but rather a concept reserved for a particular *kind* of liberalism, which is marked by a radical commitment to *laissez-faire* economic policies. Among the proponents of such policies one finds some of the more uncompromising classical liberals such as Mises and Hayek, monetarists and other economists bent on establishing and preserving what they perceive of as 'free markets' such as Friedman, and finally also those libertarians whose much-repeated insistence on individual liberty issues in a demand for a minimal or practically non-existent state, like Nozick and Rothbard.

### **David Harvey's definition of neoliberalism**

In the recent 'critical' literature, David Harvey stand out as being one of the few who tries, in his *A Brief History of Neoliberalism*, to give the concept a wide-ranging definition, which in part harks back to the analyses submitted by Cros, Nawroth and ver Eecke (Harvey 2005). In our view, his definition does shed a ray of light on the issue of what kind of phenomenon neoliberalism is:

“Neoliberalism is in the first instance a theory of political economic practices that proposes that human well-being can best be advanced by liberating individual entrepreneurial freedoms and skills within an institutional framework characterized by strong private property rights, free markets and free trade. The role of the state is to create and preserve an institutional framework appropriate to such practices. The state has to guarantee, for example, the quality and integrity of money. It must also set up those military, defence, police and legal structures and functions required to secure private property rights and to guarantee, by force if need be, the proper functioning of markets. Furthermore, if markets do not exist (in areas such as land, water, education, health care, social security, or environmental pollution) then they must be created, by state action if necessary. But beyond these tasks the state should not venture. State interventions in markets (once created) must be kept to a bare minimum because, according to the theory, the state cannot possibly possess enough information to second-guess market signals (prices) and because powerful interest groups will inevitably distort and bias state interventions (particularly in democracies) for their own benefit” (Harvey 2005:2).

Harvey's suggested definition of neoliberalism is, it might be said, well suited to accommodate his overall analysis, which includes the firmly held belief that the world has experienced “an emphatic turn towards neoliberalism in political-economic practices and thinking since the 1970s” (ibid.). Harvey proposes with his definition to view neoliberalism, not as the rejuvenation of liberalism in general, but as a distinctive economic theory which in

recent times has replaced a more mild-mannered ‘embedded liberalism’, i.e. Keynesian approaches to macroeconomic governance inspired by modern liberalism. It is apparent that Harvey sees neoliberalism not as a continuation of liberalism ‘proper’, but as something which lives independently of mainstream liberal values and policies. In fact, it seems that some neoliberals are not liberals in any meaningful sense at all, as Harvey seats anti-liberal autocrats such as Deng Xiaoping and Augusto Pinochet among the political vanguard of neoliberalism. Nevertheless, there seems to be neoliberals with a liberal identity as well, and among these, political theorists and economists such as Hayek and Friedman figure prominently alongside nominally conservative politicians such as Reagan and Thatcher in Harvey’s view of our recent history, as being largely responsible for all things neoliberal. With his definition, which incorporates everything from Thatcherism to ‘socialism with Chinese characteristics’, Harvey emphasises, rightly so, that neoliberalism is ‘a theory of political economic practices’ rather than a ‘complete’ political ideology. In fact it does not seem to be any sort of clear-cut connection or even a correlation between a favourable assessment of neoliberal economic practices and a commitment to liberalism ‘proper’.

### **Neoliberal political philosophy**

Another attempt to study neoliberalism, but this time from the perspective of normative, political theory comes from Anna-Maria Blomgren (1997). In a ‘critical analysis’ of the political thought of Friedman, Nozick and Hayek, she describes their respective political and economic theories as representative of ‘neoliberal political philosophy’<sup>1</sup>. Blomgren basic characterisations of neoliberalism overlap, also, to a considerable degree with Harvey’s definition, but emphasise more clearly the internal diversity of neoliberal thought:

“Neoliberalism is commonly thought of as a political philosophy giving priority to individual freedom and the right to private property. It is not, however, the simple and homogeneous philosophy it might appear to be. It ranges over a wide expanse in regard to ethical foundations as well as to normative conclusions. At the one end of the line is ‘anarcho-liberalism’, arguing for a complete *laissez-faire*, and the abolishment of all government. At the other end is ‘classical liberalism’, demanding a government with functions exceeding those of the so-called night-watchman state” (Blomgren 1997:224).

Under Blomgren’s view, Hayek, Friedman and Nozick all give separate theoretical groundings to neoliberal evaluations and policies. Friedman is, for instance, on the surface a

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<sup>1</sup> In addition, Blomgren (1997:14n5) mentions David Gauthier, Jan Narveson, Milton’s son David Friedman, Murray Rothbard, James Buchanan and Ayn Rand as being the other prominent members of the category of neoliberal political philosophers. There are others, for instance Johan Norberg (2001) and Thomas Friedman (2006; no relation), who also easily fit into Blomgren’s categorisation, and who seems to express the political views which Blomgren describes as

typical representative of *consequentialist* neoliberalism: He seems to favour neoliberal policies such as deregulation, privatisation, and radical tax cuts because of the perceived positive consequences such courses of political action will have for the overall economic situation. When Blomgren delves deeper into the matter, however, she finds that his policy recommendations are actually ultimately based on a conception of natural law. This means that Friedman in the end wants to bring about the neoliberal ‘package’ of policies and economic practices because human beings are by nature social, and that their social nature dictates a certain way of organising society which places a great emphasis on individuals being ‘free to choose’ (cf. Friedman 1962; 1980).

Hayek, on a similar note, comes across as a more conservative type of neoliberal, who, while approximating at places a utilitarian argument in favour of neoliberalism, also at the end of the day bases his political thought on an idea of natural law. Central to Hayek’s theory is the notion of a ‘spontaneous order’ of social life, which is better than any kind of artificially created order when it comes down to securing individual liberty and well-being (cf. especially Hayek 1944; 1973).

Nozick is, finally, in his earlier works in political philosophy at least, a representative of a *deontological* kind of neoliberalism: He advocates much of the same policies as Friedman and Hayek, but grounded in an idea which states that a set of immutable natural rights have been conferred to all human beings, and that these rights makes it difficult to see that the state could have any legitimate role to play at all (Nozick 1974). Nevertheless, Nozick wants the state to rectify past injustices, even if this will mean much government intervention in the economy. Unlike Friedman and Hayek, Nozick does not allude to the purportedly *good consequences* of neoliberal policies when he argues in their favour, but is instead focused on such policies being the *right measures* for creating a society in accordance with his conception of justice and natural rights.

These categorisations between different types of neoliberalism, which Blomgren makes in her book, are quite clearly not entirely unproblematic. A case could be made for other interpretations, in which for instance the political thought of Friedman and Hayek is given an indirectly utilitarian grounding, rather than the kind of foundation in natural law envisioned by Blomgren (Malnes 1998; Lundström 1998). What remains quite easy to recognise in her overall analysis, is however her final question: Is it meaningful to view neoliberalism as a cohesive tradition of political thought, given the widely different

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neoliberalism, based on (direct) utilitarianism. Norberg and T. Friedman are also counted among the very few who has described *themselves* as neoliberals.

theoretical justifications of the same set of policies in circulation? Perhaps it is better, after all, to view neoliberalism not as one distinct political philosophy, but as a convenient description for an amorphous set of political theories instead. Such theories range from Rothbard's 'anarcho-capitalism', which includes the belief that the state ought to be abolished altogether, to the 'classical liberalism' of Mises and Hayek, who firmly believes that a strong but largely inactive *commonwealth* is a necessary precondition for social life, as well as individual and commercial liberty. At times these different political philosophies speak with one voice, advocating a radical 'roll-back of the state' and the creation of a society principally governed by market mechanisms. But they are also dissimilar enough to warrant a more finely tuned criticism, which takes their internal differences seriously, rather than gathering them all under the banner of neoliberalism.

### **Neoliberalism defined**

In light of the body of literature partially presented above, as well as the other parts of this present study, we therefore propose a definition which directly builds on the more moderate voices of the 'critical literature', primarily Blomgren and Harvey. We believe, however, that our proposed definition is more to the point, and better able to function within the framework of a more disinterested analysis of the phenomenon of neoliberalism, and the conditions for politics in the contemporary world:

Neoliberalism is, as we see it, a loosely demarcated set of political beliefs which most prominently and prototypically include the conviction that the only legitimate purpose of the state is to safeguard individual, especially commercial, liberty, as well as strong private property rights (cf. especially Mises 1962; Nozick 1974; Hayek 1979). This conviction usually issues, in turn, in a belief that the state ought to be minimal or at least drastically reduced in strength and size, and that any transgression by the state beyond its sole legitimate purpose is unacceptable (ibid.). These beliefs could apply to the international level as well, where a system of free markets and free trade ought to be implemented as well; the only acceptable reason for regulating international trade is to safeguard the same kind of commercial liberty and the same kinds of strong property rights which ought to be realised on a national level (Norberg 2001; Friedman 2006).

Neoliberalism generally also includes the belief that freely adopted market mechanisms is the optimal way of organising all exchanges of goods and services (Friedman 1962; 1980; Norberg 2001). Free markets and free trade will, it is believed, set free the creative potential and the entrepreneurial spirit which is built into the spontaneous order of

any human society, and thereby lead to more individual liberty and well-being, and a more efficient allocation of resources (Hayek 1973; Rothbard [1962/1970] 2004).

Neoliberalism could also include a perspective on moral virtue: the good and virtuous person is one who is able to access the relevant markets and function as a competent actor in these markets. He or she is willing to accept the risks associated with participating in free markets, and to adapt to rapid changes arising from such participation (Friedman 1980). Individuals are also seen as being solely responsible for the consequences of the choices and decisions they freely make: instances of inequality and glaring social injustice are morally acceptable, at least to the degree in which they could be seen as the result of freely made decisions (Nozick 1974; Hayek 1976). If a person demands that the state should regulate the market or make reparations to the unfortunate who has been caught at the losing end of a freely initiated market transaction, this is viewed as an indication that the person in question is morally depraved and underdeveloped, and scarcely different from a proponent of a totalitarian state (Mises 1962).

Thus understood and defined, neoliberalism becomes a loose set of ideas of how the relationship between the state and its external environment ought to be organised, and not a complete political philosophy or ideology (Blomgren 1997; Malnes 1998). In fact, it is not understood as a theory about how political processes ought to be organised at all. Neoliberalism is for instance silent on the issue of whether or not there ought to be democracy and free exchanges of political ideas. This means, as Harvey (2005) indicates, that policies inspired by neoliberalism could be implemented under the auspices of autocrats as well as within liberal democracies. In fact, neoliberals merely claim, in effect, that as much as possible ought to be left to the market or other processes which individuals freely choose to take part in, and consequently that as little as possible ought to be subjected to genuinely *political* processes. Proponents of neoliberalism are therefore often in the ‘critical literature’ portrayed as sceptics of democracy: if the democratic process slows down neoliberal reforms, or threatens individual and commercial liberty, which it sometimes does, then democracy ought to be sidestepped and replaced by the rule of experts or legal instruments designed for that purpose. The practical implementation of neoliberal policies will, therefore, lead to a relocation of power from political to economic processes, from the state to markets and individuals, and finally from the legislature and executives authorities to the judiciary (cf. Østerud et al. 2003; Trollstøl and Stensrud 2005; Tranøy 2006).

## **Do we live in ‘the age of neoliberalism’?**

In the preceding, we have seen that neoliberalism is not merely, as the concept itself might suggest, a recent revival of liberalism. Neoliberalism is perhaps best perceived of as a radical descendant of liberalism ‘proper’, in which traditional liberal demands for ‘equality of liberty’ have been bent out of shape into a demand for total liberty for the talented and their enterprises. In this, neoliberalism resembles the parallel phenomenon of ‘neoconservatism’, which is not, either, a new form or recent revival of traditional conservatism, but rather a new and unique, and decidedly more uncompromising, set of political ideas.

The name of the project of which this article is part, ‘Politics in the age of Neoliberalism’, suggests that a transition from a previous but unspecified stage in the world’s political and economic development to ‘the age of neoliberalism’ is underway, or already completed. According to this analysis, which is related to the one found in for instance the *Critical Reader* and Harvey’s *Brief History*, one has moved away from a society marked by a large room for democratic governance and for exercising political authority, to a new type of society in which the ‘conditions for politics’ have been severely curtailed because of the onslaught of political reforms inspired by neoliberal thought and theories.

There are a number of questions which naturally arise when one is confronted with the belief that we live in the age of neoliberalism. The most central questions are slightly irreverent towards the ‘critical’ literature and the project’s overall analysis: Is it really the case that neoliberalism is ‘the dominant ideology shaping our world today’? Are we really on the move towards ‘the neoliberal society’, understood as a society governed by neoliberal ideology? Could we really in any meaningful sense think of ourselves as living in ‘the age of neoliberalism’? There are also other questions to be asked. If there is a trend towards reforms of the public sector, the economy, and international trade inspired by neoliberalism, is it a trend which is gathering speed? Or are there perhaps indications that the push for ‘neoliberal’ reforms might be slowing down or stalling altogether?

On a more fundamental level, it seems pertinent, also, to ask a few questions about the scientific utility and fruitfulness of the concept. Does the concept of ‘neoliberalism’ help us to understand better what goes on in the world, or does it rather lead us astray? Will it make us overstate some trends and underestimate others, of which some will counteract and even neutralise public sector reforms and other developments inspired by neoliberal economic theories and ideology?



But the question remains: Does it make sense to talk about people today living in the age of neoliberalism, or in a neoliberal society? Are the beliefs and attitudes contained in the attempted definitions above really that widespread and influential? It seems to us wise to postpone giving a final answer to these questions. Maybe it is a bit boring as a solution, but perhaps truer and more accurate, to instead talk of an age of greater complexity, uncertainty, and volatility, rather than an age dominated by neoliberal ideology. And if that is the case, it seems that the concept of neoliberalism ought to be set aside as a description for a set of ideas which may in recent times have had some political impact, but which still remain, when viewed as a whole, an exceedingly radical ideology.

It is an open question whether or not neoliberalism is the prevailing trend in the world today, which much of the literature mentioned above suggest, or if it is better perceived of as a rather radical set of ideas which nevertheless have had a certain impact on society and politics in recent times. In any case, it remains that the purported trends towards neoliberal ways of organising society ought to be studied more closely. But we should also, at the same time, ask ourselves whether or not other concepts might describe recent trends in the world more accurately.

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