Introduction

Ever since the global financial crisis, a range of people have been trying to understand how we have ended up where we are, who or what is responsible, and how we might change things for the better. As I am writing this book, in late 2016, it seems as though there is a major political-economic shift underway in which several decades' worth of technocratic “free market” rhetoric and strong-arming are about to be swept away by the combined, if not allied, forces of a resurgent, racist, and right-wing nativism and a wobbling, defensive, and left-wing assault on financial globalization. Where the world will end up, no one knows. What we do know, though, is that the coming decade will define our future in that it will determine whether countries around the world can address a series of pressing global challenges like climate change, the refugee crisis, rising inequalities and poverty, disease threats, inter-generational conflict, and so on. A return to neoliberalism as a way to understand, let alone solve, these challenges no longer seems viable; even the International Monetary Fund (IMF) – a rabid flag-bearer for many years – has rejected the cookie-cutter implementation of market liberalization for which it, and other international financial institutions, has been so well-known. With all this in mind, it is an appropriate time to reflect on where debates about neoliberalism have been, where they might go next, and what else we might turn to in our desire to understand our futures.

It is important for me to be upfront about something from the start. This book is not about neoliberalism per se; rather, it is about how we understand neoliberalism. And by “we”, I mean people both critical of a certain perspective of the world – namely a pro-market approach that erases any other, non-economic principles – and the people often disparagingly defined as “neoliberal”, the promoters of a pro-market approach. It is also about the contradictions inherent in how both those neoliberals and the scholars who criticize them understand
markets, competition, and social order. As such, this book is not primarily another attempt to argue that neoliberalism is this or that, or an attempt to critique the transformative effects of neoliberalism, or an attempt to develop and synthesize the multitude of viewpoints on neoliberalism; others have got there long before me (e.g. Turner 2007; Mudge 2008; Centeno and Cohen 2012; Davies 2014; Dean 2014; Flew 2014; Springer 2016; Chiapello 2017). Rather, my aims in this book are to provide the following: an introduction to the intellectual history of “neoliberal” thought and the sort of worldview this engenders; an introduction to a range of critical approaches to understanding neoliberalism and the analytical ambiguities in these approaches; and a new way of understanding and analysing neoliberalism derived from three core contradictions at play in both neoliberal thought and the criticisms of those ideas.

Now, any reader will quickly get the sense from reading this book that I am increasingly ambivalent about the usefulness of neoliberalism as a concept in my analytical toolkit. I struggle, and increasingly so, with neoliberalism. I struggle with even basic questions like what is it? What does it mean? And how should I use it? I have been writing about neoliberalism for at least a decade now (e.g. Birch 2006, 2015a, 2015b, 2016; Birch and Mykhnenko 2009, 2010; Springer et al. 2016), so it seems strange to find myself at this theoretical impasse. It might be the fact I have read so much about how different people, from a number of different perspectives, understand, analyse, and criticize neoliberalism that has led me to this point. I find it difficult to reconcile all these (mostly critical) perspectives with one another, or find commonalities across them that enable me to identify, satisfactorily, something we can all call neoliberalism. In the end I find myself left with only one very basic commonality, namely neoliberalism, at its base, involves the infiltration or installation of “markets” as the organizing principle for our economies, politics, and societies. It is on this issue that I focus my attentions in this book.

My aims as mentioned earlier mean that I have split the book into three sections. In the first section, comprising Chapters 2 and 3, I discuss the intellectual history of neoliberal thought as well as the epistemic basis of the neoliberal view of the world. I do this in order to outline where neoliberal ideas have come from, how they have changed over time, and how the assumptions about the market underpinning them shape the way people think about the world. In the second section, comprising Chapters 4 and 5, I examine several critical perspectives of neo-
liberalism and the problems with those different perspectives. These chapters provide an introduction to the varied ways that people analyse and understand neoliberalism, and the struggle I now have with the use of the concept. In the final section, comprising Chapters 6, 7, and 8, I present my own take on neoliberalism by engaging with three core contradictions in the way contemporary capitalism is currently understood by neoliberals and their critics. These include the need to understand (1) the corporation and corporate monopoly in an era supposedly dominated by markets; (2) the forms of rentiership that are increasingly replacing entrepreneurship in the economy, despite the idea that we are becoming more entrepreneurial as the result of neoliberalism; and (3) the distinction between a market-based order and a contract-based order where the former is dependent on the latter.

**Neoliberalism, neoliberalism everywhere . . .**

Neoliberalism is in the air! It seems like no end of commentators, academics, journalists, politicians, and activists use the term “neoliberalism” nowadays to describe a particular set of ideas (and their implementation) in which markets are elevated above all other social principles and institutions (see Treanor 2005; Klein 2007; Monbiot 2016). I will forswear the use of scare quotes every time I use the word neoliberalism from now on, but I do want readers to bear in mind that I am critical of the concept, as will become evident. With that caveat in mind, it is worth stressing that there seems to be enormous interest in something we define as neoliberalism. Over the last few years, it appears as though neoliberalism has entered the popular consciousness as a useful term to describe the current configuration of our societies, polities, and economies. This year alone it has been used in the following stories and commentaries, drawn from Google News, across a range of media outlets:

- “George Monbiot says we’re to blame for everything. Perhaps he’s even right”, *The Adam Smith Institute* (blog), Apr 16;
- “Neoliberalism: The Ideology at the Root of All Our Problems”, *Truth-Out*, Apr 19;
- “Neoliberalism Is Destroying Almost Everybody’s Lives”, *AlterNet*, Apr 27;
- “You’re witnessing the death of neoliberalism – from within”, *The Guardian*, May 30;
“Even the IMF Now Admits Neoliberalism Has Failed”, *Fortune*, Jun 3;
“This is our neoliberal nightmare: Hillary Clinton, Donald Trump, and why the market and the wealthy win every time”, *Salon*, Jun 6;
“Nobel prize-winning economist Stiglitz tells us why neoliberalism is dead”, *Business Insider*, Aug 19;
“Trump’s victory and the ignoble death of “progressive” neoliberalism”, *Red Flag*, Nov 9;
And so on.

A more nuanced look at the past few years, however, illustrates a more complicated engagement with the term. In particular, it shows that neoliberalism is really a word predominantly, if not exclusively, used in left-wing or centre-left circles. For example, in a recent article for the journal *Capital & Class* the Australian political economist Bill Dunn (2016) collected data on the number of times “neoliberalism” was used in a range of leading daily newspapers in the UK and USA. According to his data, neoliberalism has been used over 285,000 times in *The Guardian*, a left-leaning British newspaper, but only 110 times in the *New York Times* and 119 times in the *Washington Post*, and only 115 times in *The Daily Telegraph*, 23 times in the *Daily Mirror*, and eight times in the *Daily Mail* (see Dunn 2016, Table 1, p.9). As this should illustrate, it is difficult to tell how commonplace a word like neoliberalism is. On the one hand, it is almost pervasive in one media outlet, but on the other hand it barely appears in others. Having written a “popular” – by which I do not mean bestseller! – book about neoliberalism myself (Birch 2015a), I am often asked by family and friends what it means and what it represents. It is not, even now, part of most people’s daily lexicon.

Although there is increasing interest in what neoliberalism means and represents amongst a particular section of the population, it is primarily used as a derogatory or pejorative term to refer to someone who holds certain beliefs. Namely, that markets with no or very limited government intervention in restricting competition or shaping prices are the best – or “natural” – way to organize our economies and also our societies. This is based on the claim that markets are efficient, in that they lead to the lowest cost and resource use, and also moral, in that they support individualism, autonomy, and choice (e.g. Friedman 1962). This does not mean, however, that governments are not important, since they provide and enforce the framework conditions (e.g. property and contract law) necessary to ensure that markets function...
properly, but rather that there is always the possibility that governments and the state will lead down the slippery slope to totalitarianism (e.g. Hayek 1944 [2001]). Consequently, governments need to be kept in check, presumably meaning that so must the populations who elect them.

... But not a concept to think (with)?

The intellectual history of neoliberalism is a fascinating one – trust me! I outline its evolution in detail in Chapter 2, but it is also worth looking at how it has been used as a concept here, even if only briefly. A lot of commentaries on and analyses of neoliberalism start with an intellectual history of sorts, linking a range of (neoliberal) ideas to an array of (neoliberal) thinkers. Generally speaking, these tend to highlight a number of key events, people, and disseminator organizations, campaigns, and movements (e.g. Harvey 2005; Turner 2007; Mirowski and Pllewe 2009; Peck 2010; Burgin 2012; etc.). First, neoliberalism is often described as originating at the Colloque Walter Lippmann held in Paris in 1938 and organized by the French philosopher Louis Rougier. It was at this meeting that the term “neo-liberalism” was supposedly first proposed, although not necessarily adopted by the participants (Burgin 2012); however, this claim is debated. Second, neoliberalism is often associated with a range of thinkers from a range of liberal schools of thought, including well-known figures, especially economists, like Friedrich Hayek and Ludwig von Mises from the Austrian School; Milton Friedman and Gary Becker from the Chicago School; Wilhelm Röpke and Alexander Rüstow from the Freiburg or Ordoliberal School, and many others. Third, neoliberalism is linked to a huge expansion of centre-right and right-leaning think tanks, policy groups, and dissemination networks that arose in response to the dominance of Keynesian thinking after World War II. These include the Institute of Economic Affairs (est. 1955) and Adam Smith Institute (est. 1977) in the UK; the Heritage Foundation (est. 1973) and Cato Institute (est. 1974) in the USA; and the Fraser Institute (est. 1974) in Canada. According to many neoliberal critics, these think tanks and other organizations, often funded by corporate foundations, helped to spread neoliberal ideas into mainstream public discourse, thereby influencing and transforming political debate to such an extent that the electorates in these three countries ended up voting neoliberal politicians into power by the 1980s (e.g. Thatcher, Reagan, Mulroney).
It is interesting to note that up until this time – that is the 1980s – the term “neoliberalism” was largely used by so-called neoliberals to define themselves (Friedman 1951; Friedrich 1955; Boas and Gans-Morse 2009; Brennetot 2014, 2015), although by no means universally, and that this usage reversed as it became a pejorative term in the 1980s (Boas and Gans-Morse 2009). After the 1938 Colloque, for example, a number of French intellectuals used the term néoliberalisme as a way “to designate the intellectual movement launched on the occasion of the Lippmann Colloquium” (Brennetot 2014: 6). At this time, there was already an existing “new” liberal intellectual movement in Germany, which is now generally called Ordoliberalism but is otherwise known as the Freiburg or German School of neoliberalism. According to Brennetot (2014), the term neoliberal – or neoliberalismo – was used to refer to Ordoliberals after World War II (see Friedrich 1955), as well as similar movements in other countries like Italy and France. This was the case even after the Mont Pelerin Conference in 1947 organized by Hayek, which many see as the epicentre and fount of the forthcoming neoliberal hegemony after it led to founding of the Mont Pelerin Society (e.g. Mirowski and Plehwe 2009; Mirowski 2013). As the French movement faded, the German movement became the primary centre of “neoliberalism”. After the 1960s, however, the term was gradually taken up to refer to intellectual movements in other parts of the world, even as a self-description, including and especially in Latin America (Boas and Gans-Morse 2009; Brennetot 2014). After the Chile coup d’état of Augusto Pinochet in the early 1970s, neoliberalism was increasingly used to define the implementation of Chicago School-inspired policies like monetarism in Latin America, becoming tarnished by association. By the 1980s it had therefore taken on an almost wholly negative hue used by critics to refer to a pro-market and anti-state movement.

Today, neoliberalism is used analytically in a number of ways, which I discuss in detail in Chapter 4. Almost all uses of the concept are pejorative or negative, providing a critical take on a specific set of ideas and policies that are generally set in opposition to post-war Keynesianism, especially government planning and intervention in the economy (e.g. Harvey 2005; Peck 2010, 2013; Mirowski 2013). Some, like Storper (2016), argue that this is a knee-jerk form of anti-market sentiment on the part of critics, whilst others, like Barnett (2009), argue that it reflects the creation of a straw-boogeyman against whom critical thinkers can orient themselves – unreflexively, according to Barnett. It almost does not matter anymore how neoliberalism is defined as
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a concept, or what it is meant to represent empirically; as one of the concepts key framers and users, the economic geographer Jamie Peck (2013: 133), states: “Neoliberalism has always been an unloved, rascal concept, mainly deployed with pejorative intent, yet at the same time apparently increasingly promiscuous in application”. Nevertheless, that statement did not stop Peck outlining exactly why neoliberalism was and still is a useful concept to deploy in our analysis of the world. It seems like neoliberalism has come to a crossroads as a concept – is it still fit for purpose, is it in need of a serious reboot, or should it be set aside for something else?

Untangling three contradictions of neoliberalism

My own position is that neoliberalism is no longer useful as a concept because it has come to mean whatever anyone wants it to mean, leading to a state of affairs in which almost anything nowadays – from university rankings through to pet food advertising – can be theorized as “neoliberal”. I see this as a result of several contradictions in the way neoliberalism is defined as a concept by its critics and used to analyse contemporary capitalism, all the time reflecting the claims of supposed neoliberals about the ascendance and importance of markets. The last section of this book addresses these contradictions head-on. Over three chapters I discuss three core contradictions that I think need untangling in our analyses of contemporary capitalism. As mentioned already, these include (1) the relationship between the corporate entity and corporate monopoly in an era supposedly dominated by markets; (2) the increasing propensity towards rentiership rather than entrepreneurship in the economy; and (3) the importance of contract and contract law in the organization of capitalism.

These contradictions provide a fruitful ground for further research on neoliberalism that could, in my view, motivate researchers and others to address and unpick an array of tricky questions that are increasingly important to our futures. In particular, this book might re-open questions about the role and impacts of corporate power in relation to promoting or stymieing much-needed societal transformations, whether this be in promoting sustainability or democracy or equality. It might also help identify the issues with popular and policy expectations about techno-scientific innovation as the solution to the global, national, and local challenges we are facing (e.g. climate change) by problematizing the idea that innovation is, by definition, a productive
activity (i.e. entrepreneurship), rather than a potentially parasitic process of appropriation (i.e. rentiership). Finally, it provokes a rethinking of contemporary liberal–capitalist society as a market-based order in which freedom, liberty, and autonomy are supported and encouraged; instead, it outlines the ways that contractual arrangements and configurations have evolved to transform people and their ability to act. Hopefully what I write here provides readers with something interesting to think about with regards to these issues and more.

Bibliography


