

Neoliberalism

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Usages

The term, 'neoliberalism', is required to carry a wide range of meanings; variously an ideological project, a political program, or an institutional configuration of governance (England and Ward 2007)

Bell and Green (2016) comment that "When a concept can be used to describe such an extraordinary – and even downright contradictory – array of phenomena, questions can clearly be asked about how useful it actually is".

For Bell and Green, neoliberalism refers to the capitalist restructuring that has occurred around the globe since the 1970s, based on the proposition that unhindered markets are the most effective means of achieving economic growth and public welfare.

This definition is insufficient.

It doesn't seek to identify the agents who propose that unhindered markets are 'the most effective means'. It does not speak of the transnational capitalist class who are the beneficiaries and the propagandists of the myth of 'unhindered markets'.

It doesn't acknowledge the possibility that the 'effectiveness of unhindered markets' is a rhetorical claim which obscures more instrumental purposes directed to securing the economic and political interests of the global transnational capitalist class. It doesn't consider the institutional forces which mediate the interests of imperialism and the transnational capitalist class in propagating this neoliberal spin.

It doesn't consider the changing dynamics within global capitalism which call for this restructuring. It does not consider the crisis of overproduction facing transnational capitalism and the urgency of the neoliberal transformation required to protect the interests of the transnational capitalist class in the face of this crisis.

It doesn't distinguish between neoliberal policies as they operate at the national level (the contract state, marketisation, privatisation, austerity, etc) as opposed to neoliberal policies at the global level (trade and investment agreements, labour arbitrage, structural adjustment, etc).

A network of assumptions

Critical to making sense of the different usages of 'neoliberalism' is the network of assumptions behind its use, including assumptions about: the sponsors of the neoliberal narratives; the instrumental purposes as opposed to the rhetorical claims of neoliberalism; the changing dynamics of global capitalism which called forth this 'restructuring'; and the institutional mediations of the neoliberal transformation at the national and international levels.

In this section I set out a 'default account' of the emergence of neoliberalism drawing largely on the political economy literature. Following this account I note how various departures from this account, including its network of assumptions, underly the different usages.

A 'default' account of the neoliberal program

The term 'neoliberalism' (the 'new liberalism') is a direct reference to older debates about trade policy, essentially, trade liberalisation versus protection of domestic industry (particularly through tariffs and quotas).

In 1974 the UN adopted the [Declaration on the Establishment of a New International Economic Order](#). The NIEO proposed to authorise developing countries to control transnational corporations; and to put in place 'preferential and non-reciprocal treatment' of developing countries in international trade (authorising the use tariffs to protect infant industries) among a range of other provisions directed to facilitating economic development of developing countries.

The NIEO came at the end of the long boom following the Second World War and reflected the voting power of (decolonised) developing countries in the UN system and the high point of developing country confidence.

Six years later, as part of addressing the stagflation crisis of the late 1970s, the US Reserve Bank jacked up US interest rates to around 20% which had a flow on effect to the rest of the global economy. The increase in interest rates was intended to break the 'wage price spiral' by creating a recession and crushing the unions, in the UK and US in particular. However, the interest rate hike dealt a devastating blow to developing countries who had borrowed cheap oil money in the early 1970s and who now were forced to turn to the IMF for debt bail outs.

The structural adjustment policies imposed by the IMF reversed most of the policy settings associated with the NIEO. In particular, developing countries were obliged to remove import tariffs (killing off high value-added domestic manufacturing) and devalue their currencies (to make their commodity exports cheaper) in addition to providing tax breaks for foreign investors and cutting social expenditures. The implementation of structural adjustment facilitated corporate access to raw materials of the developing countries and to the middle-class consumer markets.

Over the next decade a complementary set of policies were applied to the domestic economies of the developed capitalist countries, including the privatisation of publicly owned services and utilities, the restriction of trade unions and the reshaping of the incidence of taxation (reducing the tax burden on corporations and the wealthy).

At the same time a major change to trade regulation was in train. The Uruguay Round of trade negotiations was launched in 1986 and concluded in 2004 with the launch of the World Trade Organisation and its package of new (and renewed) trade agreements. The aggregate effect of these agreements has been to entrench and drive the liberalisation of trade relations, although with important exceptions (the movement of labour and the increased protection of the monopoly privileges of intellectual property).

The neoliberal program has been driven by the IMF in relation to highly indebted countries, by the WTO agreements (and the legions of bilateral and plurilateral agreements), and by the national capitalist class in terms of domestic policy formation. Where necessary the program has been reinforced by the military power of the US and its allies.

The outcomes of the neoliberal program include the familiar features of the contemporary global economy with huge transnational corporations sitting astride global value chains (facilitating labour arbitrage) and exercising the privileges of market dominance. Less obvious (but equally significant) has been the exponential growth of the 'financial sector', disconnected from production but yielding massive profits from asset speculation.

The neoliberal program was a necessary response, on behalf of the transnational capitalist class, to the emerging crisis of overproduction from the late 1970s. However, neoliberal policies do not address the fundamental global imbalance between increasing productive capacity and stagnant buying power. However, these policies do protect the transnational capitalist class from the costs of

this crisis. The costs of the crisis - and the costs of protecting the TCC from the crisis - are borne by the working classes and by the excluded and marginalised classes of both rich and poor countries and are being transferred to future generations through global warming and the degradation of the human environment.

Variations on a theme

The above account provides reasonably clear guidance for the use of the term 'neoliberalism' based in political economy. The meaning assigned to the term in this account depend on the network of assumptions about sponsorship and beneficiaries, about instrumental purposes, and about the wider economic context. In this narrative it is primarily a political program albeit with ideological, distributive and institutional dimensions.

However, users of the term who do not follow the political economy narrative might imbue the term with different meanings, variously centred around an ideological movement or an institutional configuration.

Implications for health care and population health

Neoliberalism as used in the default narrative above has powerful implications for population health, for health services, for social policy formation generally, for political practice, and for the institutions and conduct of public health.

Implications for population health

Neoliberalism, as a policy program, promotes inequality within and between countries. Poverty and inequality lead to a heavier burden of disease.

Neoliberalism has reshaped the distribution and experience of paid work around the globe. Global value chains controlled by TNCs make space for populations to access highly pressured assembly work, dangerous mining, and precarious service industry jobs. The payment for such labour is a fraction of the value which is realised in the marketing of the final product. In the event of workers organising there is always a reserve army of unemployed elsewhere around the globe ready to be mobilised.

Cheap highly processed junk food supported by saturation marketing and precarious low wage retail provides opportunities for massive profits at the cost of degraded diets.

Emergency prevention, preparedness, and response is shaped by neoliberal policies, including those directed at protecting the interests of pharma. The Covid experience, in particular, around access to vaccines illustrates the priority the neoliberal regime assigns to corporate profit as opposed to effective and equitable emergency response.

Implications for health services development

The development of health services has been powerfully shaped by the demands of the neoliberal regime.

The privatisation of publicly owned and operated services has been driven by the neoliberal need to create new markets for foreign and domestic capital. Likewise the drive to prevent or dismantle public funding of health care and replace it with competitive private health insurance. The World Bank and the Rockefeller Foundation have played key roles in driving privatisation and supporting the development of private health care and private health care financing.

The long struggle over affordable access to medicines has likewise confronted the monopoly status of pharma protected by extreme intellectual property rights. With the inclusion of the TRIPS

Agreement under the newly founded WTO in 1995 the scene was set for a new round of bullying to force countries to adopt the new standards of intellectual property protection.

The benefits of comprehensive primary health care include bringing health care closer to where people live. However, for the neoliberal regime the threat of comprehensive PHC lies in its commitment to building partnerships with communities to engage with the social determination of population health, including through intersectoral action at all levels. Neoliberal policy advocates have repeatedly sought to dress their program with references to PHC but to ensure, not least through their advocacy for private service delivery, that the subversive potential of PHC is vitiated.

Implications for policy formation

The ideological representation of the neoliberal project, including the narrative of 'unhindered markets' and 'there is no alternative' has continued to shape public policy globally and in many countries. Clearly this narrative has more power when it is cleansed of any accompanying analysis of the political economy of neoliberalism.

The ideological promotion of neoliberalism includes strategies such as the silver bullet (vaccination instead of decent housing and urban infrastructure), concessions to an appearance of decency (tiered pricing), charitable gestures (pharmaceutical donations for 'neglected tropical diseases'), and coaptations (pharma funding of medical associations, researchers, and 'patients' associations').

Implications for political practice

Neoliberalism has important implications for political practice.

The vision of solidarity, convergence, and unity among the billions who are exploited, impoverished or marginalised under neoliberalism has motivated a powerful global movement for a more equitable and sustainable economic regime. However, embedded in the neoliberal regime are neoliberal protections which strategists of change need to negotiate.

The most obvious of these is the capture of national and subnational politicians through money power (both corruption and electoral donations) and the ideological campaigning of the corporate media (of which the Murdoch media is the most notorious).

Less evident are the implications of financialisation of the economy and the degree to which shareholding and exposure to financial derivatives extend into social institutions such as pension funds, sovereign wealth funds, insurance reserves, and municipal reserves as well as the private wealth funds. Shareholder capitalism and middle-class dependence on dividends and asset appreciation impact on the prospect for solidarity in the face of neoliberal deprivations. However, it goes deeper. As a consequence of the penetration of corporate ownership throughout the body politic the neoliberal strategists in the financial media and in the financial behemoths are able to threaten politicians with economic disruption (slower growth, currency depreciation, business collapse, etc) if they seek to discipline the corporates (be they pharma, the fossil fuel industry, the miners, or the tech giants).

Beyond these mechanisms is the rising threat of neofascism associated with the [alienation](#) of the dispossessed. It is not inevitable that the experience of dispossession and alienation should lead to solidarity, convergence and unity.

Implications for the institutions of public health

Recognising the social determination of population health presents health practitioners and institutions with an ethical challenge regarding their scope of practice. There is a sense of professional security associated with acceptance of the prevailing norms of practice and the myth of professional neutrality. However, professionals are also members of their society with ethical

obligations which stem from values of decency and respect beyond the obligations associated with a professional role.

The contradictions between institutional boundaries and a commitment to human rights (including the right to health) are regularly on display in the governing bodies of the World Health Organisation. A prominent example arises in the demands from some (particularly from the global South) for WHO to provide guidance regarding trade agreements where such agreements impact on affordable access to medicines. Regularly the US delegates will insist on WHO 'sticking to its knitting' and leaving trade issues to the WTO. Such contradictions present difficult diplomatic and ethical challenges for WHO personnel.

Further reading

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