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Neoliberalism's Three Faces

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Abstract

Neoliberalism is oft invoked but ill-defined in the social sciences. This paper develops a tripartite definition of neoliberalism using tools from institutionalism and field theory. It argues that neoliberalism is a *sui generis* ideological system born of historical processes of struggle and collaboration in three worlds: intellectual, bureaucratic, and political. Among neoliberalism's three 'faces,' its mode as a form of politics has received the least attention. To fill this gap, I develop a definition of neoliberal politics as struggles over political authority that are bounded by a particularly market-centric set of ideas about the state's responsibilities, the locus of state authority, and the state's central constituencies. Given that social democratic politics were particularly powerful in Western Europe for much of the postwar period, neoliberalism among the mainstream parties of the European left deserves particular attention.

Keywords

Neoliberalism, economic thought, institutionalism, political economy, intellectuals, left politics.

*Neoliberalism's Three Faces**

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Introduction

In the 1990s political observers began to note the demise, for better or worse, of politics as we knew them. In the words of Colin Crouch (1997) the mainstream parties of the left came to live “in a political world which is not of their making”¹ (1997: 352)—a world whose very structure is antithetical to the goals and principles of social democracy. A growing sociological literature traces an international turn toward free markets from the 1970s, placing particular emphasis on the production and export of the ‘Washington consensus’² from North to Central and South America (Babb 2004; Campbell and Pedersen 2001; Dezelay and Garth 2002b; Fourcade-Gourinchas and Babb 2002a; Massey, R and Behrman 2006b). Focusing on the West, specialists in comparative politics cite the decline of partisan identities within the electorates of rich democracies, a rise of professional political parties that do not adhere to ‘old’ ideological divides, and the waning significance of partisan government as a predictor of macroeconomic policy choices (Boix 2000; Dalton and Wattenberg 2002; Fiorina 2002).³ Meanwhile a synthetic literature drawing from the ‘institutionalisms’ in economics, political science, and sociology emphasizes the global spread of ideas as a central explanatory factor behind the diffusion of (neo)liberal policies (Dobbin, Simmons and Garrett 2007; Henisz, Zelner and Guillen 2005; Quinn and Toyoda 2007).

* A more current version of this paper, titled “What is Neo-liberalism?”, is forthcoming in the October 2008 edition of the *Socio-Economic Review*. The author thanks Sven Steinmo, Peter Mair, Brigitte LeNormand, David McCourt, and my fellow Max Weber Fellows for commentary and critical insights. Support was provided by the Max Weber Programme of the European University Institute.

¹ Crouch refers here specifically to the British New Labour victory in 1997, comparing it to Churchill’s Conservatives’ victory in 1951. Similar claims have been made about social democratic politics in general.

² John Williamson is generally credited with coining this term and delineating its elements (Williamson 1993).

³ The persistence of partisanship’s decline is, however, a matter of dispute (Hetherington 2001).

These strands of analysis strike a common chord: the emergence of a new landscape in which familiar political categories of right and left have shifting meanings; partisan control over government has unpredictable implications for policymaking. How do we make sense of ‘old’ political categories in a neoliberal age? This paper contributes to scholarship on this question by developing a historically-grounded, tripartite concept of neoliberalism: as an intellectual-professional project, a repertoire of policies, and a form of politics. Addressing a conceptual gap in the existing literature, I focus specifically on neoliberalism’s political face.

Preview of main arguments

The paper makes three main arguments. First, neoliberalism is a *sui generis* ideological system born of historical processes of struggle and collaboration in three worlds: intellectual, bureaucratic, and political. Neoliberalism in other words has three distinctive and interconnected modes of expression, or three ‘faces.’

(1) Neoliberalism’s intellectual face is distinguished by (a) simultaneous transnationality and anchoring in Anglo-American academe; (b) gestation within welfare capitalism and spaces created by the Cold War divide; and (c) an unadulterated emphasis on the market as the source and arbiter of human freedoms.

(2) Its bureaucratic face is expressed in state policy: liberalization, deregulation, privatization, depoliticization, and monetarism. This family of reforms is targeted at promoting unfettered competition by getting the state out of the businesses of ownership and getting politicians out of the business of *dirigiste*-style economic management.

(3) Neoliberal politics, where ‘politics’ denote bounded struggles over political authority, share a particular ideological center. They are bounded by profoundly market-centric notions about the state’s responsibilities (to unleash market forces wherever possible), the locus of state authority (paradoxically, to limit the reach of political decision-making), and the state’s central constituencies (business, finance, and middle class professionals).

Second, I argue that a failure to grasp neoliberalism’s intersection with politics imposes serious limitations on a social scientific grasp of its effects. The three faces of neoliberalism share a common and distinctive ideological core: the elevation of the market over all other forms of organization. Neoliberalism in this distinctive form was born in the non-political spaces of the intellectual field, and came to intersect with political life since the 1970s with little regard for ‘old’ political distinctions or national boundaries.

Despite neoliberalism’s pervasiveness there is a tendency to construe it narrowly in both political and geographical terms. Geographically, neoliberalism is often conflated with Anglo- and American politics, implying that Continental and Northern European political elites are ‘naturally’ opposed to the implementation of neoliberal policies. Pointing to the international diffusion of market reforms, I highlight that this

claim should be evaluated empirically rather than taken as a given. Politically, there is a problematic tendency to conflate neoliberalism with the political right. But an uncritical blindness to neoliberalism as a force that cross-cuts 'old' right-left divides tends to preempt social scientific inquiry into an as-yet unexplained historical phenomenon: that the most effective advocates of policies understood as neoliberal in Western Europe (and beyond) have often been political and intellectual elites who are sympathetic to, or are representatives of, the left and center-left.

Third, and finally, I argue that a tendency to focus on politics in Anglo-liberal countries or strictly within the ranks of the political right is likely to miss most of the action. The neoliberal era was born from a previous hegemonic age in which politics were bounded by welfarist, statist, and Keynesian systems of thought: social democratic politics. This prior political form was particularly dominant in Western Europe, giving rise to some of the most extensive welfare institutions the world has known. Given their historical starting point as the beating heart of social democratic politics, neoliberalism in the politics of the mainstream parties of the European left deserves special attention.

Definitions and theoretical perspective

Neoliberalism is an oft-used term that can mean many different things. For Campbell and Pedersen (Campbell and Pedersen 2001) neoliberalism is:

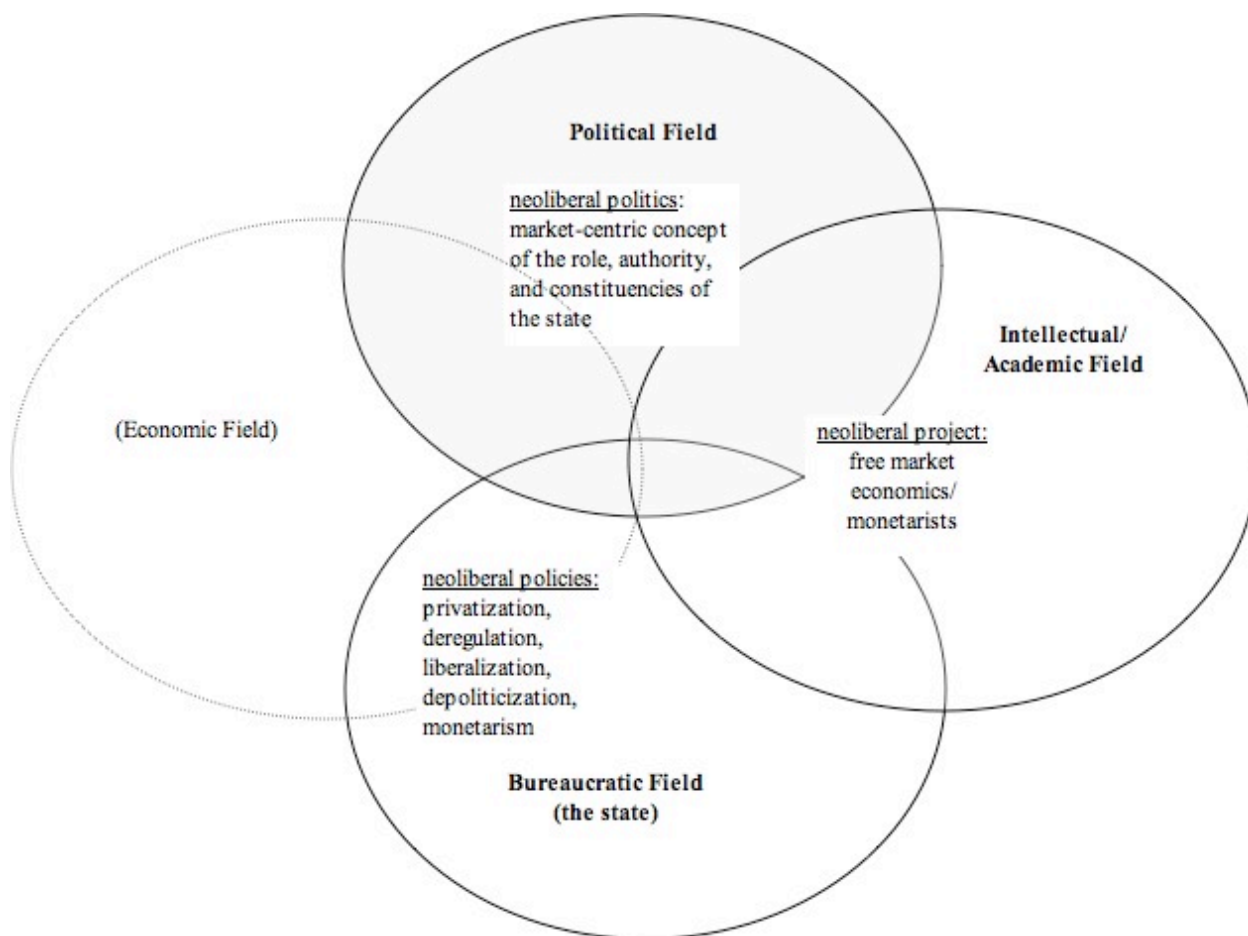
[A] heterogeneous set of institutions consisting of various ideas, social and economic policies, and ways of organizing political and economic activity.... Ideally, it includes *formal institutions*, such as minimalist welfare-state, taxation, and business regulation programs; flexible labor markets and decentralized capital-labor relations unencumbered by strong unions and collective bargaining; and the absence of barriers to international capital mobility. It includes institutionalized *normative principles* favoring free-market solutions to economic problems, rather than bargaining or indicative planning, and a dedication to controlling inflation even at the expense of full employment. It includes institutionalized *cognitive principles*, notably a deep, taken-for-granted belief in neoclassical economics (Campbell and Pederson 2001: 5, emphasis added).

This institutionalist definition of neoliberalism provides a useful starting point, but fails to incorporate neoliberalism's structural-social origins. Neoliberalism became an institution—that is, a system of rules or rule-like patterns of thought and action—via historical processes of struggle and collaboration.

Adding a historical and structural basis to Campbell and Pedersen's definition, neoliberalism is defined here as *a market-centric ideological system born at the intersection of three fields: the 'human' or social sciences, the state (or the 'bureaucratic field'), and the political field* (Bourdieu 1992; Bourdieu 1994; Bourdieu 2005; Bourdieu and Wacquant 1992). Neoliberalism is thus a multi-faceted thing with at least three faces: intellectual, bureaucratic, and political. Stated differently, neoliberalism exists as an intellectual-professional project of academic and non-academic knowledge producers and other 'new class' actors (King and Szelényi 2004),

a set of policies extended by the state, and a set of political orientations that structures the rhetorical parameters of political contest (see FIG. 1).

Figure 1. Neoliberalism's Three Faces



In all its modes, neoliberalism is built on a single, fundamental principle: the superiority of the market over other forms of organization. This basic principle is the hallmark of neoliberal thought—one with old roots that lay partly in Anglo economics, and partly in Continental European (and specifically German) schools of liberalism.

This paper focuses on delineating neoliberalism's political 'face.' Drawing from Bourdieu's notion of the political field, the term 'politics' denotes a particular kind of social terrain: a bounded space of struggle over political power that is structured by rules of access, where resources are differentially distributed among players and the set of legitimate positions on questions of government are constrained—that is, some political positions are beyond the boundaries of legitimate discourse in any given time and place. For this reason the world of political possibilities is only partially subject to political actors' manipulation. In politics, then, the most influential kind of power is definitional: those with the ability to define political problems and the range of possible solutions exert a unique influence.

This does not mean that political elites are alone in the exertion of definitional authority. Neoliberal politics express a system of thought that originated outside of

politics.⁴ In other words, political elites exert their powers of definition by drawing on ideological systems articulated in both political and non-political spaces.

Neoliberalism as intellectual project

As an intellectual project, neoliberalism is 'neo' in three senses: (1) its simultaneous transnationality and anchoring in Anglo-American academe, despite its intellectual roots in Continental Europe; (2) its historically-specific gestation within welfare capitalism and the Cold War divide (that is, neoliberalism is a response to the emergence of welfare capitalism in the North, an accompanying hegemonic social democratic discourse, and political and intellectual divisions produced by the Cold War) (Bockman 2007; Bockman and Eyal 2002; Esping-Andersen 1990; Lemke and Marks 1992; Sassoon 1996; Sassoon 1997; Therborn 2007); (3) its unadulterated emphasis on the market as the source and arbiter of rights, rewards, and freedoms—and, by extension, its marked disdain for politics, bureaucracies, and the state.

(1) Anglo-anchored transnationality

Neoliberalism's intellectual 'face' materialized out of parallel struggles and collaborations among 'new class' professionals, international organizations, powerful Western states and political elites. Intellectual neoliberalism is remarkable in part for its trans- and supra-nationality—that is, its loci in activities and organizational forms that lay beyond the boundaries of the nation-state—and for its geographical anchoring within Anglo-American academe.

The Austrian economist Friedrich von Hayek was the charismatic center of a network of particularly pro-free market thinkers who, together, became neoliberalism's most high-profile intellectual protagonists. Marginalized from influence in mainstream politics in the early postwar period, this "small and exclusive group of passionate advocates—mainly economists, historians and philosophers" built an intellectual sanctuary in Switzerland: the Mont Pelerin Society.⁵ The Society first met in 1947

⁴ Politics are analyzable as two interconnected contests: among actors who struggle for pre-set stakes within the political field, and among a special class of actors who participate in the definition of the field's stakes and the qualification of players. Both kinds of contest are constrained by a variety of structural forces, including: pre-existing political and legal institutions; religious belief systems; demographic and economic conditions; axes of social division (including race and ethnicity, gender, and class); and geographical and environmental conditions. But the institutional terrain also presents political actors with material and symbolic resources that can be drawn upon to build new coalitions around efforts to conserve or transform the definition of the field's stakes and rules. In other words, the constellation of institutions, actors, and organizations that makeup a political field constitute a breeding ground for symbolic resources that can be used to mobilize action ('cultural frames') (Stone-Sweet and Sandholtz 1999), (Stone-Sweet, Sandholtz and Fligstein 2001).

⁵ <http://www.montpelerin.org/home.cfm>. The first meeting of the Society had 36 participants. Harvey (2005) notes that the Mont Pelerin Society's members "depicted themselves as 'liberals' (in the traditional European sense) because of their fundamental commitment to ideals of personal freedom. "The neoliberal label signaled their adherence to those free market principles of neo-classical economics that had emerged in the second half of the nineteenth century (thanks to the works of Alfred Marshall, William Stanley Jevons, and Leon Walras) to displace the classical theories of Adam Smith, David Ricardo, and, of course, Karl Marx. ... Neoliberal doctrine was therefore deeply opposed to state interventionist theories, such as those of John Maynard Keynes..." (Harvey 2005: 20).

under the auspices of Hayek, its first president, and his mentor Ludvig von Mises (Harvey 2005: 19-20).⁶

The Mont Pelerin Society was one node among a broader set of actors. A substantial ‘hegemonic project’ literature emphasizes transnational networks of activists and free market think tanks, right-wing political elites, and the Chicago-based free-market branch of Anglo-American economics as key forces behind neoliberalism’s ascendance (Babb 2004; Bockman and Eyal 2002; Bourdieu and Wacquant 1999; Cockett 1995; Dezelay and Garth 2002b; Kay 2007; Kelly 1997; Power 2005; Smith 1993; Valdes 1995; Weyland 1999).⁷ In addition to engaging in direct political action, neoliberal intellectuals provided symbolic resources to political elites in the form of market-focused explanations for the failures of Keynesian and developmental policies and a new set of recommendations for economic recovery. These resources were deployed to varying effect via governments and organizations that were well-situated to exert coercive and normative pressures on an international level: the American government (or rich ‘core’ countries in general—the OECD), the European Union, the International Monetary Fund (IMF) and the World Bank (Dezelay and Garth 2002b; Dobbin, Simmons and Garrett 2007; Massey, R and Behrman 2006a; Stiglitz 2002).⁸

Neoliberalism’s transformation from a marginalized system of thought into a full-blown hegemonic force began with economic crisis, which weakened existing governments and rendered political elites amenable to a different system of thought. Economic stresses took hold from the mid-1960s (Harvey 1989; Harvey 2005); the source of a decisive end to the prosperity of the postwar era came in 1973, when the OPEC⁹ countries restricted output and prompted a fivefold increase in the price of oil (Prasad 2006). As the costs of producing domestic goods rose, so did both inflation and unemployment—a development, termed ‘stagflation,’ that defied Keynesian understandings of how economic systems worked and fostered new struggles over political authority and policymaking.

The symbolic resources from which many protagonists in these new struggles drew were specifically Anglo-American in origin. Existing literature on this point lays out the American-centrism of neoliberal economic thinking in two steps: (1) the political legitimation and professional elevation (within economics) of free market thought via the direct interventions of American and US-trained economists in reform projects in Latin America, and (2) the internationalization of the economics profession (partly via European integration) and the solidification of a kind of professional

⁶ In the 1920s Hayek worked as von Mises’ student in Vienna, and was teaching at the University of London when Hitler came to power in 1933.

⁷ Some of this work, like the present paper, draws on the conceptual framework of field theory in its analytical approach—which is characterized, among other things, by an explicit rejection of mechanistic, ‘pinball’ forms of explanation (Martin 2003). Field theory “purports to explain changes in the states of some ... but need not appeal to changes in states of other elements (i.e., “causes”),” where change is not produced because of objects “whamming into one another” but rather because of “an interaction between the field and the existing states of the elements” (2003: 4,7).

⁸ There is disagreement on the question of the impact of IMF conditionality. More broadly, some question the hegemonic project literature on the grounds that it fails “to model the precise mechanism of diffusion or to consider alternative mechanisms” (Dobbin, Simmons, and Garrett: 457). Yet it is unclear that constructivist or field-oriented explanations can be fairly critiqued within the framework of mechanistic explanation (see prior footnote).

⁹ Organization of Petroleum Exporting Countries

licensing power from within American academe (Dezelay and Garth 2002b; Fourcade 2006).

Dezelay and Garth highlight the importance of structurally analogous (marginalized) positions of neoclassical economists in the US and Latin America during the Keynesian era. Marginalized in both the North and the South, free market economists' formed an 'unholy alliance' with conservative Republicans, media and business people and 'invested' internationally in new political projects. The prime example here is Arnold Harberger's (University of Chicago) use of assistance from USAID and philanthropic foundations to invest in foreign economics departments, such as the Catholic University in Santiago, Chile, home of the infamous "Chicago Boys." Chicago's southern counterparts used similar means to gain influence, building ties with the media and foreign (Chicago) economists in order to accrue power in their home countries. This "made for a remarkable story of export and import, which then helped to build the credibility of the emerging Washington consensus" (Dezelay and Garth 2002: 46).

Once Chicago-trained economists were able to take credit for a new political consensus on economic management, they "moved seamlessly toward the new focus on institutions and the state: the so-called move beyond the Washington consensus" (Dezelay and Garth 2002: 47). Simultaneously embedded in positions of state power and in the international "market of expertise," they legitimated their newly powerful positions both from without and from within. The end result was that:

[T]he criteria for legitimate expertise are set according to the international market centered in the United States. There is a new hierarchy that places elite U.S. professionals at the top ... and within each country there is also a two-tier professional hierarchy. There is a cosmopolitan elite and an increasingly provincialized mass of professionals in law, economics and other fields (Dezelay and Garth 2002: 57).

Fourcade (2006) places a related emphasis on the American-centrism of an increasingly internationalized economics profession. She argues that the internationalization of economics is important, first, because of the unique symbolic power it bestows upon economists "to reconstruct societies according to the principles of the dominant economic ideology" (Fourcade 2006: 157). Second, "these transformations ... feed back into the professionalization and social definition of economists worldwide" (ibid). While economics does not have a formal, closed licensing system, its internationalization as a profession has tended to work according to standards and practices defined in the transatlantic region, and especially the United States. The effect is that American graduate and professional schools primarily, and European schools secondarily, function "as elite licensing institutions for much of the rest of the world," producing international convergence in the economics profession around Anglo-American professional standards *as if* it were a licensed field (Fourcade 2006: 152).

(2) *Gestation within welfare capitalism and the Cold War*

Neoliberalism gestated within a period marked by the rise of Soviet communism, the ubiquitous rise of the welfare state in Western democracies (the fabled ‘Golden Age’ of the welfare state (Esping-Andersen 1997; Esping-Andersen 1999)), and the dominance of Keynesian-style approaches to macroeconomic management (Hall 1989).

In its ‘project’ form, neoliberalism can be understood as a counter-hegemonic process with parallel expressions in political and intellectual struggles (Dezalay and Garth 1998; Dezalay and Garth 2006; Dezalay and Garth 2002b; Teles and Kenney 2008). Politically, it was supported by (American) conservatives “frustrated by what they believed were international networks of leftist experts who preached and then implemented schemes for government expansion” (Teles and Kenney 2008: 136). In the intellectual realm, it grew from an understanding of Keynesian era politics as defined by an essentially socialist impulse that would, one way or another, pave the way to totalitarianism.

This story could be elaborated at length, but an account of one of the intellectual strands of the neoliberal project makes the case. In his seminal work *The Road to Serfdom* (Hayek 2007[1944])—dedicated to the “socialists of all parties”—Hayek argued that both Soviet-style centralized economic planning and “the extensive redistribution of incomes through taxation and the institutions of the welfare state” would have the same authoritarian result—albeit “more slowly, directly and imperfectly” (ibid: xxiii) in the case of Western democracies. Written between 1940 and 1943 out of, in Hayek’s words, an “annoyance with the complete misinterpretation in English “progressive” circles with the character of the Nazi movement,” *Serfdom* was a political intervention meant to correct tendencies to equate Nazism with capitalist excesses—that is, a refutation of the claim that the rise of fascism was prompted by “the dying gasp of a failed capitalist system” (Hayek in 1976 preface, 1994: xxi).

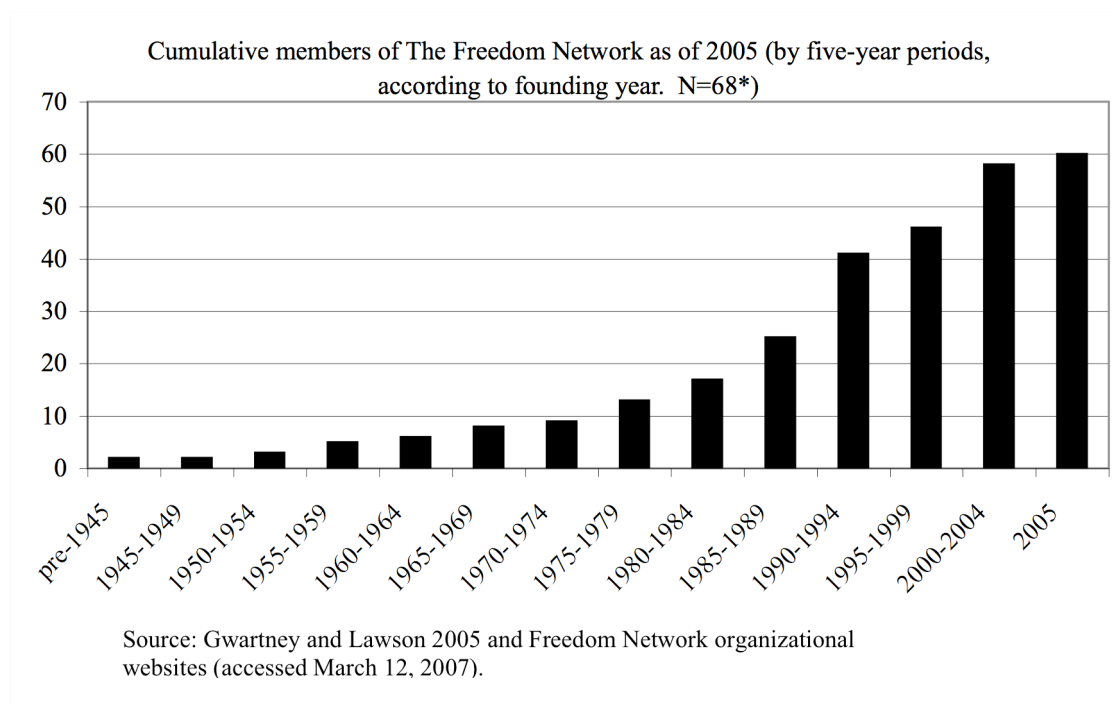
Serfdom was also directly inspired by the stirrings of the British welfare state. Hayek initially composed its basic argument in a memo to Sir William Beveridge, the director of the London School of Economics, in the early 1930s (Hayek 2007[1944]). Beveridge, undeterred by Hayek’s arguments, authored the famous 1942 Beveridge Report, which articulated what would become the basic principles of British welfare in the postwar period.¹⁰ Frustrated by his inability to influence political currents in Britain,¹¹ Hayek and his colleagues directly facilitated a transatlantic intellectual effort that bridged academic and non-academic circles. The work of the Mont Pelerin Society was, for instance, paralleled by the establishment and proliferation of closely associated

¹⁰ Beveridge was the director of the London School of Economics from 1919 to 1937, during which time the school became famous as a home for progressive thought on social and economic policy questions; Beveridge himself had been influenced by the Fabian Socialists. Thus Hayek’s 1956 remark that “it was fairly obvious that England herself was likely to experiment after the war with the same kind of policies which I was convinced had contributed so much to destroy liberty elsewhere” (Hayek in 1956 preface, 1994: xxvii).

¹¹ Though he intended *The Road to Serfdom* as a warning to “the socialist intelligentsia of England,” Hayek found a warmer reception in the United States. In 1938 his arguments were published in the *Contemporary Review*, and later appeared as a ‘Public Policy Pamphlet’ by Professor Harry G. Gideonse at the University of Chicago (Hayek 1994[1944]: xxvii-xxviii).

free market think tanks¹² (see FIG. 2) (Gunderson 1989; Gwartney and Lawson 2005; Gwartney and Lawson 2007).

Figure 2: Proliferation of Free Market Think Tanks



Upon meeting Sir Antony Fisher (a fellow believer in free market thinking) at the LSE in 1945, Hayek reportedly advised him to “avoid politics and reach the intellectuals with reasoned argument.”¹³ Hayek’s advice inspired Fisher to establish the Institute of Economic Affairs (IEA) in London in 1955, “to explain free-market ideas to the public, including politicians, students, journalists, businessmen, academics and anyone interested in public policy.”¹⁴ In the 1970s Fisher linked the IEA with a handful of like-minded organizations in other countries—including, the Fraser Institute in Vancouver, which would soon become a node in an expanding network of think tanks that was closely linked with the elite members of the Mont Pelerin Society.

The roles of knowledge-producing organizations within the free market network varied across regions, depending on the kinds of experts and forms of expertise assembled under their auspices. There is good evidence that free market think tanks played a specific role within the social spaces created by the Cold War divide. Based on her study of the Center for the Study of Economic and Social Problems (CESSES—a

¹² An important anchor of these free market think tanks, The Fraser Institute, is affiliated with seven Nobel Laureate economists and hosted Mont Pelerin Society meetings on at least three occasions: 1983, 1992 and 1999 (FraserInstitute 2004). Fraser’s seven associated Nobel Laureates together account for the presidencies of almost half of the Mont Pelerin Society’s years of existence (Mudge and Medvetz, in progress).

¹³ Source: <http://www.iea.org.uk/record.jsp?type=page&ID=24>. Accessed February 13, 2007.

¹⁴ Source: <http://www.iea.org.uk/record.jsp?type=page&ID=24>. Accessed February 13, 2007.

free market think tank)¹⁵ in Milan, Italy, Bockman (2007) argues that neoliberal thought grew out of ‘liminal spaces’ between communism and capitalism, particularly after Stalin’s death in 1953. Interestingly, Bockman shows that neither the founders nor the participants in CESES activities had strongly or consistently anti-communist, anti-left identities (2007: 349-50).¹⁶

By assembling thinkers whose orientations did *not* fit neatly on either ‘side’ of the Iron Curtain, the CESES provided a crucial space in which knowledge producers met, collaborated, and shared knowledge about capitalism and the socialist experiment. Echoing earlier arguments (with Gil Eyal) as to the role of socialist countries as a laboratory for economic knowledge (Bockman and Eyal 2002), Bockman highlights how liminal spaces populated by actors who could hardly be described as ‘neoliberals’ fostered knowledge and argumentation that would become essential for the neoliberal project.

Neoliberalism-as-project was thus partly gestated within the social, political, and intellectual divisions created by the Cold War. Defined as spaces ‘betwixt and between’ established hegemonic blocs, ‘liminal spaces’ helped to fuse two otherwise divided economic and political worlds.

(3) *Market-centric worldview*

Polanyian analyses cast neoliberalism as a semi-religious belief system—the “liberal creed” (Polanyi 2001[1944])—that is ‘neo’ in the sense that it is a revival of a rather old set of ideas dating to 18th and 19th century England (Block 2001; Block and Somers 2003; Krippner et al. 2004). But late-20th century neoliberalism is distinctive with respect to other ‘liberalisms,’ and particularly with respect to German ‘ordo-liberalism’ of the wartime and early postwar periods (Friedrich 1955).

Neoliberalism’s distinctiveness lies in its drive to break the ‘market’ loose in conceptual terms and elevate it to a level *above* politics—that is, to free it from political interventions of any kind. Its rejection of the market’s political embeddedness contrasts in particular with Continental ordo-liberalism (probably the site of the first self-proclaimed ‘neoliberals’¹⁷)—a more historicist school of thought in which Hayek was originally rooted before breaking off on a more starkly *laissez faire* intellectual trajectory.¹⁸

¹⁵ Created in 1964 by Confindustria, the primary association representing Italian private industry; CESES was supported by members of the Mont Pelerin Society and received some funding from right-wing American foundations.

¹⁶ Bockman critiques the hegemonic project literature for its shallow notion of neoliberal actors, its assumptions as to clarity of the neoliberal project, and its tendency to view neoliberalism’s opposition as passive and cognitively vulnerable. It tends to: “[A]ssume omnipotent activists, who have clear right-wing identities and successfully spread already packaged right-wing or pro-capitalist ideology or propaganda. These accounts also assume clearly identifiable recipients of this propaganda—either other activists or naïve victims—who hear the message of neoliberalism clearly, are converted, and have no other competing economic or political ideas.”

¹⁷ In the 1950s the Freiburg School was home to the ‘ordo-liberal’ school of thought (Friedrich 1955: 509). Though it antedated the rise of Hitler in 1933, ordo-liberalism ‘flowered’ after WWII. Ordo-liberal thought was “personified in the figure of the Federal Republic’s dynamic minister of economics, Ludwig Erhard,” the “jovial Bavarian and ex-professor of business economics” (ibid: 510).

¹⁸ Hayek was at one point listed on the ordo-liberals’ editorial board (Friedrich 1955: 509). He broke with ordo-liberalism on the point of whether unfettered capitalism was to a self-destructive and inherently

Ordo-liberals viewed economic dynamics as ““embedded" in politics” (Friedrich 1955: 511). Though opposed to central planning (‘*subvention*’), ordo-liberals believed that government *interventions* were required to facilitate the workings of the economy:

The key slogan is the “social market economy” (*soziale Marktwirtschaft*), an economy which is definitely “free,” as compared with a directed and planned economy, but which is subjected to controls, preferably in strictly legal form, designed to prevent the concentration of economic power, whether through cartels, trusts, or giant enterprise. Opposed to all and every kind of subvention ...the proponents of the “social market economy” call for governmental intervention only for the purpose of hastening impending changes by facilitating them (Friedrich 1955: 511).

Indeed, ordo-liberals explicitly called for a “strong state:”

[T]hese neoliberals see the political as primary... To maintain this primacy of the political they want the state to be strong so that it can assert its authority vis-à-vis the interest groups that press upon the government and clamor for recognition of their particular needs and wants (Friedrich 1955: 512).

The distinction between ordo- and neoliberalism is also identifiable in the expressed missions of international-level political organizations. Three international political organizations were established or re-established in the Keynesian era: the Centrist Democrat International (CDI), founded in 1961 to “expand international cooperation between Christian democratic parties and promote the formation of new parties” (Szajkowski 2005)¹⁹; the Liberal International (LI), founded in 1947—but dating to the early 1900s—in Oxford, England²⁰; and the Socialist International (SI), founded in 1951 in Frankfurt—but originating in the First (1864-76) and Second International (in Paris, 1889)²¹.

polarizing force, taking issue with the ordo-liberalism's historicist arguments to this effect. In Friedrich's words: “Hayek and some of its [the Mont Pelerin Society's] other leaders contrast in many ways with the liberalism of the Ordo group. It undertakes a specific defense of capitalism in its *Capitalism and the Historians* (Chicago, University of Chicago Press, 1954), edited by Hayek, with contributions from T. S. Ashton, Louis Hacker, Hayek, W. H. Hutt, and Bertrand de Jouvenel—whereas the Ordo liberals, especially Ropke and Riistow, are distinctly critical of capitalism” (ibid).

¹⁹ The CDI is affiliated with the European People's Party (EPP) in the EU Parliament. The CDI was formerly the “Christian Democrat International,” but ‘Christian’ was changed to ‘Centrist’ at a conference in Quito, Ecuador in 1982 (Szajkowski 2005).

²⁰ LI's membership increased very slowly for four decades (1947-1987), “but accelerated sharply following the end of communist rule in Eastern Europe and the formation or re-emergence of many liberal parties” (2005: 662). Its affiliates in Europe are members of the ELDR in the European Parliament.

²¹ The SI was weakened by World War I and was split by the formation of the Third (Communist) International (the Comintern) in 1919. In 1923 socialist parties rejected the Soviet model and established the Labour and Socialist International (LSI) in Brussels, which collapsed in 1940 when Germany occupied the city. After WWII the British Labour Party founded the SI at a congress in Frankfurt in 1951. Its membership expanded to the Third World under the leadership of Willy Brandt (DE, SPD). Like the

These organizations are historically interesting, among other things, as markers of dominant schools of economic thought. The LI's formation expressed the ordoliberal school's political reach, which spanned "Scandinavia, the low Countries, ... France and Italy" in the early postwar period (Friedrich 1955: 509-510). The LI also issued a 'liberal manifesto' and published its own quarterly, *World Liberalism*. Neoliberalism, meanwhile, internationalized officially in 1983 with the establishment of the International Democrat Union (IDU) in London—informally dubbing itself the 'Freedom International.' Margaret Thatcher (UK)²², George HW Bush (US), Jacques Chirac (FR) and Helmut Kohl (DE), among others, jointly established the IDU.²³

The line between the LI and the IDU is distinct. As shown in Table 1, the LI emphasizes the pre-eminence of markets along with more collective themes of community, poverty and social justice; it outlines no comprehensive theory of the individual or of humanity, but instead emphasizes the institutional conditions for freedom and fairness, and a wariness of monopoly and the concentration of power. In comparison, the more market-centric and individualistic bent of the IDU is unmistakable. In its 2005 Washington declaration, issued at the Party Leaders' Meeting in Washington DC (July 18), the IDU describes itself in terms of the core values of neoliberalism—free enterprise, free trade, private property, democracy, an independent judiciary and limited government—but does not echo the LI's concerns with community, poverty, multilateralism or concentration of power. The IDU also emphasizes its universalistic notion of the individual's "thirst for freedom" as a basic element of human nature.²⁴

Neoliberalism as policy

Neoliberalism-as-policy exists as a repertoire or package—a set of reforms jointly targeted at promoting unfettered competition by getting the state out of the businesses of ownership and getting politicians out of the business of *dirigiste*-style economic management.²⁵ By the 1990s this repertoire was fairly tightly defined, as (for instance) in John Williamson's now-famous delineation of the 'terms of the Washington consensus' (Williamson 1990; Williamson 1993).

LI, the SI also had an influx of new members after the collapse of communism, with "many of the new entrants being successors to the former ruling communist parties" (Szajkowski 2005: 662).

²² Thatcher's personal economic advisor from 1980 to 1984, and again in 1989, was Sir Alan Walters—who was also associated with the Fraser Institute. Likewise, James Gwartney (who publishes The Fraser Institute's *Economic Freedom* reports) was the chief economist to the US Congress from 1999 to 2000.

²³ The irony of a political organization founded on an anti-political premise seems noteworthy.

²⁴ My argument is not that a 'thirst for freedom' is not a human instinct, but rather that the IDU's claim relies on assumptions that define freedom in a particular way. Consider, for instance the non-economic notion articulated by political elites in FDR's famous 1941 'four freedoms' speech: freedom from want, freedom of worship, freedom of speech, and freedom from fear (Roosevelt 1941).

²⁵ This of course runs counter to social democratic understandings of the role of politics and the state: to balance economic rights with political and social rights, in which the latter two are understood as necessarily threatened by excessive levels of economic inequality.

Table 1. Mission Statements of the LI and the IDU

LI (founded 1947)	IDU (founded 1983)
<p>Liberals are committed to build and safeguard free, fair and open societies, in which they seek to balance the fundamental values of liberty, equality and community, and in which no-one is enslaved by poverty, ignorance or conformity.</p> <p>Liberals champion the freedom, dignity and well-being of individuals.</p> <p>We acknowledge and respect the right to freedom of conscience and the right of everyone to develop their talents to the full.</p> <p>We aim to disperse power, to foster diversity and to nurture creativity.</p> <p>The freedom to be creative and innovative can only be sustained by a market economy, but it must be a market that offers people real choices.</p> <p>This means that we want neither a market where freedom is limited by monopolies or an economy disassociated from the interests of the poor and of the community as a whole.</p> <p>Liberals are optimistic at heart and trust the people while recognising the need to be always vigilant of those in power.</p> <p>(source: www.liberal-international.org, accessed December 1, 2005)²⁶</p>	<p>We are the parties of the centre and centre right, of Christian Democracy and of conservatism.</p> <p>We reflect the world's diversity and possess unity in the values we champion.</p> <p>Our common vision is of free, just and compassionate societies.</p> <p>We appreciate the value of tradition and inherited wisdom.</p> <p>We value freely elected governments, the market-based economy and liberty for our citizens.</p> <p>We will protect our people from those who preach hate and plan to destroy our way of life.</p> <p>Free enterprise, free trade and private property are the corner-stones of free ideas and creativity as well as material well-being.</p> <p>We believe in justice, with an independent judiciary.</p> <p>We believe in democracy, in limited government and in a strong civic society.</p> <p>We see these as universal ideas.</p> <p>A thirst for freedom is not a peculiar trait of people from of any one continent, region, nation, race or religion – it is a demand for all humanity.</p> <p>It is also the founding inspiration for the International Democrat Union.</p> <p>(Source: IDU 2005: 2)²⁷</p>

²⁶ The LI also emphasizes multilateralism and the rights of national and ethnic minorities. From its 1997 manifesto: "We believe that the conditions of individual liberty include the rule of law, equal access to a full and varied education, freedom of speech, association, and access to information, equal rights and opportunities for women and men, tolerance of diversity, social inclusion, the promotion of private enterprise and of opportunities for employment. We believe that civil society and constitutional democracy provide the most just and stable basis for political order. ... We believe that an economy based on free market rules leads to the most efficient distribution of wealth and resources, encourages innovation, and promotes flexibility. We believe that close cooperation among democratic societies through global and regional organisations, within the framework of international law, of respect for human rights, the rights of national and ethnic minorities, and of a shared commitment to economic development worldwide, is the necessary foundation for world peace and for economic and environmental sustainability."

²⁷ This declaration was kindly sent to me by the IDU in response to an email request for more information about the organization.

The neoliberal repertoire has five main components: the privatization of public firms; the separation of regulatory authority from the executive branch—which includes, in part, the creation of a politically independent central bank; the depoliticization of economic regulation by insulating regulatory authorities from political (and especially executive) influence; and the liberalization of the domestic and international economy by opening markets to multiple service providers (Henisz, Zelner and Guillén 2005). To this we should also add monetarism or, in other words, the manipulation of the supply of money rather than demand management via fiscal intervention.²⁸

The spread of neoliberal policy is well established empirically, though its temporal and geographic variations are matters of explanatory debate. In world-level data presented by Simmons, Dobbin and Garrett (2006) privatization and financial openness²⁹ accelerated markedly in the late 1980s and early 1990s, following the S-shaped curve that is typical of diffusion-type processes. Western European and North American countries surged toward total financial openness starting in the late 1980s; Latin America and Eastern Europe moved similarly (though less dramatically) in the early 1990s. Privatization accelerated in Eastern Europe in the 1990s and, surprisingly, in the Middle East and North Africa. By the early 2000s, variation on these indicators across all countries reached an all-time low.

Likewise, Henisz, Guillén and Zelner (2005) emphasize a broad, international liberalizing trend, particularly in infrastructure industries that were formerly predominantly state-owned (telecommunications, electricity, water, sanitation, and transportation) (2005: 871).³⁰ Drawing from structural dependency perspectives that emphasize the international pressures exerted by financial openness in leading (OECD) economies, Quinn and Toyoda (2007) track a general increase in the openness of capital and current accounts for 58 countries from the 1980s onward.³¹

Some branches of the social scientific literature on policy diffusion incorporate neoliberalism's intellectual face into their analyses. Using the electoral outcomes of communist parties as a measure of voter preferences (pro- or anticapitalist), Quinn and Toyoda argue that global and domestic ideology play independent causal roles in the diffusion of financial liberalization by altering the incentives and opportunities faced by government officials. This work builds on a growing literature that blends realist and constructivist modes of explanation, evaluating the relationships between both kinds of

²⁸ One implication of monetarist policymaking is, as Eyal et al (2000) and others have pointed out, a strong emphasis on budgetary restraint and, in particular, a move away from counter-cyclical public spending.

²⁹ Financial openness is measured here by looking at the flows of Foreign Direct Investment (FDI), the international buying and selling of stocks, bonds and currency, and international lending by banks.

³⁰ Henisz et al's analysis differs from others, in part, because they emphasize four kinds of trends as part of a package of options that, in varying combinations, constitute neoliberal reform ("joint adoption"): privatization of state-owned firms; separation of regulatory authority from the executive branch; depoliticization (eliminating executive influence over regulatory decisionmaking); and liberalization (opening retail markets to multiple service providers) (2005: 871-872).

³¹ Liberal economic reforms had a political complement in the form of a 'third wave' of democratization and constitutionalism in formerly non-democratic countries (Simmons, Dobbin and Garrett 2006). Democratization spread in three waves: first Latin America (in the 1970s) and, to a lesser extent, East Asia and the Pacific; second in the former Soviet Bloc between 1989 and 1991 (along with parts of South Asia); and third, in Sub-Saharan Africa, in the early-to-mid 1990s.

processes and policy-making. Realist approaches view states as responding to international pressures from, and experiences of, other states; states both compete with and learn from each other. Constructivist approaches emphasize diffusion via cultural channels: dominant or elite actors (professionals, epistemic communities, transnational elites, international organizations) propagate and incorporate new ideas, and states are actively constructed by individuals and groups who draw from international ideas in localized state-building efforts.

Neoliberal politics

Much of the institutionalist literature on the state of modern 'capitalisms' views the last decades of the 20th century as a new ideological era (Esping-Andersen 1990; Esping-Andersen 1994; Esping-Andersen 1997; Hall 1989; Hall and Soskice 2001; Pierson 1994; Pierson 1996; Steinmo, Thelen and Longstreth 1992). Formerly marginalized free market thought enjoyed a political revival³² (Fourcade-Gourinchas and Babb 2002b), marking the rise of a new set of "cognitive categories with which economic and political actors come to apprehend the world" (ibid: 534).³³

Some understand neoliberalism's widespread manifestations in policy and politics as 'proof' of its ontological unassailability. Williamson himself made an analogy between neoliberalism's core propositions and the belief that "the Earth is flat" (Williamson 1993). Identifying himself as "left of center," he questions whether alternative economic philosophies should have political representation at all:

It would be ridiculous to argue that as a matter of principle every conceivable point of view should be represented by a mainstream political party. No one feels that political debate is constrained because no party insists that the Earth is flat. ... The universal convergence seems to me to be in some sense the economic equivalent of these (hopefully) no-longer-political issues. Until such economic good sense is generally accepted, then its promotion must be a political priority. But the sooner it wins general acceptance and can be removed from mainstream political debate, the better for all concerned. ... [T]he superior economic performance of countries that establish and maintain outward-oriented market economies subject to macroeconomic discipline is essentially a positive question. The proof may not be quite as conclusive as the proof that the Earth is not flat, but it is sufficiently well established as to give sensible people better things to do with their time than to challenge its veracity (Williamson 1993: 1330).

³² As a symbolic historical landmark: Hayek rose from relative obscurity to international prominence in the early years of the 'new politics,' winning the Nobel Prize in 1974. For a fuller account of his ascent, see Yergin and Stanislaw (Yergin and Stanislaw 1998).

³³ Likewise, John Campbell and Ove Pedersen (2001) describe the rise of neoliberalism in the last two decades of the 20th century as a set of "institutional changes on a scale not seen since the immediate aftermath of the Second World War and a project that has attempted to transform some of the most basic political and economic settlements of the postwar era" (Campbell and Pederson 2001: 1). Nearly identical statements were made by a large number of scholars in the mid-to-late 1990s, including: Przeworski 1995; Berger and Dore 1996; Boyer and Drache 1996; Crouch and Streeck 1997; Hirst and Thompson 1996; Kitschelt et al 1999.

Williamson's positive claims as to the superior economic performance of 'neoliberalized' economies and his normative claims as to the non-sensibility of political alternatives are contestable, but this is beyond the purposes of the present paper.

Rather, what is interesting about Williamson's arguments is the simultaneous recognition and sanctification of a re-centering of political space on a new economic philosophy. Drawing from sociological institutionalism as articulated by John Meyer and his colleagues (Meyer and Rowan 1991), political neoliberalism can be understood here as a "set of myths embedded in the institutional environment" that tends to anchor political actors' orientations (1991: 41). It is precisely this re-centering (or, more specifically, market-centric anchoring) that marks the rise of neoliberal politics.

Parties, partisanship, and neoliberalism

Within the tradition of a venerable literature on the rise and nature of party systems (Daalder 1966; Kirchheimer 1966; Rokkan 1970; Sartori 1976(2005)), political scientists argue that since the 1970s there was a general process of partisan dealignment within the electorates of post-industrial democracies. Concentrated among young, highly educated populations, this literature argues that electoral dealignment corresponded with the collapse of old ideological distinctions that formerly defined party oppositions (Dalton and Wattenberg 2002). For some, the decline of ideological partisanship is merely a confirmation of longstanding predictions that, over time, parties' political orientations will tend to converge (Downs 1957; Kirchheimer 1966). Others are less sanguine, noting the rise of more centralized 'professional' and media-dependent political parties in the 1990s and a new age of 'lowest-common denominator' politics (Kaid and Holtz-Bacha 1995; Scammell 1995).

The 'convergence thesis,' however, is contested, and has conceptual shortcomings. Hetherington (2001), for instance, argues that ideological divides re-emerged in party politics with some force at the end of the 20th century, particularly in the United States. Conceptually, the convergence literature has a troubling tendency to read present-day politics in terms defined in an earlier era. The risk here is mistaking ideological reorganization for a collapse of party distinctions. The rise of a new ideological system need not mesh with existing party distinctions; an apparent collapse of ideological distinctions across parties may merely mark the emergence of new axes of division.

Indeed, classical definitions of parties explicitly reject any necessary or reliable axis of ideological distinction (Sartori 1976(2005)). Schumpeter, for instance, argued that parties are defined by cooperative efforts to attain political power:

A party is not ... a group of men who intend to promote public welfare 'upon some principle on which they are all agreed.' A party is a group whose members propose to *act in concert in the competitive struggle for political power*. (*Capitalism, Socialism, and Democracy* p. 283; quoted in Sartori, p.53—emphasis added.)

Sartori offers a more specific definition, identifying competition for public office as the specific form of political power at stake: "*A party is any political group that presents at*

elections, and is capable of placing through elections, candidates for public office" (Sartori 1976(2005): 56-57).³⁴

The implication is that there is no necessary connection between ideological orientations and opposition among political parties—the struggle among parties is over political power, not a pre-specified set of ideas; political opposition is a constant, inherent feature of party systems.

Neoliberalism as an ideological system

How can we reconcile the theoretical persistence of political oppositions (inherent to party systems) on the one hand, and the rise of a new, pro-market set of cognitive categories among elites on the other? What do 'neoliberalized' party politics look like—and what is a 'neoliberal' political actor?

The literatures on party oppositions and neoliberalism are at best ambiguous on these questions. Much like the tendency of 'hegemonic project' scholarship to conceive of neoliberal intellectuals and their opponents in terms of simple antagonisms, some scholarship tends to graft the term 'neoliberal' uncomfortably onto old political distinctions—implicitly reserving the label for parties of the right, with emphasis on Anglo Saxon countries. The term is often used to invoke American Republicans or British Conservatives—following the historical prototypes embodied in the figures of Ronald Reagan and Margaret Thatcher.³⁵ Yet neoliberalism does not mesh neatly with old right-left categories.

Political neoliberals?

Some historical perspective on political 'neoliberals' is helpful here. The 'neoliberal' moniker, reportedly coined by *Washington Monthly* editor Charles Peters, was given form in a 1983 conference of academics and professionals sympathetic to the Democratic party: teachers, lawyers, journalists, and academics sponsored by the *Washington Monthly* in Washington, D.C. (Farrell 1983).

The conference was one of various fora that helped to solidify a market-friendly political movement stirring within the Democrats—the rise of a "new philosophy" that sought to break with the party's past. The neoliberals of the Democratic party—the 'New Democrats' (Rothenberg 1984)—distinguished themselves from "old-style liberal leaders like Sen. Edward Kennedy or former Vice President Walter Mondale," and

³⁴ Sartori specifies elsewhere that elections can be 'free or not free'. He also emphasizes that this is a minimal, not a sufficient, definition. "A definition is minimal when all the properties or characteristics of an entity that are not indispensable for its identification are set forth as variable, hypothetical properties - not as definitional properties." (Sartori 1976: 55)

³⁵ See, for instance: Woolley's analysis of monetarist economists and American political conservatives during the Reagan years (Woolley 1982). Monica Prasad's discussion of neoliberalism in France focuses on parties and politics of the right and discusses the French left's partial embrace of neoliberal ideas only in the 1990s—as part of its commitment to the Growth and Stability Pact (1996); in the American case, she focuses exclusively on the Reagan-Bush years (Prasad 2005). Elsewhere she identifies the period between 1990 and 2005 as the "consolidation" phase of neoliberalism, in which "the coming of European unification strengthened the hand of European neoliberals in ways that remain to be worked out" (Prasad 2006), but leaves the identity of European neoliberals undefined.

included Senators Bill Bradley, Gary Hart and Paul Tsongas, and Congressmen Richard Gephardt and Timothy Wirth (1982).³⁶

In 1985 the neoliberal movement within the Democratic Party culminated with the establishment of the Democratic Leadership Council (DLC)—the organizational expression of an early 1980s movement within the Democratic party to move to the political center by, among other things, shifting economic policy priorities “away from an emphasis on redistribution and toward an emphasis on the twin goals of restoring growth and opportunity” (Hale 1995: 211).³⁷

The ‘neoliberal’ moniker did not have stable meaning in worlds beyond the American one, but American neoliberals nonetheless had European parallels. ‘New Democrat’ ideas bore a striking similarity to Tony Blair’s ‘third way’ politics, which expressed a market-friendly re-thinking of Fabian Socialism under the auspices of, among others, the London School of Economics’ Anthony Giddens and Julian Le Grand (Giddens 1998; LeGrand and Estrin 1989). By the 1990s market-friendliness had seemingly become more common than not among center-left elites all over Europe: in Germany, the Netherlands, and even Sweden³⁸ leftist leaders espoused more deregulated labor markets and, to varying extents, paid lip service to the inevitable necessities of adapting social systems to global market forces.³⁹

The transatlantic appearance of market-friendly lefts was no coincidence: continuing a long tradition of transatlantic exchange of political ideas (Rodgers 1998; Rueschemeyer and Skocpol 1996),⁴⁰ American and European elites were directly engaged with each others’ programs and projects. By the year 2000, the ‘new lefts’ started to look more and more like an international political movement. Their central messages and policy priorities were crystallized, refined and extended via a thickening network of political connections within Europe on the one hand, and between Europe and the US on the other—both effects, in part, of European integration. By the

³⁶ This is based on a Lexis Nexis search of major world newspapers for the terms “neoliberal” or “neo-liberal” in headlines or lead paragraphs across all available dates. News accounts also identify the economists Robert Reich, Lester Thurow and financier Felix Rohatyn as supporters of the neoliberal movement.

³⁷ In Hale’s (Hale 1995) account, the Democratic party’s shift to the center happened in progressive waves, prompted by Democrats’ losses to neoliberal Republican candidates starting from the Reagan years. But I would argue that Republicans’ electoral successes are not a sufficient explanation for the Democrats’ shift on economic questions—as accounts of the Clinton presidency written by political insiders (and by Clinton himself) suggest, the New Democrats embraced more pro-market positions on economic questions as a response to experiences with and perceptions of candidates in their own party, perceiving the ‘old’ liberalism of candidates like Dukakis, Mondale, Carter and McGovern as an outdated and pre-modern politics.

³⁸ Sweden of course is an ambiguous case because, as others have pointed out, it has long combined an open and trade-oriented economy with aggressive state interventions. Nonetheless, the Swedish Social Democrats’ ‘Third Road’ from the early 1980s is understood by some as a marked, and precocious, move toward neoliberal principles (Pontusson 1992; 1994).

³⁹ This was not mere rhetoric. In the US, President Clinton signed a 1996 bill that ‘ended welfare as we knew it;’ in the UK, Tony Blair touted public-private partnerships and oversaw the introduction of tuition fees in 1997; center-left governments in Germany, Sweden, and the Netherlands all engaged in labor market reforms intended to introduce more “flexibility” into employment contracts in the late 1990s and early 2000s. Terms like “flexicurity” marked the emergence of a new, awkward social scientific language expressing the implausible marriage of social democracy and free market orthodoxy.

⁴⁰ The case of the American Progressive Party is a particularly interesting testament to the formative influences of transatlantic exchange in political life (Davis 1964).

century's end elite political leadership espousing variants of a more market-friendly leftist agenda stretched from the United States and the United Kingdom to Portugal, the Netherlands, Belgium, Germany and Italy, and had taken firm root in the European Union (EU). Recognizing this broad reach, the American Progressive Policy Institute (PPI)—the think tank arm of the DLC—pronounced the “third way” in 1999 to be “the most rapidly growing international political movement in the world, and the rising tide in the center-left political parties throughout Europe.”⁴¹

Neoliberalism as a 'sui generis' force in politics

Ideological systems have an existence that is external to politics partly because they are born in spaces that may or may not be political. The rise of a new set of ideological forces is, in other words, an institutional phenomenon in and of itself, often rooted in non-political realms of struggle and collaboration. These realms might be understood as belonging to the ‘cultural field’—that is, social spaces in which actors are engaged in struggles over authoritative claims to truth and meaning: religion, art, literature and journalism, the ‘human’ sciences. Ideological systems emerging out of these spaces intersect with politics because of the hybrid intellectual-political roles played by ‘knowledge-bearing’ elites (Rueschemeyer and Skocpol 1996).

A failure to grasp the rise of neoliberalism as an ideological system born outside of politics imposes arbitrary analytical blinders on questions of neoliberalism's political effects. Thatcher and Reagan were undoubtedly neoliberalism's most high-profile champions in the 1980s, but the truth was that neoliberal orientations entered into mainstream politics from the 1970s without regard for old partisan divides or national boundaries.⁴² On all political levels, and on both sides of the Atlantic, the central message from the center-lefts in the 1990s seemed increasingly clear: liberalize national economies, devolve national government to regional and local levels, and re-center the logic of social provision on principles of opportunity and work—‘activating’ workers, ‘making work pay’ and promoting educational (or ‘human capital’) investment. Though the interpretation of how these goals were to be achieved featured important variations, and while political institutions shaped their translation into economic and social policy, in the 1990s the rise of market-friendly politics across the political spectrum became an unmistakable phenomenon.

Specifically, the conflation of neoliberalism with Anglo-American ‘rightism’ impedes a social scientific grasp of the nature and dynamics of the ‘new politics’ in two ways. First, the tendency to conflate neoliberalism with Anglo- and American politics

⁴¹ http://www.ndol.org/ndol_ci.cfm?kaid=128&subid=185&contentid=880, accessed December 5, 2006. The DLC made this pronouncement to mark an April 1999 ‘roundtable discussion’ that included First Lady Hillary Rodham Clinton and DLC President Al From. The forum was titled: “The Third Way: Progressive Governance for the 21st Century”. It featured British Prime Minister Tony Blair, German Chancellor Gerhard Schroeder, Dutch Prime Minister Wim Kok, and Italian Prime Minister Massimo D'Alema. The roundtable was a second follow-up to an initial meeting between Hillary Clinton and Tony Blair that took place in 1997.

⁴² Cox (Cox 2001) notes that “there is no pattern that distinguishes left from right during the period of retrenchment. Thus, right-wing governments in some countries have found their efforts to retrench frustrated by public opposition, whereas left-wing governments in other countries have managed to enact dramatic reforms.” Fritz Scharpf emphasizes the need to look at the actual strategic plans of governments, rather than assuming their policy preferences from their ideological location” (2001: 466).

implies that continental and Northern European political elites are ‘naturally’ opposed to the implementation of neoliberal policies. This has some truth to it, given the entrenchment of welfarist traditions in Europe—but it is a claim that should be evaluated empirically rather than taken as a given. Second, a blindness to neoliberalism as a force that cross-cuts ‘old’ ideological divides in right-left politics tends to pre-empt social scientific inquiry into an as-yet unexplained historical phenomenon: that the most effective advocates of policies understood as neoliberal in Western Europe (and beyond) have often been political and intellectual elites who are sympathetic to, or are representatives of, the left and center-left.⁴³

The point here is simple: neoliberal politics deserves the same analytical attention as neoliberalism’s hegemonic roots and its expressions in state policy. Part of this effort must be to rethink the meaning of neoliberalism itself, considering its effects as a general force intersecting with political life.

Elements of neoliberal politics

Neoliberal politics can be defined as struggles over political authority that are bounded by a particularly market-centric set of ideas about the state’s responsibilities, the locus of state authority, and the state’s central constituencies. More specifically:

(1) State responsibility—what should the state do?

The neoliberal notion of state responsibility is that it should enable and order workers rather than protecting citizens: valuing education and training⁴⁴ over social protection, favoring means-targeted rather than universal forms of assistance, and treating the unemployed punitively if it proves difficult or impossible to push into the labor market.⁴⁵ This amounts, to draw on Esping-Andersen’s famous concept (Esping-Andersen 1990), to an abandonment of decommodification as a legitimate function of state policy.

⁴³ Levy, for instance, discusses Lionel Jospin’s privatizations (of Thomson Multimedia, CIC, GAN, Aérospatiale, and the CIC Regional Banking Network), as well as his decision to recast rather than repeal the 1997 Thomas Law, which fostered the privatization of pension funds (Levy 2001). Levy argues (rightly) that the French left sought to adapt neoliberal policy reforms along progressive lines—but this does not address the basic question of what produced an embrace of the neoliberal principles in the first place.

⁴⁴ The educational emphasis takes a particular form, where education is understood as preparation for the labor market rather than serving humanistic or citizen-making purposes.

⁴⁵ The punitive element of neoliberalism is supported, first, by Foucauldian perspectives in political theory, which view neoliberalism as a “constructivist project” in which “the market can be constituted and kept alive only by dint of political interventions” (Brown 2003). This literature identifies the neoliberal reconstruction of the state (and the subject) in Anglo-liberal countries (Australia, the UK, New Zealand, the US, Canada). To the extent that neoliberal priorities are realized the resulting governmental form might be understood, as Brown (Brown 2003), Hartman (Hartman 2005) and others argue, as a ‘neoliberal welfare state.’ Also, a growing literature emphasizes the punitive dimension of the neoliberal welfare state, tracking in particular a dramatic increase in incarceration rates in the United States (Sutton 2004), (Wacquant 2007).

(2) *The locus of political authority—by what means should the state fulfill its responsibility?*

Neoliberal notions of political authority look to the market first, viewing “politics” as a second-best option for decision-making. The state’s charge is to build and preserve a market where private individuals make decisions in a competitive environment. To this end, property must have strong legal protections; economic exchange must be freed from political control via privatization; trade is liberalized; domestic markets are deregulated; and economic policymaking (an expansive category, including especially monetary policy) is depoliticized. According to the principles of monetary theory, monetary policy-making is a function of expert decision-making by independent banks, and is centered on controlling inflation.

(3) *Focal or key constituencies—in whose interests does the state rightfully act?*

Neoliberal politics are well-noted for their unapologetic embrace of capitalism and moral defense of capitalists. They feature an open appeal to business, finance, and white-collar professionals rather than trade unions and blue-collar working classes.

Each component of neoliberal politics, one might note, is antithetical to the orientations of postwar social democratic politics, which include: full employment via demand management and (often) corporatist institutions, limitations on economic inequalities via redistribution and progressive taxation, pro-union and pro-labor appeals, and public benefits and social services provided on a citizenship-basis.

Conclusions

Scholarship that attempts to place present-day politics within a broader historical continuum necessarily confronts the problem of understanding political oppositions in terms of categories that are historically created and, as a result, inherently unstable. From an analytical standpoint, one of the most vexing dimensions of political life in the neoliberal era is the seeming evisceration of common sense differences between the political left and the political right—a sort of collapsing and condensing of what had formerly seemed well-marked political oppositions.

The argument that we now live in an age of neoliberal hegemony has been made by Marxist and neo-Gramscian scholars (Anderson and Camiller 1994; Apeldoorn, Overbeek and Ryner 2003; Cafruny and Ryder 2003; Gill 2003; Therborn 2007). This paper echoes these themes, highlighting a need for explanatory analysis of neoliberalism among political elites *in general*, without assuming that political orientations are somehow hard-wired, culturally given, or immune to new influences. As opposed to a focus on questions of right-left ‘convergence’ (in which the question of *convergence of what* has no stable or consistent answer, and the permanence of convergence at any historical point cannot be assumed to extend into the future), social scientists should inquire into the overall parameters of political discourse, how they are established and altered over time, and how those changing parameters intersect with policymaking and institution-building.

Within such an analysis, there is good reason to attend especially closely not to the politics of the right, but the politics of the left. The neoliberal era was born from a previous hegemonic age in which politics were bounded by welfarist, statist, and Keynesian systems of thought. Social democratic politics were particularly powerful in Western Europe, giving rise to some of the most extensive welfare institutions the world has known. Given this historical starting point, neoliberal politics within the mainstream parties of the European left deserves special attention.

Existing accounts of the left's neoliberal turn—insofar as they exist, in the form of a surprisingly limited literature on the 'third way' phenomenon—tend to ignore or underplay the complex processes by which new economic conditions and their proposed solutions emerge. The extent to which the forces of globalization presented themselves to political elites and dictated a very specific set of policy responses is unclear. Economic problems do not simply present themselves directly to political actors. Rather they are analyzed, digested, and interpreted by aides and experts, who participate actively in the definition and packaging of political solutions. Their effectiveness in these efforts is, in turn, connected to their professional, intellectual and political affiliations, their participation or investment in internal professional competitions, and their positions vis-à-vis the state.⁴⁶

This brings us to a curious blind spot in recent strains of literature on politics and political economy in Western Europe: a heavy emphasis on structural economic forces (especially economic globalization and unemployment),⁴⁷ along with a tendency to leave out or de-emphasize the political roles of 'new class' professionals, intellectuals, technocrats, and especially economists—that is, the very actors who have received increasing attention in comparable literatures on other regions (Eastern Europe and Latin America). Meanwhile, scholarship on the economics profession's historical relationship with states, its intensifying internationalization, and its strong professional investments in European integration, offer good reason for considering such actors in analyses of Western European politics on both the national- and European-levels (Fourcade-Gourinchas 2001; Fourcade 2006; Hall 1989).

Finally, the outline of neoliberalism presented here is meant to call overly ossified conceptions of institutions into doubt: specifically, it can be read as a criticism of tendencies to conceive of institutions in 'hard' organizational terms, excluding ideological systems (embedded in cognitive orientations or mental structures). This challenges, for instance, the heavy emphasis on path dependence in historical institutionalism, which favors hard distinctions between actors and institutions. The present analysis highlights the importance of institutionalized cognitive orientations among political elites—stated differently, mental embodiments of *sui generis*

⁴⁶ Dezalay and Garth have shown how the 'Washington consensus' emerged out of professional competition within American economics, and between economists and lawyers, in North and South (Dezalay and Garth 2002a). Fourcade-Gourinchas has laid out the ways in which more institutionalist or more individualist modes of economic scholarship emerged as functions of national variations in the profession's historical position relative to the state, higher education and the economy (Fourcade-Gourinchas 2001). Weir and Skocpol argue that the reception and penetration of economists' arguments depend on their access to and position within the state, as well as the administrative structures of the state itself (Weir and Skocpol 1985).

⁴⁷ See, for instance, Esping-Andersen's opening statements in *The Social Foundations of Postindustrial Economies* (1999).

ideological systems—for the creation, sustenance, and reorganization (or undoing) of 'hard' political and bureaucratic institutions.

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