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THE INFLUENCE OF NEOLIBERAL THOUGHT ON CONTEMPORARY POLITICS

AN EXAMINATION OF THE INTERRELATIONSHIPS BETWEEN IDEOLOGICAL HEGEMONY, NEOLIBERAL THOUGHT AND CONTEMPORARY POLITICS

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DECLARATION AND ACKNOWLEDGEMENT

1. I certify that this thesis does not incorporate without acknowledgement any material previously submitted for a degree or diploma in any university; and that to the best of my knowledge it does not contain any material previously published or written by another person except where due reference is made in the text.

2. I wish to acknowledge the assistance of the academic and administrative staff of the Department of Government and the School of Business and Law at University College Cork. Without their encouragement, advice and good humour this experience would have been far less fulfilling.

3. I want to thank sincerely my supervisor Dr. Seamus Ó'Tuama whose insight, experience and sincerity was of great reassurance during the many difficult times over the last five years when this process threatened to end in failure. I want to applaud his honest critique and his mentoring; I am grateful for the guidance and positivity he so freely shared throughout the process. I look forward to our continuing friendship.

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Fergal Mac Donald
August 2011.

1. INTRODUCTION

…homo non intelligendo fit omnia…

(Hayek 1988:55 quoting Vico 1854:183), translated 'man has become all that he is without understanding it'.

Keynes in his 1936 seminal work 'The General Theory of Employment, Interest and Money' stated that,

> The ideas of economists and political philosophers ... are more powerful than is commonly understood; indeed the world is ruled by little else. Practical men who believe themselves to be quite exempt from any intellectual influence are usually the slaves of some defunct economist.

This doctoral thesis serves to critically assess the impact of economists and political philosophers on liberal thought, and contemporary politics and, identify for practical men (and women) the extent of this intellectual influence so that we can move towards a more comprehensive understanding of the political and philosophical forces that act, albeit not always in a coordinated and synchronised manner, as the intellectual engine of contemporary politics.

In achieving this, the thesis will examine liberal thought, in particular the influence of Friedrich Hayek, today styled as the founder of neoliberalism, and the influence that his ideas have on present-day politics.[1]

In the contemporary liberal democratic political world Montesquieu's idea that institutions become victims of their own success rings true. Today's liquid modern polities can be characterised as

> …confronted by questions that challenge the fundamental premises' on which they are founded requiring that they 'rethink, indeed reinvent' their civilization from time to time (Beck 1994:1).[2]

---

[1] Friedrich von Hayek is the Germanic name of the celebrated philosopher, economic and social theorist and Nobel laureate. As a naturalised British subject and following the award of 'The Order of the Companion of Honour' by HM Queen Elizabeth II, von Hayek, according to his biographer Ebenstein (2001), stated that he wished to be known as Frederick Hayek, the anglicised version of his name. For the purposes of this thesis the name Friedrick Hayek or Hayek is used throughout.

[2] The classification of contemporary modernity as 'liquid' is based on Bauman's (2007:1) discussion of late modernity which he divides into solid and liquid phases. The latter characterised by social

This commentary underpins much of today's popular and academic discourse on politics and is situated within the context of a move towards the centre of the political spectrum beginning in the early part of the twentieth century. This movement has resulted in increasingly populist regime types; that is regime types that are acutely aware of public opinion and take cognisance of this when formulating policy in order to avoid negative electoral outcomes. These regime types function under the continuing dominance of markets despite continuing controversy about the nature of the market society. Inherent within this debate is the question of the common good including the scope of civil/legal rights, political rights and social rights.

Neoliberalism the 'dominant social paradigm', that is the set of institutionalised tendencies that characterises society's prevailing beliefs and values most consistently acts as the keystone for this examination (Kilbourne, Prothero, Grunhagen, Polansky, Dorsch, McDonagh, Urien, Marshall, Foley, Bradshaw 2009:264). Viewing neoliberalism as phenomenological, the question why and how, has it become such a feature of contemporary politics is central to the analysis within this doctoral thesis (O' Connor 2010).

Whether it forms part of a deeper more reflective change, or acts as a change agent itself or indeed is 'just a political slogan looking for some content' (Gault 2010:115), neoliberalism has come to define contemporary liberal thought and dominates across the social scientific field. It does this through its liberal political and market basis, dominating economic, political and social topographies. Whether society will continue in this vein, seeing a growth of 'individualism and lifestyle politics' (Hay 2007:25), or alternatively consider some radical or more incremental ideological change, remains to be seen.

In light of the uncertain future this study identifies, investigates and discusses the relationships within neoliberalism, moving beyond a descriptive account of the contemporary situation to achieve a better understanding of the on-going evolution of liberal democracy.[3]

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arrangements that no longer retain their form. A detailed discussion of modernity takes place in Chapter Five.

[3] Liberal democracy is understood in the context of representative democracy based on presidential and/or parliamentary representation through cyclical elections. In the context of this thesis it is viewed

The initial research question of this doctoral thesis is: to what extent has neoliberalism influenced contemporary politics. Deepening this enquiry into the extent of neoliberal thought's intellectual influence culminates in a refined research question based on the original phenomenological description. This question looks behind the original focusing on one of its principle architects Hayek, and the political thought he espoused asking to what extent has neoliberalism, as elucidated originally by Hayek affected change in contemporary politics?

The question requires that the thesis initially defines the contemporary political sphere focussing on our understanding of neoliberal approaches within the realm of politics. It then expands to discuss the role of ideas and the nature and influence of neoliberal ideology, the nature of contemporary liberal thought, and the impact this has within a political culture predisposed towards liberalism. This investigation allows movement towards a more comprehensive understanding of the political and philosophical forces that act, as stated earlier, in an uncoordinated and unsynchronised manner, as an intellectual engine within contemporary politics.

At the heart of this doctoral thesis lies an epistemological and ontological problem, 'How do we make sense of a phenomenon that is simultaneously an ideology, a policy, and a form of governance?' (O'Connor 2010:692). Addressing this, the thesis critically assesses the impact of neoliberalism on liberal thought, and contemporary politics. Within this appraisal liberal thought is asserted as the foundational basis for contemporary western liberal democratic politics, and political action. Locating within liberal democratic frameworks allows the thesis focus on the nature and influence of ideology, modern liberal thought, political culture, and contemporary politics. It addresses the historical emergence and evolutionary aspects of neoliberalism by elucidating Hayek's vision of society, the impact of this vision on contemporary neoliberalism and the irony this invokes. This is achieved by contrasting Hayek's vision with contemporary neoliberal perspectives as outlined by commentators including Grey (2002), Sennett (2006), Hay (2007), and Harvey (2007a, 2007b). Through comparison and example, this analysis outlines the adaptations that have occurred in order for

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from a normative perspective as the 'best of the available alternative ways of organising human societies' and is empirically grounded based on its successful spread across the globe (Fukuyama 1995:29-30).

neoliberalism to successfully colonise and maintain hegemony within contemporary liberal democratic politics.

To understand the context that places neoliberalism at the heart of contemporary politics the broad themes of liberalism, ideas, and societal learning are examined in conjunction with the specific focus outlined earlier. By concentrating on these salient themes it is hoped that the reader will be familiarized with the broadness of the subject, its depth, and the realisation necessary to understand the impact of neoliberalism across the social scientific field.

However addressing neoliberalism in its broad sense does present difficulties,

> …like all over-simplistic classifications of this type, the dichotomy becomes, if pressed, artificial, scholastic, and ultimately absurd. But if it is not an aid to serious criticism, neither should it be rejected as being merely superficial or frivolous; like all distinctions which embody any degree of truth, it offers a point of view from which to look and compare a starting point for genuine investigation (Berlin 1953).

The difficulties associated with ideas centred approaches such as the one used in this thesis is that to explain how ideas matter so much that they 'shaped both policy making and policy implementation' (Ganev 2005:364) one must incorporate a broad engagement with the literature and the topic. The failure to address the issue of ideational transference undermines the validity of ideational arguments. Ganev (2005:364) paraphrasing Hall (1989) identified the need to specify the conditions under which ideas acquire political influence. This thesis through its examination of contemporary political understanding, neoliberalism's establishment, the influence of Frederick Hayek, and the example of the Conservative and Unionist Party in the United Kingdom (UK) identifies those conditions and the context through which neoliberalism acquired political influence. This broad remit agrees with Doyle and Hogan's (2008:81) contention that ideational change is not a simple matter of exogenous shocks, such as microeconomic crisis. It is a function of wider context and together with crisis it contributes to the generation of new ideas, consolidating support around 'new ideational paradigms' which ultimately lead to policy change (Doyle and Hogan 2008:81).

Closing this examination of neoliberalism's influence and its consequences the adoption of a more pragmatic role for political actors in mitigating some of the harmful aspects of neoliberal policy prescription is discussed in the concluding chapter.

The Transition of Neoliberalism

To illustrate the transition of neoliberalism throughout its ideational journey the figure below titled 'Neoliberalism in Transition and Beyond' is used. The figure, based on a spiral galaxy captures the idea that neoliberalism like a galaxy expanding across the ideational universe cannot remain constant, spinning, shifting and changing as it goes through various stages. These stages illustrate the movement of the ideas surrounding neoliberalism from the old ideational structures of Social Democracy and Welfare Capitalism, emerging through the 1960s into the liberal destabilization phase that occurred in the early 1970s. This coincides with other models of ideational change (Legro 2000) where the first stage of change is 'ideational collapse' where the 'existing ideational paradigm' was found to be deficient needing replacement (Doyle and Hogan 2008:82).

Following the destabilization phase as the 1970s moved into the 1980s what we understand today as the phenomenon of neoliberalism emerged, establishing itself and creating stability. This movement encapsulates alternative accounts of ideational change which allude to the role of agents and political entrepreneurs who come forward with differing solutions. This process leads towards the eventual domination of one solution over others, with the preferred solution becoming widely accepted as consensus is reached (Legro 2000).

As stability is achieved through the actions of political entrepreneurs who replace and alter the old set of ideas, consolidation begins. The example of Margaret Thatcher and Sir Keith Joseph is discussed in Chapter Eight.

This culminates with the sedimentation phase where neoliberalism became established as hegemonic in the late 1980s and early 1990s.

Developing Legro (2000) and Doyle and Hogan (2008), moving on through the 1990s and into the new millennium neoliberalism became the 'new' old ideational structure and arguably today maybe entering a destabilization phase, the outcome yet to be determined.

This representation agrees with Hayek's (1960]2006:99) contention that ideas pass through a process of selection and modification, spreading out, changing their character. As part of the process general ideas compete with other general ideas and become applicable to 'concrete and particular issues'.

This figure will be used as the thesis progresses through its various stages to situate discussion. Accepting that there may be controversy surrounding some of its concepts, for example the notion of neoliberalism creating stability would have many commentators apoplectic, it serves its purpose very well, guiding and engaging the reader with the discussion throughout.

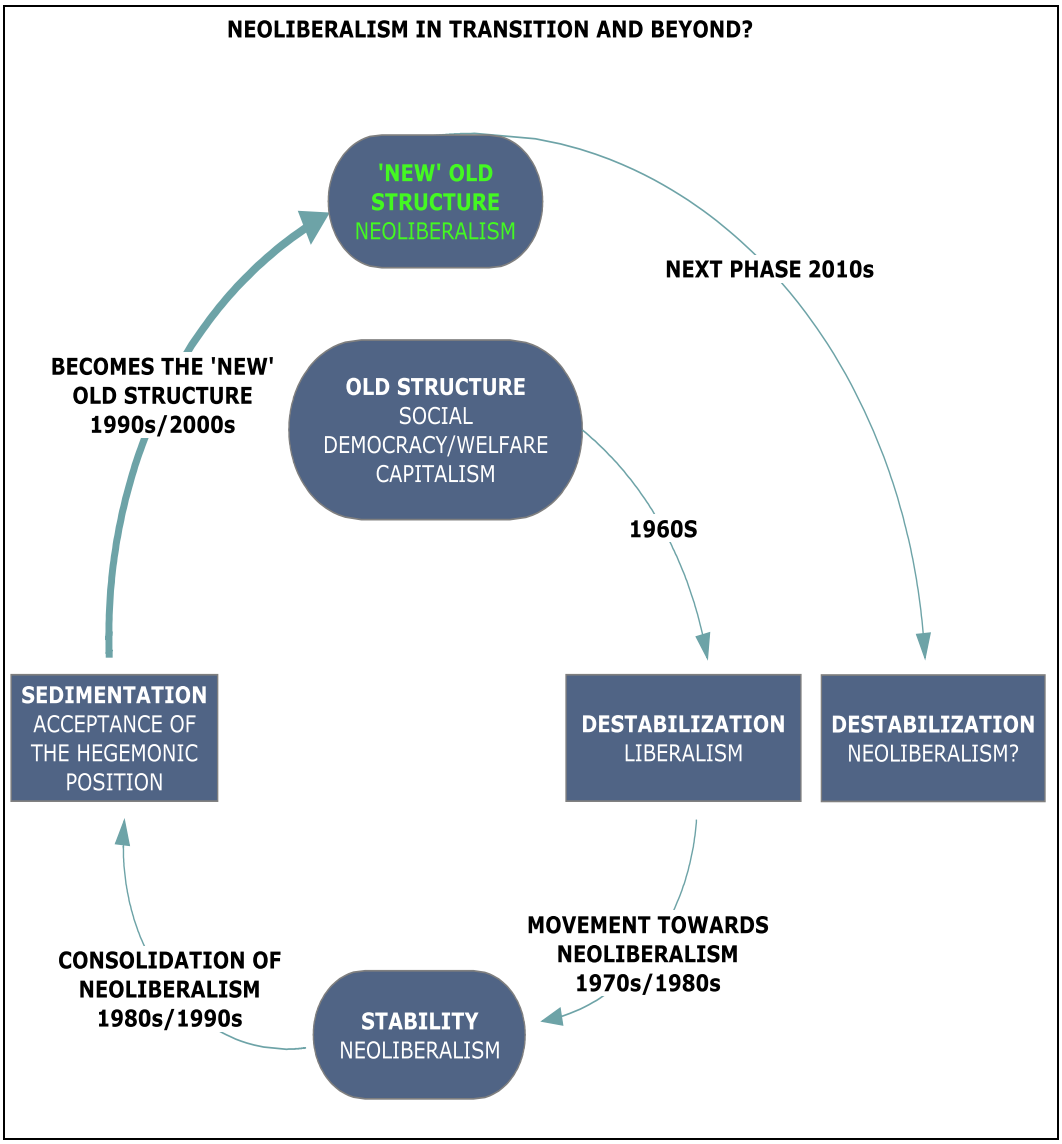


Figure 1, NEOLIBERALISM IN TRANSITION AND BEYOND

A Note on the Ideological Spectrum

To understand and explain liberalism and neoliberalism and its place within the realm of politics adequately, it needs to be situated within some sort of political ideological or theoretical spectrum and contextualised. Despite criticism of the subjectivity, and cross national differences within its representation, the traditional scalar measure of left and

right, ‘which distinguishes both the direction, that is left or right, and the extremity that is distance to the midpoint of the scale, of these preferences’ (Van der Meer, Van Deth, Scheppers 2009:1428-1437) presents a passable if unsophisticated model for categorising ideological perspectives. While acknowledging the restrictions and simplicity of this one-dimensional model, and its criticism within the literature as a ‘poor description of political attitudes for the overwhelming proportion of people virtually everywhere’ (Feldman [2003] in Swedlow 2008:157), in broad terms this thesis follows the now well established traditional definition the left, and right. The left concerns itself with social and economic change and redistribution, while the right is more closely associated with the reinforcement of traditional positions and less radical social change.

Freeden (2008:19) discusses this weakness in the left/right continuum particularly when discussing the different statuses of liberalism. In continental Europe liberals are likely to be found on the right of centre on the scale given the residue of socialist ideology remaining, while in the UK liberals are viewed as being on the left of the scale (Freeden 2008:19). Critically Freeden (2008:19) points to the difficulties associated with positioning liberalism in 'multidimensional ideological systems'.

Van der Meer *et al.* (2009) discuss traditional views of the scale in some detail using Lipset, Lazarsfeld, and Linz (1954), and later Laver and Hunt (1992). The latter in their definition orientate discussion on the effect of these positions on the individual, presenting the left/right scale almost as differing degrees of liberalism.

In developing this concept and recognising as Berlin (1953) did the utility to be found in simplicity, the left/right scale in relation to a contemporary understanding of liberalism and neoliberalism sees this thesis focus on the median section of the scale. Within this area liberal values such as individual freedom, justice, and equality form the basis for consensual contemporary politics. The left/right spectrum in this situation is more concerned with the degree to which each part of the scale is influenced by liberal considerations. Thus the scale ought to be imagined as a scale of liberalism and the extent to which one is a 'left' leaning liberal or a 'right' leaning liberal. This serves to illustrate further the influence of neoliberalism on political discourse as it shifts over time and space, moving under neoliberal hegemony away from leftish social democracy in the 1970s towards the right and today’s market society.

Structure of the Thesis

Building on the initial requirement to develop a comprehensive understanding of the forces that act as the intellectual engine of contemporary politics the first half of the thesis examines the role and explanation of the ideational processes and their contemporary resonance. That examination reveals that aspects of Hayek's ideas were successful as they presented as common sense, ultimately becoming the essential descriptors of the nature of politics during the consolidation of neoliberalism during the 1980s.

The second part of the thesis examines the change that occurred subsequently as neoliberal thought developed and evolved away from Hayek's original anti socialist position. As part of neoliberalism's transition and acceptance as hegemonic within political life Friedman's ([1962] 2002) assertion that economic, political, and civil freedom are correlated and reflected in the 'new socio-political matrix' (Munck 2005:60) is critically examined leading to paradoxical conclusions.

OUTLINE OF CHAPTERS

'Neoliberalism and change in political thought'

Chapter Two focuses on the extent and significance of contemporary issues and changing emphasis in liberal thought, and their effect on how politics has evolved and developed.

The purpose of this chapter is to examine in detail the literature, adopting a multidisciplinary approach that recognises the complexity associated with any societal study. In doing so it reflects the freedom of ideas to cross academic disciplinary boundaries and at a broad level outlines the argumentative trends within liberal thought. As part of this, the difficulties, the sense of crisis and the complexity associated with liberal thought are discussed, followed by a discussion of the recent change in focus towards a more pragmatic debate within liberalism generally.

The chapter starts by discussing the contemporary debate within the literature introducing the historical and evolutionary nature of liberalism, its fractious qualities, and the emergence of theoretical compromise as a means to mitigate some of its contemporary neoliberal excesses.

It then addresses the crisis and debate within liberalism and whether much of the noise surrounding the debate on liberalism is justified, or over emphasised in order to engage, and strike a chord with an increasingly disengaged citizenry. The question of whether liberal thought exemplified as neoliberalism is in crisis or just undergoing transition in the normal course of its historical evolution is one that presents commentators with a bind. Obviously the internal and external conflictual elements that underpin what Mack and Gaus (2004:1) point to as the characteristics of the 'Liberty Tradition' are as essential to progress, as the debates surrounding the "meaning and rationale of the fundamental agreements...by whose progress a tradition is constituted" discuss (MacIntyre 1988 in Mack and Gaus 2004:1).

However within a historical context that has been described as a 'disappointment for liberal theory' (Gaus 2000:179) the tendency in the liquid modern era towards calamitous description creates an overinflated and exaggerated sense of crisis.

Developing this and reflecting on the complex nature of political society the desire to translate abstract ideas into real world outcomes, and the unintended consequences that arise as a result, complicates the review process. As a result of the compartmentalization of debate, seeing beyond the traditional constraints of disciplinary boundaries challenges the reviewer to adopt an eclectic approach to the literature.

The changing and evolving relationships within liberal thought are drawn together as part of the examination of the change in focus within contemporary discussion, and the movement towards a realistic and pragmatic debate. This coincides with a determination across the literature to move beyond conceptions of perfect rationality, and towards interdisciplinary perspectives that share fundamental values, and are accepted across the social science spectrum. By focussing on the fitness for purpose of these so called fundamental values, the increasingly important role and activities of interested individuals and groups such as think-tanks become apparent.

As part of the critique of this change the illusion associated with neoliberal progress and its outcomes, becomes the focus for external commentators aiming to discredit neoliberalism's fundamental principles (Mack and Gaus 2004).

I then briefly examine the emergence of interdisciplinary perspectives that attempt to overcome narrow academic categorization, recognising the danger of self-promotion inherent in this, alongside the need to overcome vested interests from demarcated subject areas. This reinforces rather than undermines the case for the development of a

broader methodological and theoretical perspective that benefits our understanding of the political world.

Social Learning and Ideological change

In broadening and deepening the methodological and theoretical perspective and in order to understand how ideological relationships between political actors and political institutions develop and change as they evolve over time, I engage with collective and social learning theory in Chapter Four.

Initial discussion centres on the theoretical context for societal learning, developing from the accumulation of individual learning experiences in a convoluted manner, eventually culminating in the realization of learning in societal institutions.

A discussion on societal learning follows, examining the historical nature of the process, and the difficulties associated with isolating ideological constructs given the opaque nature of their structure. The section addresses the issue of diffusion and the adoption of learning strategies that allow an insight into this foggy world, which is significant when considering the nature and role of Hayek's political thought in later chapters. As part of this, the role of consent and the significant but non-exclusive influence of intellectuals and elites in orchestrating the public discourse are briefly outlined.

I then discuss how society learned to become neoliberal. Western society with its historical Liberal basis endorses the universal appeal of ideas advocating individualism, within a shared set of common cultural values. These shared perspectives under-write the broad appeal of neoliberalism across different western societies.

Accentuating the so called positives within neoliberalism, societal learning endorsed the sense of empowerment, and the weakening of institutional structures that neoliberalism advocated. As part of this process, consent was re-framed within a neoliberal perspective with public discourse influencing societal learning through its advocacy role, instilling the notion that neoliberal policy prescription was nothing more than common sense.

In evaluating learning approaches to neoliberalism, the problems associated with mainstream and alternative approaches to the study of societal learning and the adoption of neoliberalism are examined. Historical institutionalism with its imperfections is examined first, followed by a discussion of the development of tacit knowledge and the

movement from individual learning towards societal learning. It concludes with a synopsis of alternative approaches to the understanding of societal learning such as positivist, rationalist and network based options, reaching the conclusion that a social constructivist approach offers the best means of to recognise the variety and spontaneity that occurs within societal learning. Given the restriction of societal learning within a neoliberal discourse, the emergence of a neoliberal cultural context was to be expected.

Contemporary Politics

Chapter Five contextualises contemporary politics prior to the subsequent detailed discussions that focuses on neoliberalism. The chapter discusses several key contributory dimensions of contemporary politics including the role of liberal thought and Liberalism, ideas and liberal ideology, and liberal political culture.

It discusses the role of thinkers such as Hayek and the emergence of neoliberalism as the pre-eminent strand of thought within liberalism over the last thirty five years. At a time when politics is increasingly criticised as ignoble (Stoker 2006), the reflexive nature of contemporary liberal thought and the movement towards fundamentalist neoliberal approaches to political questions is introduced.

It situates foundational liberal ideas, and liberal political culture within contemporary politics. Here key concepts such as liquid and reflexive modernity are defined. This draws the reader to the context of contemporary politics, its place within modernity, its sophisticated and complex nature, and the innovative cross disciplinary methodologies that can assist our understanding of its workings.

The subsequent section deals with Liberalism and Liberal thought outlining the influence of the Enlightenment and romanticism in its mid-nineteenth century formative period. At that time its loci of thought around freedom, the individual, toleration, and consent were substantiated. Contemporary Liberalism is then defined, its broadness coupled with the inseparability of economic and political freedom, a radical change from its earlier understanding.

In its contemporary understanding the appropriation of liberal ideas and their association with individualism and consumerism through a capitalist popular culture is discussed along with the dangers of the resultant unencumbered freedom. This discussion takes cognisance of the historical narrative that exists and ought to have

created an awareness of these dangers. It questions why these portents were largely ignored.

Reconciling the need for a realistic application of liberalism the discussion moves to recent attempts to accommodate the fundamentalist elements of liberalism as neoliberalism, and initiatives such as the Third Way, aimed at bridging the divide between politically radical ideas. In this context the evocation of a more compassionate liberalism that includes the spirit, conscience, and duty of some of the main strands of contemporary political thought is advocated.

Developing this discourse the role of ideas and the influence of liberal ideology is discussed. Focussing on the 'idealational turn' (Finlayson 2004:130) it considers how some ideas, or aspects of some ideas gain prominence over others. Specifically it asks how liberal ideas have become more fundamentalist as they become entwined with notions of power and dominance. Advocating a movement away from idealational fundamentalism towards a *lite* liberal approach to issues of power and domination a re-assessment of the role of liberal ideas is proposed. The proposal facilitates idealational frameworks that strengthen social cohesion and are necessary to effect change.

This continues and augments the discussion of the role and differences between philosophical and ideological liberalism, and how foundational liberal beliefs have become more fundamentalist under neoliberal hegemony.

Neoliberalism as ideology, lacking the constraints of philosophy, adopts a wider perspective in theoretical and practical terms facilitating the distortion of liberal views into neoliberal perspectives.

The success of neoliberal ideology in resonating across society and its ability to project motivational assumptions onto political actors at a time when ideology was thought to be ending has resulted in its triumphant domination of the 'totality of the social field' (Leclau 1996:201).

The role and the impact of political culture in neoliberalism’s success is discussed emphasising that despite its amorphous nature and vagueness as a concept, it is critical to setting the backdrop for neoliberal synthesis. No longer restricted to geographical situation, the emergence of cultural transparency as a symptom of progress, and the overlapping nature of cultural variables has effectively globalised political culture. This reflects the wider globalised context of neoliberalism where an emergent political and economic diaspora demand inclusion, sharing latent liberal values.

The concluding remarks tie together the various elements discussed within the chapter emphasising the need to re-balance classical and egalitarian liberal ideas. The recognition of the darker side of liberalism is encouraged in order to facilitate the compromise necessary to move away from Pareto optimal objectives towards an acceptance that optimal outcomes are not always the best outcomes. This chapter sets the scene for the subsequent discussion of Neoliberalism as a system of thought, and action oriented neoliberalism in Chapters Six, Seven, Eight and Nine.

Neoliberalism

Chapter Six describes the process of Neoliberalization. This includes an inquiry into the historic and economic context of neoliberalism's ascendancy and the role of the USA as hegemon and its contribution to the establishment of neoliberalism across the totality of the social field.

It discusses the broadness of neoliberalism and the processes involved whereby social relations became embedded in economics rather than the opposite, and how the state has been remodelled along market lines. In doing so it draws our attention to the complexity involved in understanding truth as an aspect of common understanding.

The 'Situating Neoliberalism' section outlines the background and the historical context of the notion that the free market is the most efficient means to allocate resources, and the post-Second World War journey from collectivist possibilities towards individualist conceptions of how society ought to be configured. By focussing on the delimiting of the public sphere, and the movement of liberalism from its value laden status towards its restriction within type specific neoliberal market frameworks, the changing relationship with freedom within liberal thought is highlighted.

Looking to the role of the hegemon, the importance of the USA and its influence through both visible and covert pressure on the Neoliberalization of the Western world cannot be understated.

The economic context of Neoliberalization following on from the role of the hegemon, highlights the role of the Chicago School of Economics, based at the University of Chicago and headed by academics like Friedman, that encouraged the adoption of monetarist policy focussing on reducing or eliminating fiscal deficits as a means to assert control over collectively inclined democratic institutions. This re-ordering of liberal ideas, and the intrusion of a more 'symbolic ideology' onto the

'operational' (Berry *et al.* 1998:328) ideological process that centred around economic context proved most successful in the world of financial capitalism where the virtual freedom of the market became established between the financial centres of New York and the City of London. The fuelling of *anti-étatiste* sentiment and the rise of the so-called Washington consensus, aided the complex process of Neoliberalization while recognising that the process of Neoliberalization is not as clear cut as critics and advocates alike would like us to believe.[4]

The chapter discusses the pathological fundamentalist logic that underpins the 'there is no alternative', or 'TINA' mantra recognising the over emphasis on homogeneity of thought that occurred following neoliberal hegemony (Bauman 2007b). Characterised as a victory for the wealthy through a more potent ideological, economic, and political argument, this section chronicles the movement away from big ideas towards managerial ones, and the creation of complex interdependencies among political actors as a result of contingent events that closed alternative possibilities.

The current economic recession and the collapse of the global financial system which began in 2008 and continues to be felt today, has raised questions about the future of neoliberal hegemony. Speculation regarding the likely nature of future changes is discussed in Chapter Nine and in the thesis conclusion. Situating neoliberalism in its historical and economic context, and having discussed the role of the hegemon provides an illustrative account of political Neoliberalization. This facilitates the later comparison between Hayek's system of thought and contemporary neoliberalism's pragmatic interpretation forming the basis for an evaluation of theoretical outcomes and pragmatic politics prior to the final chapter's discussion on the future development of liberal democratic society.

Neoliberal Thought – F.A. Hayek

Having discussed neoliberalism as a descriptive tool for outlining the socio-political changes that have occurred since the 1980s in the context of western liberal democracies

[4] The concept of *étaiste* is used by Henderson (1998:113) in the context of Keynesian thought and its state centric and 'typically anti-liberal' sentiment. The concept is used throughout the remainder of the thesis in the discussion of neoliberal approaches to relationships involving institutional actors controlled by the state.

under the hegemonic influence of the USA the thesis focuses on Hayek's vision, and its impact on the Neoliberalization of the public sphere.

It begins by outlining Hayek's role as the ideological ‘poster-boy’, or the 'symbolic' (Berry *et al.* 1998:328) ideological anchor for the Neoliberalization movement, where he outlined a vision of freedom based on the primacy of the individual operating within a market environment that eventually captured the imagination of the liberal democratic Western world. The popular vision of neoliberalism grew from a broad perspective of his vision recognising the complexity and interconnectedness of societal relationships.

Following that there is a brief outline of Hayek's personal and academic life concentrating on his most prominent and influential essays and books like *'The Road to Serfdom'*(1944), *'The Intellectuals and Socialism'* (1949), *The Constitution of Liberty* (1960), and *The Fatal Conceit*' (1988).

Hayek's insight lays the foundations for the discussion of the movement away from individualised freedom towards the emergence of *anti-étatiste* sentiment that preoccupies contemporary neoliberal thought. The weaknesses of a planned society, incapable of providing a stable environment where the needs of the people are met, under the influence of a socialist oriented intelligentsia are juxtaposed with Blundell's (2005) characterisation of the freedom inherent in Hayekian thought.

The influence and impact of Hayek's insight to emergent neoliberal thought including the complex relationships between the market, capitalism, and the changing nature, function, and view of the individual are discussed. This illustrates the reflexively modern movement away from notions of what constitutes society, towards one focussed on the economy as the foundational basis for humanity.

The change in neoliberal perspectives, and neoliberalism as a 'totalising ideology' (Vincent 1999:404) are discussed in preparation for the examination of contemporary neoliberalism with its structural fetishism focussed on the role of the state.

Margaret Thatcher, Keith Joseph and the Conservative Party in the mid-1970s

One of the best examples of neoliberalism’s direct impact on politics is the UK Conservative Party in the mid 1970's under the steerage of Margaret Thatcher and Sir Keith Joseph.

This represents the journey from a political context where liberalism had been destabilised by significant socialist/social democratic periods of government. Having already discussed the pragmatism and realism associated with politics in Chapter Five this example captures the reality of the *sui generis* nature of the relationship between political pragmatism, and ideological disposition. The Conservative Party illustrates the initial leap from symbolic ideological thought, into the operationalization of ideology by asserting a 'policy mood' (Berry *et al.* 1998:328) onto the political agenda. It also provides a unique contrast to the 'evolutionary style of socialism' developed in the UK from the late 1880s, known as Fabianism (Caldwell 1997:1860).

Contemporary Neoliberalism

Today the free market is conceived as the natural form of economic life despite the difficulties surrounding perfect information, and the difficulties associated with models based on rational assumptions about economic and political actors. The remodelling of the state along market lines has seen the commodification of public goods, but has yet to see a freeing of the market from monopolistic and oligopolistic tendencies, both public and private.

As a result of neoliberal culture, reforms encouraging freedom see the state whose role was heretofore imagined as the champion of the common good and the nation, as now disabled from interfering in the market, ironically for the common good. Under neoliberalism a crisis of legitimacy has arisen where the relationships between ideas of the state and the nation, once characterised under embedded liberalism as strong state-weak nation, have been undermined and reversed (Harvey 2007a).

Critics and advocates for change, apologists in the view of Sennett (2006:16), have focussed on the initial change in peoples' anchor and reference points during neoliberalism's establishment, pointing out that while already adrift neoliberalism offered stability. Despite neoliberalism's subsequent sedimentation and continuing hegemony this steadiness has not materialised.

As part of this chapter the contrast between theory and practice and the means through which neoliberal ideology is given practical expression today is examined. The growth and attraction of neoliberal fundamentalism is discussed, based on the consensus that has developed as a result of an uncritical approach to socio-political issues. The adoption of soft approaches such as the Third Way to mitigate the more divisive

elements of neoliberal practice points to a recognition amongst politicians and theorists alike that elements of neoliberal thought sit uncomfortably with foundational liberal ideas. In such a context their over-simplification presents as a real threat to the fabric of traditional society in much the same way as vulgar Marxism did.

Taking account of Harvey's (2007) definition of contemporary neoliberalism and using Hay's (2007) more comprehensive definition to illustrate by practical example, the stage is set for an examination of the irony associated with Hayek's political thought and its practical manifestation. Hay's (2007) definition is subdivided into eight subsections that can be roughly characterised as falling under the broad categorizations of the market, the state and the individual and within these parameters the discussion of contemporary neoliberalism takes place.

Concluding I observe that the contemporary debate has come to be characterised by a market where the operationalization of bad capital is driving out good, where despite a recognition of a role for the state the nature and extent of that role remains disputed, and where the subordination of citizen need to market imperatives continues with an alarming tendency towards neoliberal fundamentalism.

2. CONTEMPORARY ISSUES AND CHANGING EMPHASIS IN LIBERAL THOUGHT

In reviewing the literature the initial focus of contemporary debate is on the influence of liberalism as a 'meta ideology' (Haywood 2007:45) throughout the western liberal democratic tradition. As Reed (2009) points out liberalism as a meta ideology can be said to have emerged in the post 1848 revolutionary period, a time of profound change when traditional pre-modern societies had been, or were on the cusp of being replaced by early, simple modern societies (Beck 1992, Beck, Giddens, Lash 1994, Roxburgh 2005).[5] The historical antecedence of today's neoliberalism is built on liberalism, hailed as a 'super concept' anchoring propositions about the social world (Freeden 2005:4).

Critically others (El-Ojeili 2009:135) disagree fundamentally with this proposition, preferring to locate neoliberalism as firmly anti, or quasi-liberal, and placing social democracy and 'liberal welfare-capitalist states' as the contemporary expression of liberalism.

This division within liberal thought has historical precedent, originating in the divide between thinkers more focussed on the competitive nature of the human condition such as Smith, Bentham, and Hayek and others more focussed on the collaborative aspects such as J.S.Mill, Keynes, and Marshall. These themes continually reoccur in various guises, for example the critique in the 1950s where Wright Mills in his polemic *The Power Elite* (1956), drew our attention to the concentration and oppression of power and the senescent nature of liberal theory (Gillam 1975).

In spite of, or perhaps as a result of, liberalism's longevity it continues to suffer from weaknesses in its theoretical fundamentals (Held 1992, Gaus 2000). These weaknesses include the friction between notions of individual freedom, justice, and the extent to which one person’s desire to be free encroaches on others, and their legitimate expectations most famously discussed by J.S. Mill in the nineteenth century, Rawls (1958), and Grey (2004). Indeed the notion of tolerance within liberal thought has

[5] See Chapter Five for further discussion of this concept of modernisation.

occupied much of its introspection. These fundamentals form part of the 'distinctive liberal traditions which embody different conceptions from each other of the individual agent, of autonomy, of the rights and duties of subjects, and of the proper nature and form of community' (Held 1992 in Goodwin and Pettit ed. 1997:78). Mack and Gaus (2004:1) characterise this as the 'Liberty Tradition'.

As Maffettone (2002:2) points out liberalism today stands as a family of political doctrines, whose ultimately incommensurate values leave one, in the words of the playwright David Marnet (2008) disappointed and wondering 'and yet'.

Aside from identifying the constituent frictions within liberalism prior to any further discussion the concept of western liberal democratic tradition needs to be defined. In this regard the tradition of post-enlightenment liberal politics that has evolved historically in Western Europe, the Antipodes, and the North of America, drawing on the foundational intellectual ideas of Hobbes, Locke, Montesquieu, Rousseau, Bentham, and J.S. Mill, forms the liberal basis for this study. The inclusion of the democratic aspect of the study is founded on the liberal democratic perspective anchored on notions of a democratically constituted state, linked to free markets (Held 1992). In practice this includes the country members of the European Economic Area, the USA, Canada, Australia and New Zealand. The constituents of this group and their association through the G20 are discussed further in Chapter Five. Many of the authors within the broader categories of social science, Bauman (2000, 2007a, 2007b), and Giddens (2000, 2003a, 2003b) in politics/sociology, Friedman ([1962] 2002) in economics, and those specialists working within politics and political science, Hay (2004a, 2004b, 2007), and Stoker (2006) formulate their respective positions within this meta framework, either through critique, or appraisal of the contingent strands of liberalism, and its counter ideologies.

Further examples of the increasingly specialised nature of this discourse include, Bourdieu (1998) in his critique of neoliberalism, Giddens (2000, 2003a, 2003b) in his advocacy of a 'Third Way', and Hayek (1982, 1988, [1944] 1991, [1960] 2006) in his endorsement of individual freedom and the market.

Many, through their insights, have contributed to the evolution and development of classical liberalism and utilitarianism, into what today has become liberal democratic thought, notably scholars such as J.S. Mill, I. Berlin, M. Oakeshott, and J. Rawls. Contemporaneous authors such as Grey (2004, 2002), Held (2006), Harvey (2007a, 2007b), Peters (1983), Bourdieu (1998), have for example, examined the theoretical

crisis within liberalism, and the addendum of specific interest to this enquiry, neoliberalism.

While there has always been a friction within liberal thought surrounding its key components, freedom, the individual, tolerance and justice, a market environment, and their sometime competing values, the most recent crisis emerged from the post Second World War ideological conflict between liberalism and socialism (Gillam 1975). The victory of liberal democracy (Gardels 2010), or capitalism (Friedman [1962] 2002) heralded by the end of the Cold War replaced the overarching ideologically divergent Liberal/ Socialism clash (Held 1992:78), precipitating the 'end of history' (Fukuyama 1992, Gardels 2010) through the triumph of liberal democracies and their interlinked political and economic perspectives.

However with the historically exogenous conflict removed, new extrinsic challenges and internal conflict was substituted into liberal ideological deliberation. Maffettone characterised this as,

> ...from one side liberalism has won its secular and fundamental conflict with fascism and communism, and from the other side, notwithstanding its victory, liberalism is under attack as perhaps never before (2000:2).

In the case of liberal thought this took the form of structural opposition within liberalism between collective and individualised institutional arrangements (Gunnigle 2004). El-Ojeili (2009:134) characterises this overall transition eloquently, if a little immoderately stating that,

> ...the triumph of liberalism that followed the events of 1989–91 lasted but a brief moment, swiftly tailed as it was by growing commentary around such challenges as yawning global inequality, the resurgence of far-Right nationalism, the appearance of a new imperialism, the malaise of 'post democratic' politics, the consolidation of the anti-globalization movement, and a preoccupation with various polarizations ('the rise of tribes', 'the clash of civilizations', 'Jihad versus McWorld', and so on).

The internalised conflict within liberalism was symptomatic of the reflexive nature of the liquid modern world, becoming characterised as a clash between social liberalism as social democracy (Freeden 2008), and the emergent more fundamentally liberal, in a classical Ricardian economic sense, neoliberalism.

Historically this lurch towards neoliberalism and free market fundamentalism followed a period of economic crises during the 1970s and 1980s where the economic prescriptions of social liberalism founded on Keynesian economic doctrine and the

management of aggregate demand, failed to address the on-going instability in politics and economics, precipitating a crisis of legitimacy with regard to the role of government, and politics generally (Offe and Ronge 1997, Gaus 2000, Giddens 2000, Held 2004, Held 2006). As ideology market fundamentalism with its focus on,

> ...the springboard of equilibrium, supported by firm data about the behaviour of particular markets under certain strict conditions, and supported further by impressive equations, economics made a gigantic leap of faith to incorporate not only economic thought but social and political thought. This is precisely why economic theory has to be appreciated as ideology (Lowi 2001:132).

This is discussed in the later section on Neoliberalism; suffice to say that the literature reviewed agrees with this overall historical perspective albeit focussing on different aspects of this transition.

The intervening period became one of neoliberal hegemony initially characterised as a tremendous opportunity to reform a liberal democratic system under threat, and later as an opportunity to build on the success of liberalism's victory in the post-Cold War struggle. Putting to one side the residue of ideological conflict (Peters 1983) neoliberalism now dominant has become increasingly controversial remaining the hegemonic ideological force within contemporary politics (Saad-Filho and Johnson 2005, Moore 2009).

Attempts to move ideological debate forward through the *creolisation* by Giddens (2000, 2003a, 2003b), Hale, Leggett, Martell eds (2004), and Evans (2004), of essentially neoliberal ideas with aspirations of a more egalitarian, just, and tolerant society for the future, fuses social democratic theory, economics and neoliberal thought into a *'Third Way'* of achieving societal goals. *Creolisation* here refers to the process of cultural creolisation, that is the 'intermingling and mixing of two or several formerly discrete traditions or cultures' (Erikson 1999).[6] This process seen by its supporters as enriching liberalism (Morrison 2004), and by its detractors as reinforcing the hegemony of neoliberal thought (Henderson and Harcourt 2001, Cammack 2004, Webb 2006).

Radical alternatives to this creolisation of ideas have failed to impact significantly on political discourse. As El-Ojeili (2009:134) optimistically emphasised there has been an

[6] Taken from a working paper titled 'Tu dimunn pu vini kreol: The Mauritian Creole and the Concept of Creolization', under the auspices of the 'Transnational Connections Programme', http://folk.uio.no/geirthe/Creoles.html viewed 18 Feb 09.

emergence of radical alternative political discourses, although despite significant engagement in some sectors of the literature, there remains a sceptical ambivalence within the mainstream, perhaps a tacit recognition of the end of history. From the ambivalent perspective the identification of Far Eastern examples of the success of 'authoritarian modernization experiments' are according to Fukuyama likely be short lived based on their inherent lack of democratic accountability (Gardels 2010:10).

For those following Marx (Allen 2003, O'Connor 2010), this implicit recognition coupled with the intermingling of ideas, reflects the ideas of the ruling class, who in the current epoch are exemplified by the political groupings that range from the slightly left of centre, to the slightly right of centre throughout the western liberal democratic tradition. Typically New Labour and the Conservative/Liberal Democrat coalition in the UK, the Fianna Fail/Progressive Democratic coalition, and the Fine Gael/Labour coalition in Ireland, the Clinton and subsequently the Obama wing of the Democratic Party in the USA, provide some examples in recent historical terms, following on from the earlier, and less nuanced right of centre Thatcherite and Reganite positions of the 1980s to mid-1990s.

This ever-changing narrative far from being viewed as overly pessimistic or optimistic should be seen more correctly in terms of a recognition of the dynamic within liberalism, and the need for on-going transformation within liberal thought towards pragmatic and realistic discussion of political issues.

The remainder of this literature review focuses on the opportunities that the continuing evolution of liberal thought presents, and how the neoliberal hegemony has influenced this.

CRISIS! WHAT CRISIS? - CRISIS OR CHANGE, THE DEBATE WITHIN LIBERALISM

As a starting point to this discussion the so called crisis for liberal identity where failed political aspiration has led to dissatisfaction amongst political actors, and served as a lightning rod for disaffection amongst commentators will be analysed. This will precipitate an examination into the discussion of crisis or change within the theoretical frameworks that anchor liberalism, followed by the methodological and structural aspects of the problem. A discussion of the theoretical weaknesses at the heart of this

debate finalises this section prior to moving on to a discussion of the movement towards a more pragmatic debate with the literature.

The notion of a crisis for liberal identity arises from the frustration apparent in much of the literature (Stoker 2006, Hay 2007), where political aspiration fails leading to disaffection among citizens, and a severing of the social compact between the state and its citizens. The crisis of identity that emerges manifests itself as an increasing divergence between the *ethnos* and the *demos* within society, and poses a significant threat to the democratic principles espoused by that society. *Demos* and *ethnos* in this sense are taken to mean a politically defined group, upon which the foundations of citizenship are laid, while ethnos includes others who may not be represented, including in this case the young, and the vulnerable or marginalised within society, some of whom may have previously been active as part of the *demos*.

The development of the theme of a liberal society at odds with itself, suffering from a crisis of identity, and direction is highlighted in much of the general literature (Sennett 2006, Grey 2002, 2004, Putnam 2000, 2002), and in the Irish specific literature by Keohane and Kuhling (2003), and Allen (2003). Coulter & Coleman (2003:15) note Ireland's shared experience in common with others, as not just a story of a 'people who have changed, but of a changed people'.

The effect of this contemporary crisis of identity creates a sense of urgency around the question of who and what we are, and whether the pursuit of a universal liberal conception of the ideal life, or the search for peaceful coexistence between different ways of life ought to form the basis for our understanding of the political society we live in. For some the question is one of plurality, best understood as one of either toleration (Stoker 2006, Grey 2004), or diversity (Freeden 2008, Brennan and Lomasky 2006, Franco 2002, Hammer 2002), and the requirement for the widest possible inclusion without dumbing down the quality of the liberal rights professed (Quill 2006, Mill [1975]1998ed).

The liquid modern view is that we are many selves, and members of many different communities, raising the difficult question of classification within a liberal democratic society that espouses a tolerant and 'equal' citizenry (Haber 1994:5). This viewpoint has historical resonance with J.S. Mill and today this very middle class sense of liberal society remains distant from those who are marginalised and vulnerable. Their existence on the edges of society effectively 'socially segregates' (Goodin 2003:58) them, and their

communities from normal societal participation, and has the effect of reinforcing a sense of 'social Darwinism' to the identity debate.

The segregation of large cohorts of society from the liberal democratic project, including the young who are not necessarily economically excluded, exemplified in the increasing crisis of participation reflects issues surrounding identity (Dalton 2004). Do we see ourselves as willing participants in a formalised liberal democratic process or as invitees, obliged or coerced into action? How has our position as atomised individuals reflected on our capacity to participate in political society? If non-participation is to become the norm what then of the rights we profess and the protections that they offer? The literature goes into some depth around these issues particularly when dealing with marginalised groups. One such example that points to a failure to reconcile identity, participation and political outcomes is Franklin's (2004) contention that non-participation in voting among the young results from a lack of capacity, or social capital.

The growth of peculiar and specialist political interests and their effect on representation is another area that draws comment from Dalton (2004). It is perhaps the area as he suggests of most concern for contemporary liberal democratic societies. What is clear from Dalton (2004:195) is the recognition of the 'increasing dimensionality and complexity of the public space', and the need for a deeper understanding of the nature of the 'disconnect' between political actors and citizens at all levels of society.

Sennett (2006) agrees connecting this to the failure of *community* to emerge as a mechanism for social support, resulting in the creation of a hazardous vacuum. For Sennett (2006) this practical failing of communitarian principles emphasises the difficulties and complications faced by evolving liberal thought as it tries to reinvent itself in a culture where consumerism, and neoliberal conceptions of capitalism, directly impact on the relationship between power and authority.

The levels of disenchantment with politics in society, and the threat that this poses to liberal democracy as a theme is explored extensively in the general literature by Hay (2007), Stoker (2006), Sennett (2006), and Grey (2004, 2002). Fukuyama in Gardels (2010:7) describes it as ‘a kind of democratic recession’. Quantitative explanations as to why this might be occurring are highlighted by Dalton (2004) who examines in great detail the erosion of political support in industrial democracies. As already discussed the explanations for this phenomenon are multi-layered and multifaceted and cannot be understood unilaterally as individual push, pull factors. The issues most closely

associated with increased disenchantment include those of disconnection (Bauman 2000, 2007a), and the scepticism generated by neoliberal conceptions of the individual at the centre of its locus of thought (Bauman 2007b).

By focussing on a neoliberal conception of the individual the growing disenchantment and crisis of liberal identity can be connected to the evolution of liberal thought away from the traditional and historical liberal and civic republican narratives, of ideas around the individual and collective good within political society. The neoliberal movement towards a more elitist locus of toleration based around consumption (Munck 2005, Mac Ewan 2005), differs from previous movements concerned with toleration, in that the state and its institutions are no longer as effective as enforcers or facilitators of political and economic freedom, but have in a real sense become subservient to the free market (Saad-Filho 2005b).

For Hay (2007:10), the cumulative effect of this growing disenchantment and sense of being under threat rationalises the need in the public psyche for security, in the form of increased individual freedom and less intrusion. The adoption of a revised precautionary principle, where the positive aspiration of doing no harm, is instead negatively transposed as doing nothing, has become the primary mechanism for protection against increasingly alienated and potentially reactionary political institutions. This suspicion of today's political world filters not just across political institutions, but right down to individual politicians' misdemeanours. These cause us naturally to 'question the actors' honesty, integrity, or capacity to deliver' (Hay 2007:1).

As part of the discussions of neoliberalism Hay (2007), Harvey (2007a, 2007b), Stoker (2006), Munck (2005), Grey (2002) examine various theories that they contend have exercised an inordinate influence on liberal thought and contemporary political culture. Specifically public choice theory in conjunction with rational choice and new public management theories form the bulk of their interest, which although different in their specific detail and focus, can be loosely associated together on the basis of their cumulative impact, as part of the trend towards Neoliberalization. This overarching construct, the literature contends, has had an impact far greater than the sum of its parts on how politics is perceived at all levels, from the political elite to the ordinary citizen, as it extends through the entirety of the social field, reinforcing a sense of crisis.

Perpetuating the sense of crisis, the effects of neoliberalism can be characterised in evolutionary terms as emerging (Cillers 1998), and subsequently where established, this

hegemony becomes grounded philosophically in discourse theory where a 'certain particularity assumes the representation of a totality entirely incommensurable with it' (Leclau 2001:6). The emergent phase is established through soft coercion, when ideological hegemony is asserted through 'dominant actors', who 'can influence others through ideational channels without exerting physical power or materially altering costs or benefits' (Simmons, Dobbins, Garret 2006:791). This characterisation of the emergence of neoliberal hegemony is disputed. Critics such as Dumenil and Levy (2005), Lapavitsas (2005) draw our attention to the asymmetries that exist in the *realpolitik*. For them the use of coercion however subtle is still nonetheless coercion, and whether this is viewed as soft in an ideational sense, or hard in a World Bank or IMF interventionist sense is immaterial to those effected.

The establishment of neoliberal hegemony and its affect can be seen overtly as its key 'concepts can be used to analyse a variety of situations...create policy in a variety of domains ...generate institutional forms' (Sinha 2005:164). Alternatives within modern liberal thought such as republican perspectives advocating policies that 'offer the possibility of the consumer-orientated life becoming one life style option among many' (Stevenson 2006:494) have the effect of broadening the perspectives of citizens, and presenting an opportunity for increased *'co vivendi'*, however these ideas have been unable to dislodge the neoliberal paradigm.

In examining the theoretical frameworks that underpin liberal thought the paradigm adopted by J.S. Mill, building on the work of Bentham and John Mill, in his mid-nineteenth century formulation of Millsian utilitarianism and the pursuit of the 'greatest happiness principle' (Mill [1861] 2001:ix). His ideas are amongst the most influential of what are the founding principles of contemporary liberal democratic ideology including the political thought of J.M. Keynes. The advocacy of the pursuit of the maximum overall happiness for all members of society resonates widely with those seeking a simple yet striking idealist or utopian message. Mill ([1861] 2001:12) sees happiness not solely confined to highly pleasurable excitement, but defines it in terms of realistic expectation as,

> …not a life of rapture ...and having as the foundation of the whole not to expect more from life than it is capable of bestowing.

Ultimately then, the liberalism's end ought to lie where there is 'an existence as far as possible from pain, and as rich as possible in enjoyments, both in point of quantity and quality' (Mill [1861] 2001:12).

Mill's ([1975] 1998ed.) argument for a restrained expectation from life alongside his arguments surrounding freedom and the role and function of government in provides an historical basis from which to approach the crisis or change debate within liberalism.

The struggle surrounding expectations from life discussed by Mill in the nineteenth century remain at the centre of contemporary liberal debate, fuelling its sense of crisis, and given their persistence over time distracting discussion away from any sense of gradual change. By sense of change what is meant is the on-going progress since the nineteenth century in liberalising society, and the continuance of change as part of neoliberal hegemony (Rasmussen 2009, Waldron 2009). Hayek ([1960] 2006:47) characterised this continuing change pointing out that we have all become 'creatures and captives of progress'. Millsian principle underscores this evaluation of contemporary authors within the field, and Mills' pursuit of liberal, and albeit non-universalistic democratic goals as the means to achieve the greatest happiness for the greatest number, anchors this examination of the literature. It should be noted that Mill's non-universalistic stance regarding democracy echoes the historical context in which he found himself, its inadequacies should not form any particular significance to this discussion.

Mill's mid- eighteenth century conceptualisation of what is necessary to fulfil the optimal human condition have evolved, not necessarily in a way that he would have imagined or indeed wished for. This evolution can be characterised as occurring along two, albeit not mutually exclusive paths; one more focussed on the laissez–faire aspect of Millsian liberalism including Hayek and the other more interventionist track including Keynes. Hayek's path today dominates having become contemporary democratic liberalism styled as neoliberalism.

Discussing this evolution, Hayek's (1988) criticises constructivist interpretations falling from the tradition of J.S. Mill. For Hayek (1988) interpretations that assume in a purely rational sense that outcomes, such as extended order, are solely a result of the will, intention and meaning of their human designers, are unsound. Hayek (1988) focussing on socialism, but remaining open to other possibilities points to the danger of

such assumptions given the complexity, scale and spontaneity associated with any discussion of extended order and the development of society.

Fast forwarding, the flaws within the contemporary theoretical framework that anchors neoliberalism are manifested in the literature's continuing criticism of the lack of theoretical coherence within the phenomena, having been described by O'Connor (2010:69) as being simultaneously an ideology, a policy, and a form of governance. This understandable criticism from the perspective of a mono-theoretical enthusiast, fails to recognise explicitly the requirement that to understand complex socio-political processes requires theoretical flexibility (Hanson 2008). This brings into the discussion the question of how much flexibility is required before the study degenerates into pseudo-science, which is the avoidance of theoretical development towards the resolution of real world problems. This is not a unique contemporary issue within liberal thought; Greys (1979) biographical essay on J. S. Mill discusses the issue in terms of a 'two Mills thesis'. Rather than discuss Mill as on an intellectual journey moving between his biographical grounding in utilitarianism towards an understanding of a more socially anchored liberalism, Grey discusses Mill's theory as suffering from intellectual schizophrenia. In doing so he outlines quite clearly the historical academic frustrations within Mill's flexible approach towards liberal theory. Similarly neoliberalism today is dogged by its categorization as ambivalent and contradictory (Gauss 2000).

Turning briefly towards the cultural aspects of neoliberal frameworks, the appreciation and inclusion of a culturally aware aspect within the discussions of crisis and change within liberalism is lacking in the literature reviewed. There appears to be a reluctance to embrace fully with cultural concepts, whose vagueness appears to intimidate those specialities whose primary interests lie outside the area of political culture (Formisano 2001:394). This may be recognition of a lack of fit, or be the result of the legacy of positivism, or the result of the compartmentalization of debate. Given the recent re-engagement of sorts with political culture, described by Scott (2003:95) as becoming a 'preoccupation' for political theorists, there is recognition of the value added, or 'additionality' (Evans and Davies 1999:362) that the inclusion of cultural aspects brings to the debate. Characterised as part of the move towards a more eclectic political science, once felt to be a derogatory characterisation, this aids the understanding of the diversity, and the pervasive nature of concepts such as neoliberalism (Tsolakis 2010:389).

Endorsing this view the literature review captures the movement within liberal democratic ideology towards a return to a more generalised debate within politics and as part of this, neoliberalism. This is recognised implicitly by Freeden (2008:9) when he critically highlights that 'liberalism has traditionally been addressed in the singular'.[7] Freeden (2008) emphasises the need for an examination of liberalism as a menagerie of combinations and components characterised lately within the broad neoliberal movement. His view summarises the diagnosis within the literature, that 'the legacy of positivism and the academic division of labour in political science have limited the scope of political theory' (Stokes 1990:45), detrimentally.

Returning to the issue of the legacy of positivism, the most recent literature recognises neoliberalism's prevalence within social science, but there remains a suggestion that neoliberalism lacks 'theorization' and suffers from a confused and uncertain theoretical basis (O'Connor 2010:691). The attempts of O'Connor (2010) to address this issue through a Marxist account of Neoliberalism's transformation of capitalism, places too much emphasis on Marxist presentation of the historical discourse.

Further critical discussion of the transformation and redesign of class based politics as a response to crisis or change through the impact of political action on public policy, can be seen through centre left support of pro-shareholder policies and the development of 'finance capitalism' (Cioffi and Hopner 2006:490). This shift towards a neoliberal reorientation of traditional party based class politics has been exemplified, according to Andersson (2006:442) by the movement of New Labour in the UK away from 'class politics to a party for the national good'. While incorporating aspects of internal shifts in the party's power structure this response to crisis is controversially viewed as simply a change recognising the need to be better situated for pragmatic political reasons (Tsakalotos 2007).

The debate associated with this pessimistic view of political responses tends to be reflective of the ideological predisposition of the authors (Arestis and Sawyer 2005a, 2005b). Authors from both sides of the political spectrum see the response to crisis and

[7] See also the recent discussion 'Talk Human Please', by Alice Miles in the New Statesman, Political Studies Guide of 29 Nov 2010.

change treacherously, as being more a result of political pragmatism (Henderson 1998, Griffith 2007). Overall, following this review there is a sense that it is a bit of both. While recognising the compromise and pragmatism associated with the change as positive, there remains a sense of residual disappointment that beliefs or values so ardently held, no longer carry enough weight to over-ride considerations of power and influence. This is made more pointed by the perception that there has been a marketization of ideas through mass media spin (Freeden 2001:10).

Within political science the debate between rationalist political science and political theory remains to the fore with Grant (2002:591) arguing for 'détente' between the two. The continued dominance of rationalist perspectives within political science, and across much of social science is something that Hayek (1988:53) discusses in some detail as part of a conservative criticism of 'rational constructivism'. In this critique Hayek (1988), talking about the rationalist tendencies in socialism argues that rationalism has become the dominant intellectual outlook of the twentieth century, especially among the educated and intellectual classes. Ironically, in this way he foresees the difficulties associated with evaluating the evolution of liberalism to neoliberalism, from the perspective of crisis or change.

The characterization of rationalists as intelligent, with a tendency to overvalue intelligence, inclines them to favour constructivism, that is an ability to design, centralise and co-ordinate the system. This rational constructivism that he so fervently opposed in socialism ironically has become just as embedded in neoliberal thinking around the free market. For Neoliberals (Peters 1983) the series of events and ideological stagnation that lead to the establishment of the neoliberal hegemony did initiate a crisis *for* freedom (read liberalism), this is little different to the contemporary crisis *within* freedom, that forms the critical literature today. The alternative less immediate view is that this is little more than the evolutionary change that one can expect within complex systems.

The systemic nature of the problem with liberalism and neoliberalism is discussed by Lane (2004:459), who referring to political theorists' observations of political systems, details their attempts 'to create intellectual order' but instead impose 'order on individuals'. Recognising the need for rationality to give some 'foundation in stable truth' (Lane 2004:459); she goes further drawing our attention to attempts to impose

intellectual order. She states that we have neglected to fully include other not necessarily rational actors, whom she classifies as,

> …political people participating in environments that, while having no direct relation to the state and its institutions, are nevertheless political' (Lane 2004:460).

Expanding Lane (2004) I argue that this neglect extends to those acting within the market where the presumption is that actors too behave rationally.

The failure to adequately capture the nature and extent of both the rational and non-rational elements within social science undermines rationalistic pronouncements. With this in mind much of the advocacy for a return to generalised debate within social science is cross disciplinary, for example from sociology (Sennett 2006), philosophy (Grey 2004), and psychology (Feldman 2003). In this way cross disciplinary cooperation adds to the quality of political science addressing neoliberal expansion across the totality of the social field (Leclau 1996:201).

Developing and examining the discussion of crisis or change the values of liberal democracy, in their neoliberal conceptualization as a universal value, or the default setting for civilization (Sennett 2006), inevitably leads to the debate surrounding power relations (Gillam 1975). When discussing power relations within the literature what is meant are the relationships between citizens and their freedoms, and those who govern and their right to rule. Tied to this concept, looking at the historical chronology of the emergence of neoliberalism is the idea of a crisis of legitimacy (Offe and Ronge 1997), and overloaded government (Held 2006) where, in a multiplier effect, people's cynicism further eroded their confidence in government as a means to mitigate economic and social calamity (Hay 2007, Stoker 2006, Sennett 2006). In this manner the relationship between the citizen and the state is weakened. Added to this, the neoliberal advocacy of individual freedom independent of the state compounds the growing divergence between citizen engagement and liberal democracy's capacity to act (O'Toole *et al.* 2003a and 2003b, Dalton 2004).

The complex and multi-layered relationship between the state and its citizens and the continuing asymmetry of power, particularly the coercive power between the state and the individual despite the changing historical and socio economic context, continues to remain as central to the machinations of neoliberalism. The evidential nature of this belief is clear from the emphasis that neoliberalism places on notions of tolerance,

justice and freedom albeit in a market context, significantly different to that pursued prior to the neoliberal hegemony. At that time these attributes were matters for the state to defend, rather than attributes to be defended against the state. It is liberal theoretical attempts to influence the setting of 'policy preference' (Goran 2006:499), through these core beliefs, that continue to evolve and change throughout the literature.

This preoccupation with the setting of policy preference under neoliberalism has led to the creation of a benign structure for the liberal democratic state centred on the accommodation of individual freedom (Arestis and Sawyer 2005, Mac Gregor 2005, Sennett 2006). This is reflected in public policy where the provision of public services or common public goods to citizens has been reduced to a series of 'binary equations' (Ó'Tuama 2005:28), where efficiency rather than effectiveness has become the norm (Parsons 2005).

Perversely, this has placed neoliberalism's individualistic ambitions in conflict with the states interest in the common good. For example the evolution of neoliberal policy preference in favour of choice rather than access has seen the adoption of policy mechanisms, such as those associated with health care provision in Ireland, that seek to guarantee individual choice within a market environment. In that example both public and private provision are underwritten by the state, and as a mechanism for individual freedom, both offer a choice of both the level and the type of healthcare that may be consumed. The outcomes associated with these 'mechanisms of choice, rather than whether the choices actually made are compatible with liberal values' (Freeden 2008:21), critically need not support traditional ideas of the common good.

Neoliberalism as a doctrine 'successfully articulated neoclassical economic theories with a liberal individualist conception of political freedom' (Munck 2005:65), and for critics reversed the 'protective covering that embedded liberalism allowed' (Harvey 2007a:168). Neoliberalism did this by radically altering the historical Millsian notion of individual liberty, moving it away from concerns of individuality as that part of life in which the individual is chiefly interested (Mill [1975] 1998 ed.:83), merging it with economic interest. Traditional Millsian liberalism's emphasis on individual liberty is founded on distaste for restraint on the basis of its effect on the production of the best outcomes for society, and not on restraint as a means of justifiable control. In fact quite the opposite, restraint is fully justified in order to ensure the best overall outcome or happiness for society. In this regard notions of free trade justified by neoliberalism on

the basis of individual liberty are radically different from the historical liberal tradition that sees control in this regard as good and necessary.

The state's role as the guarantor of the common good became one of facilitator of an atomistic 'free trade faith' (Bourdieu 1998:2) that subordinated national social democratic interests to those of 'radical individualism' (Palley 2005:21), and privatised collectively owned public services in favour of a shareholder owned, and marketised state sector.

For advocates of the neoliberal approach to change such as Charles Peters (1983:9), these outcomes were inspired by the search for workable solutions and a distrust of the automated responses that had failed to address the 'declining productivity, decaying infrastructure, inefficient and unaccountable public bodies, and eroding confidence in government', of the time.

The non-commensurate freedom to make choices in the contemporary world renders neoliberalism as a perfectionist theory, weak. That is, returning to the liberty to licence theme, the freedom to make choices without regard to their wider consequence renders neoliberalism as a perfectionist theory implausible. The lack of balance contained within individual choice, particularly where the neoliberal hegemony has created a rationalist basis for calculation cannot mitigate societal conflict in the way that J.S. Mill sought to. The elevation of the individual highlights neoliberalism's ignorance towards 'collective needs' (Blakely & Bryson 2002:215), and presents the 'paramount challenge' (Bauman 2007a:25) of this century, that is to reconcile power in its individualised form, and politics as a mechanism for egalitarianism. Franco (2003:487) commenting on Oakeshott and Berlin recognised this 'master dichotomy' within liberal pluralism. For Berlin attempts at "rational monism *are* a mistake" (Franco 2003:487). Berlin's 1950s view although pre-dating neoliberal hegemony calls into question the neoliberal basis in rationality, and its advocacy of marketization as a unitary power.

For liberal thought generally rational monism is a mistake, because in its attempt to achieve perfection it implicitly rejects the real world circumstances where 'political values are optimised not maximised' (Freeden 2008:25). Following Berlin, divergent political values lead to unavoidable collisions incapable of absolutist ordering. The best that can be hoped for, again following Berlin and referring to Mill is that recognising this truth might be the best outcome that can be achieved, and as such ought to be

accepted. It is ironic that neoliberalism and globalisation as monist constructions capable of socially engineering such a monist 'open society' (Bauman 2007a:7) are accepted.

The resurgence of the classical liberal tendency towards notions of the free individual has become ironically twisted into a conformist universalism within neoliberalism, weakening solidarity, and ultimately restricting the enjoyment of a variety of *modus vivendi* (Grey 2004:1). For true freedom to be achieved there can be no forcing of universalism, for Bauman (2007a:88) the 'immersion in sameness' serves only to weaken any expanded notion of 'modus co-vivendi' as a recipe for a more inclusive liberal society.

The emphasis on pluralism within the literature is one that is based on the need for a reconciliation of *modus vivendi* to facilitate a multi-dimensional, multi-layered society, where there is no one right way (Grey 2004). This contrasts with the neoliberal identification of individual freedom through the primacy of choice within a market context as the only right way. Significantly, liberal thought's acceptance that there may be no one right way, but yet acknowledging a common moral horizon (Franco 2003:496), allows for an understanding of society where ideas of collectively, and the construct of solidarity (Ó'Tuama 2005), historically so important for liberal notions of equality, can embrace 'opposites, contradictions and differences' (Brunkhorst 2002:5).

Rather then, liberalism ought to be viewed more conceptually, in the sense of what a broad understanding of liberalism has to offer, than as a means to achieve an unattainable and undesirable utopia. With this broad appeal in mind Held (2006: x) characterises democratic liberalism as 'the leading standard of political legitimacy in the current era'. His commentary draws from an impressive academic tradition that seeks to explain the continuous, albeit, sometimes disastrous consequences of the search for societal perfection, and the realisation that values can and indeed do clash (Berlin 1953, Rawls 1989, Tate 2008).

Contrastingly views from the new right on the attainment of utopia, the clash of values, and the place of society in this quest differ significantly in the sense that they reject notions of a collective utopian society in favour of neoliberal individualistic conceptions of perfection. Thatcher's famous quote to journalist Douglas Keay in October 1987 positing "who is society? There is no such thing! There are individual men

and women and there are families...” illustrates the rejection amongst political elites of traditional collective ideas such as social democracy.[8]

In trying to ascertain where the liberal values of liberal democracy ought to lie, the problem of the liberal perfectionist view is discussed by a wide and diverse group of interested commentators. The comments of Margaret Thatcher to ‘Woman’s *Own'* for example highlights the extent to which political ideologues will engage with diverse and unexpected potential audiences. In a similar fashion the playwright David Marnet (2008) tries to capture the nature of liberalism’s ultimately incommensurable values, 'there is such a thing as Liberalism, and it may be reduced to these saddest of words... and yet'. The weakness of the liberal perfectionist view and its significance will be discussed further.

Returning to Held’s (2005) point that democratic liberalism is the leading standard of political legitimacy, the relationship between democracy and liberalism in terms of a default setting and universal value for civilisation forms much of the literatures characterisation of our political society (Stoker 2006:22). Vincent (1999:404) points to the 'positive future for a triumphant global liberal democracy'. Lijphart (2001) estimates that there are approximately sixty liberal democratic countries at the end of the twentieth century, excluding what he characterises as the twenty five mini-democracies. However others are more circumspect, Huntington (1993b) remains guarded about the danger of political revisionism criticising the view that liberal democracy has taken over the world at the expense of other alternatives, describing it as a single alternative fallacy.

Griffiths (2007:202) discussing revisionist left wing accounts, does not see liberal democratic ascendancy as straight forward, preferring to describe contemporary liberal democracy as having superseded socialism, absorbing its solidaristic insights. This view posits that liberalism has adopted socialist ideas and that socialism remains undefeated. While fanciful at a theoretical level, especially in the context of the neoliberal hegemony, this proposition has some merit when examining the pragmatism associated with contemporary politics. Third Way protagonists such as Giddens (2000, 2003a, 2003b) argue just such a compromise. From this perspective the debate surrounding liberal thought seems less of a discussion of crisis and more one of change.

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[8] Keay quoting Thatcher 31 October 1987 ‘Woman’s Own’.

Despite the emphasis within the contemporary literature on western liberal democracy it fails to adequately address whether liberal values provide the context for democracy's ascendency, or alternatively, whether democratic values provide the context for liberalism's ascendency. In general terms the discussion surrounding whether the two are logically oppositional (Freeden 2010), or necessarily mutually exclusive (Friedman [1962] 2002) has moved on from its Madisonian and Benthamite origins (Held 1992), although the recognition that 'democracy as the making of collective choices ... does not necessarily lead to liberal choices'(Freeden 2008:22) remains. In the main it appears that the primacy of liberal values over those of democracy is taken for granted among some scholars (Mill [1975] 1998ed.), Grey (2004), Sennett (2006), although some such as Dalton (2004) and O'Toole *et al.* (2003a & 2003b) highlight the dangers for future democracy where personal choice and freedom may contribute to diminished participation.

Other critical commentary of liberal democracy focuses on its advocates pre-occupation with 'principles and procedures of democratic government' (Held 1992) to the neglect of a wider more inclusive, less partial politics. Perhaps this is as a result of the historical and theoretical contexts within which the evolution of both as a set of values occurred. One can posit that the process itself has a market selection process feel about it, Bauman (2007b), and Hay (2007) acknowledge this in their varying descriptions of citizens as political consumers.

Liberal thought certainly provides some solace to concerns around the difficulties of doing political business, where the right of everyone to a say is characterised as 'demanding' (Stoker 2006:8). As Freeden (2010:2) following Talmon (1952) points out there is a danger from totalitarian democracy where 'usurped populism' sees states 'claim to act in the name of a unified public view of the common good, while imposing it on the people in whose name they pronounce it'.

In this regard neoliberal thought is in danger of moving beyond the Millsian idea of *modus vivendi,* expanding it beyond values that espouse 'the ideal of a rational consensus on the best way of life ...the belief that human beings can flourish in many ways of life' beyond *modus co-vivendi* (Grey 2004:1). This danger threatens Grey's (2004) belief that the accommodation of many ways of life should form the nucleus of any conception of values within liberalism. Liberal strategies should lead to the widest possible inclusion within society (Bauman 2007b, Stoker 2006). This requires a politics that is not just

noble, but focuses on the immediate and the necessary, with balance, whether regarding collective rights or individual autonomy at its centre (Stoker 2006:20). This is necessary to revitalise liberalism as a set of core beliefs', reducing the sense of crisis and the jaded feel that discussions of freedom, the end of ideology, and the ascendancy of neoliberal ideas occasion.

There are attempts to evolve beyond neoliberal and new right thinking to allow for the 'co invasion of ideas into political and philosophical liberalism' (Maffettone 2000:1). This has led to the dilution of classical, ortho-liberalism, and neoliberalism of the late twentieth century. Whether this movement can be vindicated is something that divides the literature. For Sennett (2006) and Harvey (2007a, 2007b) a truer description of the current liberal space is one that recognises the homogeneity of right wing thinking within society, and the tacit acceptance of the primacy of the market as an arbiter of choice. For others such as Giddens (2000) the dilution of neoliberal positions represents an opportunity to temper the excesses of the market and develop a framework that can best exploit a capitalist society's potential. Importantly, this 'co invasion of ideas' (Maffettone 2000:1), allows a welcome contemporary critique of society that includes aspects of other political theoretical concepts such as civic republicanism, 'proposed as an alternative and reformative political ideal' (Rodgers 2008:800). In this situation civic republican ideas have much to offer in deepening the 'relations of respect between citizens' (Honohan 2002:250).

In contrast with this emergent movement many authors engaging with the contemporary liberal democratic perspective tend to focus on the complex relationships between political and economic freedom within a market economy (Henderson 1998, Epstein 2004, Frieden 2006). For the founders of this perspective (Friedman for example) only certain combinations of political relationships present the best opportunities for society. In Friedman's ([1962] 2002:23) case the use of political channels had a tendency to 'strain the social cohesion essential for a stable society', and as a result any political activity needs to be confined exclusively to non-market activities such as national defence. This negative liberty, freedom from interference, required an ascendant liberal democratic political methodology that minimised restrictions on the individual, and allowed unrestrained market freedom.

This notion resembles closely neoliberal ideas endorsed by political leaders such as Thatcher, and Reagan, bankers such as Paul Volcker, authors such as Hayek, and other members of the Mont Pelerin society.[9]

At the other end of the scale to Friedman, left wing thinking that advocates intervention to minimise the damaging effects of the market whether conceived of in social democratic terms or as 'democratic socialism' (Friedman [1962] 2002:7), requires a democratically ascendant political and economic orthodoxy that restrains unfettered market activity (Keynesianism), and imposes a level of social responsibility on the individual.

The point here is that while western society has evolved to a position where principles of freedom are subjectively considered the norm, in terms of the relationship with, or consideration of the individual, there is agreement that everyone should be free; it is significant that within the literature there remains huge divergence in agreeing objective criteria around the nature of this freedom. Whether as citizen, stakeholder, or shareholder this divergence is particularly emphasised in critiques of the characterisation of the individual within neoliberalism. Here rather than focus on the citizen *per se* the critical emphasis tends to be on the citizen consumer directly reflecting the characterisation of crisis in liberalism generally. For critics, the role of the individual has been reduced disapprovingly to nothing more than a consumer (Bauman 2007b, Sennett 2006, Clarke 2007 etc.). For advocates such as Hayek ([1960] 2006) the individual, irrespective of categorization as citizen or citizen consumer remains the central figure on which all discussions of freedom ought to be focussed.

Concluding, in terms of a default setting, the optimal view for modern liberal thought, sees liberal democracy as 'more than just a western ideology' (Stoker 2006:9), but rather

[9] Mont Pelerin here refers to the society formed in 1947 following the Second World War with the meeting of 36 scholars from various disciplines at Mont Pelerin, Switzerland under the invite of Friedrich Hayek. The aims of this group state that they are not intent on creating orthodoxy but rather preventing the progression of arbitrary power. The impact of this group on the development of liberal thought has primarily been through the medium of economics, and their conceptualisations of the free market and the individual have made an immense contribution to contemporary politics and economics. Although primarily emphasising economics the research interests of this grouping today encompasses most of the social sciences.

as a general value worthy of becoming the default setting for all political societies (Fukuyama 1995, Gardels 2010).

It is on the basis of the liberal notion of toleration that Stoker (2006), Grey (2004) and others see liberal democracy as the best means to embrace many ways of life. Critically this analysis can be described as naïve in its assumption that liberal conceptions of toleration are likely to be adapted as universal aspiration. This notion is practically unlikely, and where proffered as universal, is undesirable. Practically, contemporary experience focuses on the hegemony of neoliberalism, and notions of tolerance within a free market environment conceptualised as the freedom to choose, or consume within a strictly capitalist framework. In this context new developments that acclaim the right to be different, in contrast with the right to be the same as required under contemporary neoliberalism, are to be welcomed (Bauman (2007a, 2007b).

The argument returns to a question of balance, and one's perception of the discussion surrounding liberalism as being one of crisis or change. The meaning, importance, and the extent to which the neoliberal hegemony influences this balance lies at the heart of this inquiry. While the liberal democratic tradition may be viewed as the aspirational setting for society, the nature of freedom whether liberal or otherwise remains contentious.

COMPLEXITY AND REAL WORLD OUTCOMES

Given extensive interest in the complex nature of contemporary society, and the desire that abstract ideas find form in real world political outcomes, it is not surprising that the many of the authors reviewed discuss these aspects of the political narrative. Within the literature Hay (2007), Harvey (2007a, 2007b), Stoker (2006), Sennett (2006), Held (2006), Dalton (2004), Grey (2004, 2002), Bourdieu (1998), all acknowledge the increased complexity of society's political life, and the difficulties associated with the delivery of real political outcomes. Quill (2006:65) describes the 'deep ambiguity of the present political condition both for liberalism and citizens of liberal democratic states'. While often taken for granted relatively few, Hayek (1982, 1988, [1944] 1991, 2005, [1960] 2006) being a notable exception of interest to this thesis, explore the nature of this complexity, as distinct from the literal assumption of complexity.

Complexity, or as Hayek (1988:146) characterised it ‘the twin concepts of the formation of spontaneous orders and selective evolution’, is central to Hayek’s later understanding of societal organisation. Others such as Beinhocker (2007) deal with complexity from an economics perspective, developing its association with more rational approaches. Room (2008) discusses complexity approaches to social policy research, while Cillers (1998) discusses complexity and complex systems in a post-modern context. Cillers (1998) focuses on the indescribable aspects of complex social systems centring on post-modernism's sensitivity towards complex phenomena, rather than more holistically integrative policy analysis approach advocated by Room (2008). This may be a result of the compartmentalisation of debate within academic endeavour as much as any specific rationalist agenda.

Hayek on the other hand, pre-dating those discussed above, does not address specifically complex theory and complex adaptive systems, however his interests do develop from the notion of spontaneous order towards complex systems over the course of his life's work (Caldwell 2004:361). For Hayek, contemporary research into the creation from the bottom up of collective structures based on individual needs would not be a surprise. Of course the spontaneous nature of these structures, and their emergence repudiated any notions that the planners, constructional rationalists, might have for reorganising society along planned lines.

By including this type of analysis Hayek through the study of complexity and its relevance to political science connects ideas focussing on the problem of affecting, or changing the relevancy of politics, where over idealised or fanciful notions of what politics ought to be capable of achieving for society, are juxtaposed against the frustrations of politics as an explainer of how things are. While the pursuit of an ideal and knowledge is noble, it is no nobler than a concern for the redesign of politics that focuses on the delivery of political outcomes (Parsons 2005).

Neoliberalism exploits this concern for the redesign of politics, focusing on the impact of ideas on political action, and consequently their effect on political policy formation. This primarily has been seen in the shift in political emphasis away from a liberalism that focussed on big issues towards a narrower neoliberal approach focussed on the individual.

Freeden (2005:1) discusses this shift in terms of 'overpowering ideas', that cannot be avoided, and using the 'takeover of liberalism by some libertarian doctrines' (Freeden

2005:2) as an example, he points to the use of the concept of freedom for the individual as looming so large that there is little other space for alternative values or broader interpretations. This ideological constraint is for Freeden (2005:1) lacking in an appreciation of the complexity and multidimensionality of ideological phenomenon.

Neoliberalism at one level serves as an example of the simplification of ideas, while at another emphasises individual managerial issues at the expense of broader 'basic values, concepts or arguments' (Freeden 2005:1).

Practically this shift, or moment of transcendence in sociological terms, occurred at a significant historical juncture, where using an astrological metaphor, the forces of free market economics, liberal thought, rational choice and public choice theories aligned, while the forces of the political counter ideology collapsed to give rise to a new format for liberalism, known broadly today as neoliberalism.

The emergence of neoliberal styled policy concepts was for advocates of real world outcomes such as Charles Peters (1983) the inevitable consequence of the collapse of the post Second World War order, social democracy and Keynesian styled economic doctrine. While reports of the death of social democracy might have been exaggerated and simplistic, particularly in European countries such as Sweden (Andersson 2006, Belfrage and Ryner 2009), Denmark (Mjoset in Delanty ed. 2006), and France (Béland 2005), the attractiveness of neoliberalism’s appeal to entrepreneurial initiative promised the end of traditional class based politics and state orientated constriction.

At an elementary or foundational level neoliberal ideas, their lack of sophistication and their 'popular, marketable content' (Freeden 2005:5) made for real world outcomes that resonated within popular culture. Hayek's (1988) more sophisticated advocacy of individual liberty, and his criticism of rational constructivism added intellectual credibility to the profession of real world outcomes.

Returning to the idea of class destruction and restoration, this question too is not straightforward. Rather than redefining class the Neoliberalization effect was more complicated, involving a restoration of class but not along traditional lines. This occurred as an emergent effect which Harvey (2007a:33) argues neoliberalism facilitated through the merging of the historically separate functions of ownership and management in large corporations, and the increased 'financialization of everything'. The emergence of a new class of speculator was outside the traditional borders of the nation state, and was transnational in outlook and reach. For those within this emergent class

neoliberalism 'confers rights and freedoms on those whose income, leisure, and security need no enhancing' (Harvey 2007a:38).

At the general level there remained a 'deep ambiguity of the present political condition both for liberalism and citizens of liberal democratic states' (Quill 2006:1), following the cleavages within society as neoliberalism asserted its hegemony (Sennett 2006). These cleavages are symptomatic in Held's (2006) opinion of an increased questioning of the role and nature of the nation state, and its ability to deliver political outcomes within an increasingly complex and globalised neoliberal environment.

The broad ramifications of globalisation or regionalisation depending on opinion are attributed as being the most limiting factor on the ability of politics in its current form to effect real change in society. At the ideological level Quill (2006) contends that the changing context within liberalism has left it overextended, without the closed institutional spaces that historically defined its outlook, and insulated it from subversion. For Quill (2006) the space once guarded by the nation state has been replaced by an open public realm increasing independent of borders and boundaries.

Despite this increasingly independent open public realm, the changing context is characterised as the loss of *a sense* of the public realm, as a genuinely public sphere. Public sphere in this instance is defined, following Habermas (1989 in Goodin and Pettit ed. 1997:105) as 'a domain of our social life in which such a thing as public opinion can be formed'. Its occupation by citizens curtailed by a growing feeling of isolation and distance (Pusey 2003), within increasingly 'unstable, fragmentary social conditions' (Sennett 2006:3). The loss in this case is almost romantically akin to a loss of innocence and idealism, and reflects the disconnected nature of citizen interaction with liberal thought and policy. This demonstrates the real world incoherence between a more independent public realm, and a loss of a sense of the public realm. Indeed the discussion of complexity in this instance arises from the 'legacy of positivist images of the power of objective and disembodied science and the progressive notion that science could be used to re-engineer society along more rational lines' (Caldwell 2004:368), and the disconnection that has resulted.

The guilt associated with this loss of connection, for most of the literature reviewed lies firmly within the economic sphere (Bauman (2007a, 2007b), Sennett (2006), Frieden (2006), Saad-Filho and Johnson (2005)). It is rationalist economic theoretical perspectives, and their effect on the delivery of political outcomes, that has had the

greatest impact in terms of political action and public policy within contemporary politics, stripping away the 'protected covering that embedded liberalism allowed' (Harvey 2007a:168). Given the complexity associated with these changes, they largely ignored the economic end-state, particularly for matters that might require a medium or long term perspective, and replaced them with a series of short term goals seeking to glamorise immediate outcomes. This served only to undermine authority and stability, and lead to the erosion of political authority further. For Bauman (2007a, 2007b) and Sennett (2006) this is manifested by instantaneous gratification through consumerism, and a rejection of the potential of delayed gratification. For Held (2006:25) this change is manifested behaviourally as 'insolence' replacing 'good breeding', 'extravagance' replacing 'generosity', and 'shamelessness' replacing 'courage'.

Borrowing from the physical sciences this glamorous short term perspective can be closely associated with the notion of 'positive feedback', 'an accelerating, amplifying, self-reinforcing cycle' (Beinhocker 2006:57). This cycle requires eventual dampening down by intervention from some robust entity. Beinhocker (2006) in his perspective highlights that positive in this sense need not always mean good in terms of its result, the outcomes of positive feedback can be bad, and often are within the complex machinations of an increasingly globalised world.

One need only think of the 2008 financial crisis as an example of positive feedback requiring dampening down. Formerly the state was envisaged as fulfilling this role through policy intervention. Today, as a result of neoliberal hegemony, and public choice theory manifested as new public management, the movement away from statist intervention in the late twentieth century, and early twenty first appears to have been premature rendering the public sector 'dangerously fragile' (Parsons 2005:7). Indeed the shell shocked response by nation states to the continuing 2008 financial crisis serves to illustrate the drift away from proactive statist intervention, disregarding the complexity of the situation, and the dangers associated with mono-theoretical approaches.

Developing outside of traditional notions of the public realm the effects of an increasingly complex political life has heralded the growth of alternative political arenas such as non-conventional direct action political movements. These movements use alternative methods and means to engage contemporary political issues complicating and often bypassing the traditional political sphere.

Within this complexity the delivery of tangible outcomes that resonate with modern political consumers becomes ever more difficult (Hay 2007). The limited foresight of political actors coupled with the short term view taken regarding political outcomes leads to unrealistic assumptions initially, and creates a level of expectation that is overly optimistic and in many respects unsustainable in the longer run (Layard 2005). The influence of neoliberal economic thought in this regard provides the primary example.[10]

Critics of perfect rationality such as Beinhocker (2006) point to this in a scathing criticism of the assumptions of perfect rationality, and other economic led presumptions that disregard the whimsical nature of human decision making. Coupled to this the incomplete and imperfect nature of the information available to people making decisions adds to the legitimacy of this critique. Beinhocker (2006) using the computer programming analogy, examines the role of information, and points to the fact that *garbage in = garbage out*, bad inputs get bad outputs. Using the scientific conception of dynamics in politics, he posits that if one assumes that politics is characteristically non-linear, then, it can be assumed that the large amounts of interactions within the 'political public sphere' (Habermas 1989 in Goodin and Pettit ed. 1997:105) creates massive complexity in terms of the calculation of outcomes and effects.

This complexity coupled with the increasingly sceptical judgement of the public regarding the motivation of political actors, where their 'political motives are invariably questioned' (Hay 2004:43), has the effect of diminishing political outcomes. The origin of the public scepticism for Hay (2006:125) lies in an 'unduly pessimistic' public choice theory and a rational choice movement whose 'analytical assumptions are incapable of capturing the complexity and contingency of political systems' (Hay 2004:39).

The complexity of the political world and the difficulties associated with the delivery of political outcomes are exasperated within a societal environment where contemporary populism tends to dumb down debate on political issues (Habermas 1989, 2006). Hayek (1988) characterises this as an obsession with newness or news rather than truth. This

[10] When discussing the economic aspects of Neoliberalization it should be noted that the terms neoliberal and liberal are interchangeable. The use of the term liberal in its economic meaning falls from the understanding of markets along neo-classical lines, an aspect of a more broad conception of neoliberalism.

contemporary populism far from Marxist notions of elite replacement, operates in an environment that lacks the institutional means to control elites, appealing more to the 'antagonistic spirit' (Mc Cormick 2003:638) of popular media culture. For Ackerman & Fishkin (2003:8) this affect is emphasised in the 'public dialogue that is ever more efficiently segmented in its audiences and morselized in its sound bites'.

The emergence of this contemporary form of populism coincides with the rise in consumerism generally, and shares its primary characteristic, the desire to be satiated. Characterised as political consumers, citizen activism has been described by Stoker (2006:88) as 'a sophisticated form of consumerism'. The crude preoccupation with individual interest within political consumerism contrasts starkly with Mill's 'Consideration of Representative Government' where he romantically posits that 'one person with a belief is a social power equal to ninety nine who only have interests' (Mill [1975]1998ed:214).

Returning to the real world it would appear that the 'ninety nine' with 'interests' have become more active in their desire to expand and protect those interests through populist channels (Mill [1975]1998ed:214). This negative manifestation of change within citizen activism may be reflective of a more pessimistic political culture generally as many within the literature argue (Caldwell 2006, Stoker 2006, Grey, 2002 and 2004) etc.

Practically then, this pessimism is seen by Stoker (2006:132) as the 'demonizing of opponents, and the political environment', and the 'use and danger of accusation' (Stoker 2006:13) rather than any deep examination of complex issues or arguments. For Stoker (2006:132) the 'politics of blame and simplistic solutions' captures the essence of contemporary populism. Tragically the potential of this restricted form of activism, to re-engage and mobilise otherwise preoccupied or disengaged individuals is overshadowed by its negatively reactive quality.

In reaching out to the mainstream Hay (2007), Stokes (2006), Sennett (2006), Held (2006), Dalton (2004), and Grey (2002, 2004) share a recognition that the political cannot be isolated from the realities of broader society, and that politics must in order to remain relevant stay connected to the wider world. Liberalism's role as a personal philosophy is critiqued as the only way of reversing the continued emergence of social Darwinism in an age where the inequalities in society have widened.

The globalisation phenomenon is yet another part of the complexity associated with understanding real world outcomes. While appreciating the benefits accruing as part of

the globalization process, its part in perpetuating growing inequality and social divergence parallels its beneficial aspects. For Grey (2002:57) globalisation's expansion reflects pessimistically the idea of 'delocalisation', that is the uprooting of activities and relationships from local origins and cultures.

Globalisation, whether discussed solely in political economy terms or political terms only, rather than facilitating an upgrade of the scale and quality of local activities, has in many cases seen them diminish or vanish with consequences for wider society.

For Beinhocker (2006) the relevancy of politics in society returns to the simple yet instructive maxim that calls for politics to concern itself more with the allocation of the economic pie rather than its creation, or the facility for its perpetuation. This simplistic evocation although seductive is not without problems. It fails to recognise the complexity of ethical and moral issues within the contemporary literature which have traditionally been of concern to citizens and political thinkers alike (Grey 2002). It blatantly fails to address the real world issues around the divorce of power and authority, and the loss of Sennett's (2006:151) 'shared imagination'. Its short term focus on allocation rather than perpetuation of advantageous economic circumstances was unashamedly exposed during the 2008 financial crash.

More correctly politics needs to be reoriented towards the development of a coherent strategy for the achievement of a future state, rather than the continuation of present state, with its defence of particular interests within society.

THE CHANGE IN FOCUS WITHIN CONTEMPORARY POLITICS TOWARDS A REALISTIC AND PRAGMATIC DEBATE

> Some men see things as they are and say why. I dream things that never were and say why not… (George Bernard Shaw).

Following on from complexity and real world outcomes Hay (2007:7) advocates the need for a balanced and 'rational recalibration of expectations' from politics. Within the literature (Quill 2006, Honohan 2002) this rationalisation or 'recalibration' of expectations, rightly, deflects the notion of engagement away from the problems surrounding the achievement of Pareto optimal outcomes. It emphasises *homo politicus' g*roup affinity within society (Held 1992), rather than his modern, and indeed more recent liquid modern individualistic status, morphing within contemporary neoliberalism into purely *homo economicus* (Beinhocker 2007). This reflects accurately the change in

focus within contemporary politics towards a realistic and pragmatic debate concerning the changing nature of politics and its evolution.

Discussing firstly the change in focus within contemporary politics, and building from developments in economic theory the significant portion of the literature reviewed recognises that constructs that endorse claims that 'perfect rationality' with regard to preference, risk, and logic are false, and that *homo economicus* as a construct is deeply flawed (Beinhocker 2007, Hayek [1960] 2006).

On this basis liberal politics is seen as needing to reorient itself on the practical rather than the aspirational. This practical realisation recognises the difficulty that Maffettone (2000:3) in his analysis of abstract concepts and liberalism highlights as the 'essential distinction between substance and process', with 'political power that has universal authority'. Grey (2004:347) conceptualises the same realisation as the difficulty of 'real world resolution', when set against the 'abstract concepts of liberal pluralism'. One can assume conservatively that both mean in each case liberal conceptions of justice and freedom, and their place at the core of a plural society. Expanding further on this idea of freedom, Grey (2004) sees the continued attempts at the formulation of a democratically liberal end state as a function of modern liberal theory. The idea holds that the strength of liberal democracy ought to be based on a notion of freedom as independence, rather than notions of freedom conceptualised through the prism of interference, or freedom to exploit, or consume.

Narrowing the focus Sennett (2006) in his critique of neoliberal society emphasises that this aspiration towards freedom through independence has been thwarted by the rise of increased dependence, and the need for affirmation borne from a sense of loss of control, and the feelings of shame associated with a consumerist, yet democratic liberal society. Harvey (2007a:37) summarised this as 'freedom degenerating into free enterprise'.

Several authors' most recent mainstream work seeks to provide an overview of the debate within contemporary political thought generally, and liberal thought specifically (Stoker (2006), Sennett (2006), and Hay (2007). They draw attention to the progression within academic debate away from a specialised, and often narrow view of the issues surrounding our society, and seek to tie together accessibly, the many strands of liberal thought and empirical evidence that inform contemporary political discussion.

This turn away from the compartmentalisation of debate, in conjunction with the movement away from purely rationalist perspectives has become the focus within the academic literature. Although this movement towards a more interdisciplinary perspective has happened slowly, it presents an opportunity to advance the research basis for the theoretical conflict within contemporary liberal democracy (Miles 2010). For example, to illustrate the issue of narrow focus, the conflict between constitutional liberalism and more populist rights advocacy extends internationally (Canada – Knopff 1998, The Netherlands – De Velde (2008)). This goes to the very heart of a liberal conception of notions of toleration and non-interference, yet discussion is often isolated inside jurisprudential frameworks, separated from these broader concepts.

Bauman (2007a) addressing the issue of compartmentalisation of debate notes the need for a more balanced approach between individualised conceptions of personal rights, and the need for social intervention. In that view liberal democratic strategies must be broad enough to include political and social aspects because,

> Without political rights, people cannot be confident of their personal rights; but without social rights, political rights will remain an unattainable dream, a useless fiction or a cruel joke for a large number of those to whom they have been granted by the letter of the law (Bauman 2007a:65).

Tate (2008) looking at free speech and respect, and the conflict that these two fundamental values of liberalism often invoke, observes that this conflict does not lend itself to analysis within a simple comparative framework. In trying to give meaning and importance to daily life competing liberal values such free speech and respect must only be 'weighted against each other if their competition can be understood within the broader framework of liberalism and democracy' (Tate 2008:987). From this perspective liberalism and democracy share an anterior relationship with democratic principle overriding liberal tensions. Liberalism becomes 'ironically dependant on the judgement of the democratic majority' (Tate 2008:1007).

The dangers of this dependant relationship are well founded within the literature. Brennan and Lomasky (2006) reflect on the downsides of democratic accountability highlighting the dangers of the tyranny of the majority, in relation to issues of control, consent and contestation. Rosati (2000:86) discusses the danger with regard to republican commitments to freedom from domination describing the tyranny of the majority as 'one of the worst kinds of domination'. Seldon (2002) critiques contemporary

democracy as having succumbed to the tyranny of the majority by allowing lobbyists and interested groups extract favour at the expense of those weaker members within society.

Despite Tate's (2008) focus on only two aspects of the competing values of liberalism, his contention seems to be based on complacency or the naive assumption that western liberal democracy continues to provide a benign political environment, something that Hayek and others from all sides of the political narrative would have pointed out as failing to recognise the long and sometime tortuous ascent of liberalism. One is reminded of Fukuyama's dog (1992:311), and Mill's warning that,

> ...instead of being ...constantly on the alert either to defend themselves against the world, or bring the world over to them, they have subsided into acquiescence, and neither listen, when they can help it, to arguments against their creed nor trouble dissentients with arguments in its favour (Mill [1975]1998 ed.:45).

Following the fall of the Berlin Wall on 9 November 1989 traditional liberal frameworks that focussed on the example of western liberal democracy as an antidote to the threat of Soviet tyranny have changed significantly. Paraphrasing Muller (2008:45) the focus of cold war politics had twentieth century liberal thought as exemplified by Berlin, Aron, and to a lesser extent Popper, as primarily negative, and founded on fear. Here the imperative was to avoid the cruelty and atrocity that had characterised the first part of the twentieth century. To be sure this was a noble and pragmatic realisation given its context in the aftermath of two World Wars, and the political and societal upheaval that followed in Europe. For Muller (2008:45) the ideological struggle of that time type cast liberalism as an anti-Marxist doctrine designed to counter 'Marxist philosophies of history', and 'less against the idea of bureaucratic planning'. For example, Berlin's and Aron's pro-bureaucracy stance, and tacit endorsement of social democratic ideals sought to minimise conflict through strategies that were best left to 'cultivated bureaucratic elites', who, 'all shared an image of a tolerant and humane society - essentially an idealised version of Britain' (Muller 2008:45).

The movement towards a more pragmatic and realistic dialogue coincided with the move away from a focus on negative liberal cold war politics, and re-emphasised the role of more classically nuanced liberal thought with its conceptions of freedom and individualism. This move saw liberalism move beyond anti-Marxist sentiment into an anti-collectivist mode as neoliberalism. The complex relationships and transitional

events that contributed to the context of this shift included the rise of technology, the political and economic crises following the Arab Israeli Wars in the late 1960s and early 1970s, the recessions and further oil crisis of the 1980s, and the fall of the Berlin Wall in 1989.

Neoliberalism's move to pre-eminence in the decade prior to the collapse of the Soviet bloc was itself the produce of change at a critical juncture, albeit a prolonged one following the series of crisis in the 1970s (Doyle and Hogan 2008:78). The collapse of the Soviet Bloc too occurred at a critical juncture, albeit a more visible one. These hugely significant, and as yet unfolding events in political ideological terms, placed neoliberalism in the optimal position to claim credit and consolidate its hegemony following the collapse of Soviet styled socialism (Harvey 2007a). The freeing of the liberal ideological space from within Cold War ideological enclosure allowed neoliberal expansion. This process began fifteen years earlier in the UK, USA and many of the other G20 countries, and expanded into the newly liberated countries of Eastern Europe and Russia (Saad-Filho and Johnson ed. 2005). Arising from these events the emergence of neoliberal thought as the default setting for civilisation was an assumption that was advocated widely, both academically by influential policy advisory 'think tanks' such as the 'The Institute of Economic Affairs' (IEA) in London (Denham and Garnett 2006), and politically by governments such as the Conservative governments of Thatcher and Major in the UK (Blundell 2007).

Underpinning the neoliberal ascension was the success of western liberal democracy. In Huntington's (1993b:186) simple yet very significant summation, the ideological struggle between liberalism and socialism was characterised as a struggle between 'one group of relatively wealthy and mostly democratic societies led by the USA, engaged in a pervasive ideological, political, economic…' battle with '…another group of somewhat poorer communist societies led by the Soviet Union'. Although recognising that this did not tell the detailed story of the historical events of the time Huntington (1993b:187) acknowledged its simplistically beguiling account of an important phenomena, emphasising its almost universal acceptance and its shaping of 'thinking about world politics for two generations'.

The characterisation by Gleditch and Ward (2006:915) of the movement towards a third wave of democratisation 'as a result of changes in the relative powers of important actors' augments Huntington's simplistic assertion. While recognising that these changes

of themselves are not the complete picture they do highlight the tipping effect that these and other regionalised changes have had on the spread of democracy.

Using Bennett and Elman (2006:252) and their definition of a critical juncture it is fair to say that this change in focus politically was caused by contingent events leading to alternatives that constrained political actors' future deviation away from the democratic liberal path. This is borne out by Doyle and Hogan's' (2008) characterisation of critical junctures as branching points that result in the adoption of a course of action that predetermines future actions.

For Simmons *et al.* (2006:781) the change in liberal thought away from Cold War restraint, and the adoption worldwide of economic and political liberalism became 'the defining feature of the late twentieth century'. In evolutionary terms it happened in conjunction within a 'third wave of democratisation and constitutional liberalism' (Simmons 2006:781).

Using an analogy this resulted in a *big bang* for neoliberal thought. This *big bang* did not however come from nothing; it was not a question of 'design without a designer' (Beinhocker 2007:13). Its emergence was more than just the growth of a spontaneous order (Hayek 1988). As we consider contemporary western liberal democratic models and where they came from, they were not designed by politicians and citizens in isolation, but were the result of pragmatic attempts to resolve conflict within political society.

Pre-existing ideas within political thought and practice were evaluated and applied over time. Citizens, politicians and revolutionaries looked at the various options available, and over time selected liberal or socialist/communist models as their preferred option. Within liberal democratic states in the latter half of the twentieth century the choice was further refined into social democratic options and later neoliberal ones. Neoliberalism at the time demonstrated its fitness for purpose, and became the preferred policy option. In terms of contemporary political practice it was to the fore at the time of the collapse of the Berlin Wall.

This change has continued, evolving into the twenty first century with further refinements to neoliberalism design incorporating a Third Way. This simplistic overview illustrates the evolutionary nature of liberal thought.

The expansion of neoliberal hegemony throughout the 1980s and 1990s is widely accepted throughout the contemporary literature (Simmons *et al.* (2006:781) Hay (2007),

Harvey (2007a and 2007b). This expansion saw newly emerging, and former Soviet satellite states initially abandon historical political ideological positions and adapt mostly Anglo American forms of liberal democratic political governance. Simmons *et al.* (2006) in their evaluation discuss this with regard to increased privatization, greater financial openness, and the increase in percentage terms of so called liberal democratic countries.[11]

Of course Simmons *et al.* (2006) in seeking to explain this phenomena accept it as the de facto contemporary position, and therefore as being the *de-jure* ideological default setting for contemporary society. For them it bares the hallmarks of natural selection in an evolutionary sense. To be fair they do recognise the variety of characteristics associated with the spread of democracy including its copycat nature. While acknowledging the impact of change in many areas including change as a function of USA power, or as a function of technology fuelled globalization, they point to the relativities between these complex relationships. They recognise the different levels of engagement regionally, with the change in political focus towards neoliberalism emphasised. While recognising the complexities surrounding contemporary political life they do not adequately address the complexities associated with transitional events, and people centric political crises. Their analysis is one of outcomes, what has happened, rather than one of context; why did the third wave of democratisation occur, what contributed to it, and why was it that neoliberalism became hegemonic?

Developing this idea of complex phenomena further Gleditch and Ward (2006: 915) examine the 'prominent role' of international factors in 'forging democracies as well as influencing their durability'. In doing this they point to the general tendency towards oversimplification of the 'international context' within which these changes occur. This weighting towards international perspective extends beyond those normally associated with international relations theory. While engaging with the exogenous factors associated with change at critical historical junctures, there is less discussion of the

[11] A more detailed discussion with graphics of Simmons et al. (2006) observations in this regard takes place in Chapter Six.

historical, and more discussion of the appropriate popular cultural factors associated with these changes.

Gleditch and Ward's (2006) perspective characterised those citizens of the former Eastern Bloc as, despite party propaganda, nationalists rather than communists, "Wir Sind das Volk! [We are the people]" (East Berlin freedom slogan in 1989).[12] As nationalists and pragmatists they saw their interests as citizens of a national entity as better served within a democratic space with a liberal vision of freedom, rather than as comrades within a Socialist utopia (Ganev 2005).

Whether their expectations were met is not at issue here, what is of importance is the general tendency towards oversimplification of complex change when discussing the variety of contextual settings that contribute to change. Today, the complexities involved in the emergence of neoliberal thought remain in danger of oversimplification.

In the UK example used later, neoliberalism's pragmatic and realistic approach provided an aggressive strategy to counter increasingly perceived social democratic tendencies within British society. The ideological struggle for change in the UK turned into a debate about realistic and pragmatic political solutions which Thatcherism exploited.

Strategically placed individuals such as Lord Ralph Harris, Director General of the Institute of Economic Affairs recognised this as a key response to socialism and social democratic utopianism. Harris's obituary in 'The Times' of 20 Oct 2006 described him as being,

> For three decades at the epicentre of free-market thinking, Ralph Harris was decisive in converting the British political consensus back to liberal economics. He did this chiefly by informing — and often inspiring — an ideological underpinning for Margaret Thatcher and Sir Keith Joseph as they remodelled the Conservative Party after 1975.

Another such individual was Arthur Seldon, who was known as a liberal advocate of minimal government.[13] In his obituary on 13 Oct 2006 in The Times he was described as,

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[12] Derek Scally in the Irish Times Weds 26 Aug 09.
[13] He served as vice president of the Mont Pelerin Society from 1980 – 1986.

> …an old-fashioned Liberal who believed in the liberty and responsibility of the individual. The contribution he made 'from his desk in the modest offices of the Institute of Economic Affairs (IEA), around the corner from the Houses of Parliament, [where]...he strove relentlessly to educate opinion to see that ordinary people's welfare and prosperity would be better served by rolling back the State.

This climate of opinion was indicative of many intellectuals sympathetic to neoliberalism at the time. The correspondence of 16 Sept 1976 between Sir Geoffrey Howe another key figure during this time, and his Conservative party colleague Sir Keith Joseph regarding the activities of J.K Galbraith, the Canadian–American economist and Keynesian economic advocate, is of interest here. It illustrates the political pragmatism and realistic approach adopted to ensure the survival of emerging Thatcherite neoliberalism as a counter ideology to social democratic and Keynesian Britain. Galbraith's advocacy of a new socialism which opposed the privatisation of public goods, and endorsed the use of price control to reduce inequality was the very antithesis of Thatcherite economic and political doctrine as espoused in the Conservative party policy document 'The Right Approach' published on 04 October 1976.This is discussed in more detail in Chapter Eight.

At the end of the Thatcher era in the UK in the 1990s, there emerged across Europe new policy frameworks that primarily emphasised the market, and then tried to reconcile social democratic principles and neoliberalism in a 'Third Way'. Although there were distinctions between what Giddens (2000:5) terms 'Anglo Saxon leaders and their Continental counterparts', namely the Dutch and Scandinavian countries whose social democratic principles were embracing ideas of individual responsibility, all initially appeared to share a willingness to move on from neoliberal hegemony. What was new about this particular Third Way was

> …its normative prescription of a social realm made up of diverse particularities rather than universal collective subjects of social democracy, or the atomised rights bearing individual subjects of neoliberalism' (Walsh and Bahnisch 2000:99).

For others neoliberal hegemony meant the end of ideology (Denham and Garnett 2006), and revolution (Auer 2009) and caused the decline of the alternative 'isms', socialism, communism. It brought forward a dull yet alternative, pragmatic interpretation of contemporary political change. Thus castrated the new ideology sought only minimal redistribution and equality of access rather than to 'overturn capitalism with an emphasis on democracy and civic equality'. Ironically this could be summed up in the slogan *bring back Sweden of the 1970's.*

In summary given the hegemony of neoliberalism following the Cold War, in evolutionary terms a degree of sufficiency was adapted where once begun only certain final outcomes could become increasingly likely, fundamentalist neoliberalism, and the compromise of a 'Third Way' becoming two such likelihoods.

For Harvey (2007b:25) the victory of western liberal democracy in the Cold War turned out to be a hollow one, where quoting Matthew Arnold he stated that "freedom is a very good horse to ride, but to ride somewhere". For Harvey (2007a and 2007b), and Muller (2008), the liberal *big bang* of the post-cold war period was a ride to nowhere. This leap forward should have been predicated by a precautionary principle, critiquing notions that encouraged a 'liberalism of illusion' where 'the growth of programmes advanced by those who felt absolutely certain in their convictions, and sure about their political prescriptions' (Muller 2008:48) was accepted as the template of liberal thought.

The liberalism of illusion was added to by further notions that the 'triumph of liberal modernity' was to herald the end to violent political revolution, assuming that in future it would be 'unlikely any society will again be violently reconstructed' (Webb 2006:74, Auer 2009).

In terms of its philosophical gravitas the restrained liberalism of the Cold War was criticised, ungraciously in my view, for its failure to look beyond 'questions about the bases and limits of political knowledge', and its concentration on 'future dangers to be feared, and on avoidance, rather than positive projects' (Muller 2006:48). As Muller (2008) points out Berlin, Aron and Popper tend to be characterised as conservative liberals, however their stated sympathies for the welfare state indicate a pragmatic and realistic perspective that extended beyond the fundamentalist tendencies of early neoliberalism

The movement towards political and economic libertarianism that Pettit (1997:09) characterised as 'an aggregate of atomised individuals – an aggregate without a

collective identity' heralded a change in focus away from the big idea of collective freedom that loomed so large during the Cold War period. The goal throughout this period moved from *Freedom* in its Cold War, anti-totalitarian sense, towards a normative measure of achievement that combined individualism and freedom as non-interference. In this, both, critic and advocate from different perspectives argue that this change in focus occurred at the expense of collectivism, and notions of solidarity that might form part of that collectivism.

The notion of solidarity (commonality) within the literature is controversial. In the West its foundation in redistribution or reciprocity divides those who advocate non-interference (Green in Booth ed. 2005:101), and those that seek an interventionist contemporary politics (Stevenson 2006).[14]

These notions were non-controversially replaced in the newly emergent states in the former Eastern bloc by a free market environment that sought to resolve issues of societal dysfunction through the universalization of personal freedom, expressed as freedom of choice through consumption, within a liberalised marketplace. Ganev (2005) in his analysis of change in post-communist societies interestingly points to the almost exclusivity of neoliberal economic policy and its impact on political, ideological, institutional, and social structures, as the substantial analytical framework for any evaluation of post-cold war liberalism. To this end he highlights its resonance with academia, and its acceptance by elite reformers despite its 'significant analytical defects' (Ganev 2005:347).

Whether this relationship with academia is unopposed is not at issue here, what is significant is the emphasis that elite reformers in emergent democracies placed on neoliberal reforms. This change in elite reform focus is controversial within the literature given the influences of major world organisations such as the World Trade Organisation, the G20, and the Washington Consensus promoted by the USA. Washington Consensus is defined here using Saad-Filho (2005:113) as a,

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[14] In the case of Stevenson (2006:485) seeking an interventionist contemporary politics means returning to 'convivial collective structures'.

> …consensus reflecting the convergence of three institutions based in Washington DC, the World Bank, the International Monetary Fund (IMF), and the USA Treasury department around neoclassical economic theory, and neoliberal policy prescriptions for poor countries. The consensus has subsequently expanded to include other institutions ...World Trade Organisation (WTO), and the European Central Bank.

Whether through coercion, technologically induced globalisation, competitive economic reform or ideology (Simmons, Dobbin and Garrett 2006), what is also controversial is the level of interaction between these groupings, policy advocates and reformers at the elite level.

Many like Harvey (2007a) and Dumenil and Levy (2005) view this development as a neoliberal counter revolution to the welfare reforms adopted in *liberal*, and I include in this broad definition *social* democratic states over the period of the Cold War. For critics and advocates alike the neoliberal counter revolution antecedents lay in countries like Chile, Argentina, New Zealand and the UK where elite reformers established 'a new socio-political matrix that frames the conditions for political transformation' (Munck 2005:60). Looking towards Eastern Europe, Ganev (2005:347) comments that for 'ideational theorists', and those who place an emphasis on 'ideas centred explanations' it is as if the neoliberal matrix was lifted and placed as a template over the emergent democracies, which it smothered, despite its inherent 'analytical defects'.

The literature in discussing this enthusiastic acceptance of neoliberal frameworks lies as Johnson (2008:81 citing Habermas) pointed out in the 'modern tendency towards a pathological fundamentalist logic' in politics, and the organisation of society. Berlin ([1958] 1997:391) had earlier in his 'Two Concepts of Liberty' spoke of the dangers of 'fanatically held social and political doctrines', these warnings following the tradition of Mill in his endorsement of a greatest happiness principle that accommodated all and sought to minimise harm. While useful, Johnson's (2008) emphasis on the modern rather than the contemporary is a little too broad. His point could, arguably, be extended historically beyond the time-frame of the modern to embrace the many eras of political society's evolution and development. However using Beck’s (1992) characterisation of the modern as beginning from the mid seventeenth century one can include the French revolution and the subsequent terror as a violent example of a 'pathological fundamentalist logic' influencing emerging political society.

What differentiates late modern tendencies from earlier conceptions of modernity is according to Beck (1992:131) that,

> …people with the same income level, or put in the old-fashioned way, within the same 'class', can or even must choose between different lifestyles, subcultures, social ties and identities. From knowing one's 'class' position one can no longer determine one's personal outlook, relations, family position, social and political ideas or identity.

The ideological shift in outlook intertwined within a liberalised marketplace, in an increasingly globalised world, presents as a profound endorsement of neoliberal freedom especially where neoliberal freedom can be idealised as the liberation of opportunity.

As part of the realisation of the liberalisation of opportunity the movement towards a discussion on pragmatic and realistic debate, is one that many commentators emphasise (Berry *et al.* 1998, Owen 2001, Macao 2005, Brennan and Lomasky 2006, Fudge and Williams 2006, Lyons 2006, Andersson 2006, Stoker 2006, Hay 2007, Kendall, Skrbis, Woodward 2008, Berger 2009, Berry *et al.* 2010).

When discussing pragmatic and realistic debate rather than focus on pragmatism in a strict philosophical sense, pragmatism in its political sense is taken to be the willingness of citizens to co-operate and deliberate with one another, in order to create a more just social order.

This pragmatic approach is not a simplistic rhetorical tool for use in the political hustings, but rather reflects an appreciation of the downside of choices, and the need for contemporary politics to articulate contradictions within political dialogue. It is reflected in the ideological drift that occurs in political candidates adopting a strong initial ideological position at the candidature selection stage, and their later moderated views in the post selection phase of their establishment as political actors (Berry *et al.* 1998:328). A rich literature has emerged in the USA reflecting this. Berry *et al.* (1998 and 2010) present a cogent and detailed summation and assessment of the methodologies used in evaluating this process. Of interest to this thesis however, is not the relative merit or otherwise of the various measures adopted, but the understanding of the factors influencing ideological change over time.

Pursuing this, Berry *et al.* (1998 and 2010) in their contribution, point out that ideological movement and change can be examined at citizen and governmental levels. Although using a restrictive liberal-conservative continuum for their analysis, their presentation of change at a governmental and citizen level allows for the recognition of

positional change over time through longitudinal analysis, This indicates that strong ideological views at both levels become moderated over time, effecting policy at the governmental level. Their study is limited by the problem of definitional meaning, and their exclusive focus on the USA with its unique political culture. This limits the extension of their study in any truly comparative sense at this point. Nonetheless their focus on 'operational ideology', or 'policy mood', and the dilution of what they call 'symbolic ideology' informs the pragmatic political positions necessarily adapted, and invoked under the influence of party elites in order to satisfy public opinion (Berry *et al.* 1998:328). The analysis of the UK Conservative Party under Margaret Thatcher and Sir Keith Joseph in Chapter Eight bares these general points out.

The realistic dialogue associated with pragmatic approaches must remain wary of idealism as Hanley (2004) suggests, being more reflective of the complexity of historical and political reality, using Berlin's sense of reality to temper any tendencies that might encourage a purely deterministic approach to contemporary politics. Paying heed to Berlin, realistic dialogue as Berger (2009:173) suggests ought to be wary of any suggestions that advocate 'optimistic illusion'. The potential for pessimistic illusion when discussing political dilemmas, should not over-ride the necessity of a balanced approach that accommodates reality and aspiration alike within contemporary politics.

It is this appreciation of the dichotomy within realistic approaches that forces its critique within the literature. This stems not just from its manipulation by the biases reflected through interest groups, or the weakness of the realist perspective with regard to its ignorance of normative consideration, but most importantly from the intellectual apathy as Johnson (2008:85) styles it that colludes with an overly fatalistic realism. While forming a key part of the critical process, as Johnson (2008:85) points out, this fatalism challenges Beck's version of the potential of contemporary democratic politics and to some extent is borne out by the uncertainties that have arisen outside of, and within, a liquid modern polity.

Webb (2006:77) discuss the disappointment of this critical process as a 'resigned realism' or 'hard realism' that has been necessarily adopted, particularly by the political left as a positional reaction to popular political pressure and slow cultural transformation within liberal democracies. This notion of realism is premised on the Gramscian idea that radical and established positions are differentiated by notions found within realism. In this sense these positions become part of a war of position, for example the movement

of the left towards *détente* through the 'Third Way' where the notion of working with, rather than clashing head on, attempts to reconcile the left's propensity for radicalism with a resigned or hard realism of the neoliberal political world.

The discussion of compartmentalization in the earlier part of this section involving constitutional liberalism (Knopff 1998), and popular rights advocacy (De Velde (2008), as presenting an opportunity to advance the interdisciplinary research basis within the study of liberal democracy also crosses over into the discussion of realistic approaches.

As part of the complexity of interdisciplinary approaches Moore (2009:247) discusses the contradictions within pluralist understanding of liberalism, introducing the notion of 'moral realism' when discussing liberal values. This aspect of liberal thought continues to prove problematic when trying to discuss often abstract conceptions of rights and values within a real world dialogue. In these instances the abstract nature of the issues, and the controversy that is generated around their discussion moves them firmly towards the realm of legalistic liberalism where for proponents' right and good are viewed as the same thing, despite Grey's (2004) account that they need not be.

Alternatively Grey (2004) would rather see this populist tendency tempered through the assertion of some ascendancy or preference within abstract debate, in order to make it relate in a realistic manner to a wider circle rather than play to the popular audience. Mill ([1861] 2001 ed.) incorporated this idea into his greatest happiness principle, republicans (Skinner 2010) might point to ideas of a common good, ironically Hayek's (2005 ed.) caricature of the insidious nature of socialism's creep argues the contrary, seeing it as nothing more than a movement towards totalitarianism. Given the fluid nature of this type of discussion it becomes almost impossible to avoid the tendency towards legalistic determinism that characterises many controversial contemporary political issues.

Notwithstanding this there remains the need for a realistic and pragmatic re-engagement with divisive issues long avoided by citizens on the basis of their intractability, perhaps necessitating a return to politics as a means to resolve conflict rather than avoid it.

This contribution to the underlying need for realistic debate within the literature reflects the idea that any commitment should 'not entail any particular ontological or epistemological commitment' (Findlayson 2004:140). The problem paradoxically for realistic dialogue within contemporary politics is that this commitment is impracticable.

The foundationalism associated with classical liberalism restyled as neoliberalism dominates the dialogue of contemporary politics. Foundationalism here is taken to mean that theory has an objective basis that applies to all 'settings, cultures and times' (Baert 2005:194).

Neoliberal domination aside, realistic dialogue must also recognise the complex reality of contemporary politics. For many authors this complex reality centres on the role of the structural environment, for Kendall *et al.* (2008) this structure is focussed on the nation state whose role, in their view is misunderstood and undervalued.

Underlying this concept is the notion that structure is undervalued within neoliberal thought, and that this weakens its potential to appreciate the complexity of contemporary politics. It is more true to say that structure or rather the tendency for structure within neoliberalism to be understood within collectivist frameworks presents in contradistinction to alternative views of structure (Hayek 2005 ed.).

In the neoliberal assessment structure is not something to be over-valued or undervalued; its grievous nature ultimately facilitates totalitarianism. Hayek (2005 ed.) argues that exactly because of the complexity of contemporary politics, structural interventions attempting to mediate the outcomes of this complex world only serve to increase collective impositions and limit freedom.

Haywood (2007:456) points out; the primary emphasis of liberal thought ought to remain on practical goals, distrusting abstract ideas that fail to pass the circumstantial and contextual tests which act as gatekeepers to the idea of the good life as a life of social harmony. To pass these tests, liberal thought has focussed on particulars, often niche questions within liberal politics. For example in examining one of the many aspects of contemporary liberal politics Owen (2001) reviewing Bohman 'Public Deliberation, Pluralism, Complexity and Democracy' (1996), argues a broader position in relation to the aspirations within contemporary liberal democratic frameworks. This is necessary to establish a more just society by avoiding abstractions while focussing on practice. In this case however the argument for increased deliberative inputs as part of the blueprint for a contemporary liberal society only partially resonates with the notion of big ideas that are so central to liberal thought.

While positive in terms of its potential, deliberation is only a constituent part of necessary improvements, and can realistically only form part of an overall pragmatic strategy to revitalise liberal democracy. The case of deliberation illustrates I think, that

while contemporary liberal thought seeks to be more pragmatic it is restrained for many reasons, including an increasingly specialised and restricted academia.

Given all this, the *realpolitik* of the liberal world necessitates pragmatism and realistic dialogue becoming the basis for the achievement of a broad modus vivendi consensus, which is cognisant of the complex reality that exists within contemporary politics (Beck 2006, Lyons 2006, Kendell *et al.* 2008).[15]

In order to develop a pragmatic yet realistic strategy further within liberal thought, an understanding of pragmatism that acts as a 'self-definition of politics' (Andersson 2006:435) is necessary. By this Andersson (2006:435) means that politics in order to achieve acceptable outcomes must have undergone 'a process of ideological revisionism undogmatically centred on the means of reform'.

Adapting this procedural position for liberal thought proposes a liberal politics, that in order to achieve acceptable outcomes for society, ought to adopt processes that facilitate non-dogmatic ideological revisionism, steering clear of the fundamentalist neoliberal position that has become hegemonic.

Attempts to address the coldness inherent in realism have produced a re-examination of change in liberal thought. The increased emphasis within liberalism on freedom as personal choice and freedom for unencumbered capital to move around virtual marketplaces has moved discussion away from broader notions of non-interference, or freedom writ large. The pursuit of these limited notions has taken place in a non-dogmatic way while appealing in a pluralist sense. Ironically through neoliberalism the opposite outcome to that wished for by Andersson (2006) and others has been achieved, as the neoliberal world maintains a fixation on market processes and consequences.

Moore (2009:247) discussing the contradictions within pluralist understandings of liberalism, highlights the difficulties for realistic dialogue when 'moral realism' sees the 'trumping' of values under neoliberal hegemony. Under neoliberalism consumerist values have become the focus of individual freedom and neoliberal thought, through the tangible appreciation, and recognition of human desires inherent in its outlook. In this

[15] Lyons 2006:170 used this characterisation to describe the progress achieved by successive government policy in Ireland as it developed throughout the 1990's and early 2000's. See also Beck (2006) and Kendell et al. (2008) for more on the necessity of achieving a 'best way' consensus on social and political life.

environment other more ideational notions of freedom fail to realistically project themselves outside of their abstract universe, except of course in the extreme cases which usually find their way into the legalistic liberal world already discussed.

Despite an implicit agreement within the literature that there needs to be a return to bigger ideas greater than those associated with individualism and consumerism (Stoker (2006), Hay (2007), Grey (2004), there is considerable disagreement on the means necessary to orchestrate this process of ideological revisionism. Attempts to refocus pragmatically on liberalism's big ideas are beset by an ideological liberal revisionism that while striving to be non-dogmatic continually runs the risk of doing so.

Saad-Filho and Johnson eds. (2005) characterise the contemporary advocacy of neoliberalism as just such a risk. It is here that ironically the most controversial aspect of the theoretical debate about the neoliberal hegemony is situated.

Critics of neoliberal pragmatism such as McEwan (2005), and Munck (2005) argue that contrary to the notions composing traditional liberalism, neoliberalism has become just as dogmatic in its approach to any return to big ideas, in the same way as other universalistic ideologies such as Marxism have tended to be.

Grey (2002) in his post-script to *'False Dawn...'*, characterises this problem of similar methodological fundamentalist positions as a feeling that like Marxism, the global free markets that play so crucial a role within neoliberal thought are bound to fail. Neoliberalism like Marxism, ideologically conceives of a universal civilization, denies diversity, forces suffering on a large portion of humanity, and fails to address basic human requirements. Whether Grey's (2002) prophetic observations are proved correct remains to be seen although current economic and political events would appear to be bearing this out.

The dogma of contemporary neoliberalism disguised as the most realistic or pragmatic means to achieve liberal freedom is far removed from the notions expressed by its historical antecedents from Adam Smith to Hayek, to Charles Peters, in their insights into economic and liberal thought. For example Butler in 'Smith – A Primer' (2007:30) characterises Adam Smith's ideas of humanity and the emergence of a natural social harmony, coupled with instincts that are "deep rooted" as a "... better guide than any over-vaunting reason". Although Butler uses this recognition by Smith as a precursor to critique the totalitarian tendencies of socialism the same can be argued of neoliberalism.

The movement away from less dogmatic traditional liberal notions contradicts contemporary neoliberalism's notions of dogmatic pragmatism. According to Thies (2004) neoliberal theorists, emphasise this dogmatic pragmatism in order to promote their version of the necessary realist prescriptions for society. Ironically Hayek ([1945] 2001) warned of the risk of just such dogmatic tendencies when criticising totalitarianism, depriving people of independent thought and suppressing criticism.

More traditional contemporary liberal thought is not immune to similar conflicts, Fudge and Williams (2006:587 & 592) highlight the example of Giddens characterisation of 1980 – 1990's UK Conservatism as economically dogmatic and socially divisive, they follow this by characterising the rise of 'New Labour' as the development of a Blairite 'third way dogma'. This contradicts Waltman's (2003:245) earlier characterisation of Blair's exhortation to move beyond thoughts of an age of 'dogma or stale ideology'.

This illustrates the fatalistic realism that permeates much of contemporary politics. New innovation starts out as idealistic with much optimism in its ability to deliver a better modus vivendi, 'and yet' as playwright David Marnet (2008) disappointingly observed it develops the characteristic dogma of its antecedents.

To be truly pragmatic liberal thought needs to appeal to a much wider sense of liberalism through engagement with a willing citizenry, that are assumed to require, and be active within a liberal framework. To be realistic this framework must have a problem solving orientation, and focus on a deeper sense of rationalism that answers more than the question of immediate individual gratification in an economic sense, to resolving issues of conflict.

As part of the quest for a pragmatic sense of liberalism advocates of the 'Third Way' in contemporary liberal thought seek to engage a willing citizenry in an attempt to capture this sense. Findlayson (1999) cited in Fudge and Williamson (2006) characterises the Third Way as a pragmatic and realistic perspective viewed from a market oriented position rather than a polarised view of left and right. In this he implicitly recognises the need for a realistic perspective on contemporary politics given the market orientated neoliberal hegemony. Critically this approach accepts as *fait accompli* the neoliberal view of the world where pragmatic compromise results in the sacrifice of ideological canon in exchange for power.

Hutton (1999) contends that this is a fair assessment of the changes undertaken by New Labour in the UK in order to become electable, compromising by moving away from a politics of the left towards a more centrist position. This directly reflects Isaiah Berlin's *sense of reality* and echoes the hard or resigned realism of contemporary politics.

Why was the pragmatism offered by neoliberalism so successful? How did its appeal find resonance throughout the liberal world? Attempts to answer this from both critical and supportive perspectives places neoliberalism's success in the historical and socio-economic context of the last quarter of the twentieth century, although its antecedents are generally accepted as drawing from the earlier classical traditions of economics and politics. For commentators such as Harvey (2007a, 2007b) the most insightful method of explanation for neoliberalism's success lies within an analysis of the character of the individual as a product of a post-modern world. Within this post-modern environment notions of freedom, the place of the individual, society, and its existence or otherwise, all provide a basis for questioning the values of embedded liberalism that earlier generations had come to accept. Where difficulties relating to the changing political environment arose, the attraction for individuals towards neoliberalism's pragmatic credentials increased. As argued earlier when discussing Habermas' (1989) contention regarding the attractiveness of fundamentalist approaches to problems, the difficulties within embedded liberalism which began in the 1970s and 1980s and continue to the present day provided just such a basis for neoliberalism's pragmatic attraction.

Harvey (2007a, 2007b) characterises neoliberal pragmatism and its effect on the individual as stemming from a willingness among citizens and politicians alike to cooperate in the neoliberal project presenting itself in Gramscian fashion as common sense. Within this climate of neoliberal creep, this common sense appealed on a number of levels, although perhaps least subtly from its ideas of individual freedom, the accumulation of property, and the notion that any reasonable alternatives had been exhausted. Neoliberalism was to be accepted as the only realistic dialogue worthy of pursuit. This permeated into the way people interpreted and lived in the contemporary world placing an emphasis on consumer choice, and populist culture. Its interpretation of individual freedom as part of the broader acceptance of freedom as a 'central value of civilisation' (Harvey 2007a:7), facilitated the disestablishment of traditionally embedded liberalism, with its acceptance of the role of the individual, institutions, and civil society,

and the establishment of institutional arrangements and political forces that in collusion could further the neoliberal project. For Hay (2007:97) this took the form of radical and often controversial political change in the 1980s, followed by a later consolidation phase where the changes became institutionalised with the help of new public management theories, and rational choice based theories.

In light of the reality of political life in the 1980s and 1990s, and the perceived weakness of social democracy with its failure to deliver an equal society, the pragmatic sentiment within neoliberalism presented heretofore unenumerated challenges.

The movement towards a more individualised managerial and practical approach to problem solving, for critics such as Harvey (2007b:42) presented on a plate a 'neoliberal market based populist culture of differentiated consumerism and individual libertarianism', that proved irresistible to the majority of individual citizens and politicians. This connived with the academic apathy and fatalistic realism that haunts critical views of the neoliberal project.

At the individual level this pragmatic appeal lies in the marketised perspective it offers to generally self-interested actors, proposing that problems regarding social democratic conceptions of the state, are directly caused by the nature of collectivism, and the inefficiencies and dependency that it generates (Hayek 1988, 2005 ed.). The simplicity of its message is made clearer by the earlier adoption of rational choice theory in the 1970s, and its ability to,

> …readily conform to the underlying logic of statistical inference … and the fact that rational choice approaches abstract from the specifics of particular cases, and deduce hypothesis from a previous model making them a powerful tool in theory building (Thomas 2005;856).

This rationally modelled, predictive attempt to examine systems in a closed, linear and dispassionate format has been most influential in the post socialist period. It remains attractive as a Meta theory despite difficulties associated with the concept of perfect information, and its failure to adequately account for the complexity within political systems. Rational choice advocates a view of liberalism that presupposes interest in notions of individual freedom of choice, and non-interference, at the expense of any conscious willingness to exercise constraint within collective structures.

Judgements based on rational choice together with neoliberalism's emphasis on individual and proprietorial rights, and their association with the concept of freedom acquired a pragmatic relevance for politicians who sought power.

Politicians such as Thatcher exploited this by promising a return of power to the individual away from collectives and institutions where it had formally resided.[16] The events associated with the fall of the Iron Curtain for neoliberal thinkers indicated that freedom from totalitarianism had been achieved, and the notion of a free world became almost rhetorical; the free world had become the free market oriented liberal world (Henderson and Owen 2005). The elevation of freedom of individual choice within the market (consumerism) was advocated as the most pragmatic and realistic way of achieving a consensus around the notion of modus vivendi from an early stage of the neoliberal project (Harvey 2007b:31).

Advocating that freedom of choice was best served through the 'private ownership of property', which was deemed 'essential to encourage personal responsibility, and the freedom that goes with it' (Conservative Party 1976:17) formed a central pillar of emerging neoliberal thought.

For critics of this position this ascendency was not a simple one. Harvey (2007b:27) emphasises that 'the world stumbled towards neoliberalism through a series of gyrations and chaotic motions that eventually converged on the so-called Washington Consensus in the 1990s'. Using Marx, Harvey (2007b:35) describes this ascendency as adopting the 'continuation and proliferation of accretion practices', listing several points of particular interest, most notably the achievement of consensus through the conversion of collective or public property rights to private property rights, and the 'use of the credit system as radical means of primitive accumulation'. This appeal to the self-interest of the individual proved very attractive, facilitating acquiescence for broader policy objectives over time.

The old political rhetoric associated with freedom referred no longer to a liberalism that was of direct interest to the new class of political consumer, but was increasingly becoming more academically fragmented and cloistered, having moved away from notions of freedom writ large, and diminished in the popular mind as a cause. Gaus

[16] Keay quoting Thatcher 31 October 1987, Woman's Own.

(2000) discusses the disappointment for liberal theory in the twentieth century as exhibiting similar deficiencies as liberalism at the end of the nineteenth century. The movement towards neoliberalism was not however a given, neoliberal think tanks, and policy advocates such as the Institute of Economic Affairs (IEA) in London were hard pressed to promote neoliberalism as the only means of promoting freedom.

Buckley and Ó'Tuama (2005) highlight that neoliberalism presents a limited view of rights, undermining traditionally implied obligations and the reciprocal nature of those rights despite its pragmatic components. While a neoliberal interpretation might have been realistic and pragmatic from a market perspective it did not serve the best interest of society, or so the critical argument goes.

Hayek (2005 ed.) warned of this type of critique when discussing the good nature of intellectual socialism, and indeed praised intellectual socialist idealists as having the courage to be utopian. For Hayek (2005 ed.:129) it was this courage to be utopian that was responsible for the gaining of 'support of the intellectuals'. This broad mass of support was to be viewed as a threat to liberal freedom and required an unceasing vigilance from true liberal advocates. This pragmatic and realistically motivated vigilance was to be provided by the numerous think tanks and institutions that emerged throughout the Anglo Saxon world during this time to guard against the idealistic illusion of the left.

Traditional positions on institutional collectivism specifically welfare based approaches were called into question (Belfrage and Ryner 2009). The search for new pragmatic and realistic economic and political approaches through market mechanisms led the way. The growth of pragmatic neoliberalism overwriting rational choice theory affirmed that market oriented policies such as deregulation, free movement of financial capital etc., were the best way to liberate individuals from the burdens imposed by institutional collectivism so that they could enjoy more freedom (Booth and Currie ed. 2003, Pettit 2006, Seldon 2007). The UK Conservative party policy statement 'The Right Approach' of 1976 emphasises this, specifically criticising socially democratic approaches and their aims. This approach places in context the neoliberal Thatcherite reforms that characterised Britain and much of the liberal democratic world of the 1980s and 1990s. Within this framework 'the right of the individual to develop as far and as fast as he can choosing freely from a wide range of opportunities while recognising his duty"' (Conservative Party 1976:17) was a key component of the pragmatism that

neoliberalism offered. This 'particular stress on the individual' was necessary to counter socialism (Conservative Party 1976:17).

This questioning of traditional social democracy in keeping with the slow pace of cultural change was not universally endorsed. Europe's preservation of a 'hybrid social configuration...social neoliberalism' (Dumenil and Levy 2005:12), preserves much social protection despite movement towards more classical neoliberal positions on labour policy, state intervention, financial sector liberalisation, and monetary policy. This mitigation of neoliberalism in liberal thought, and a return towards a politically realistic liberal pragmatism comes with a sense of reality that acknowledges that there can be no nostalgic return to previous ways. This sense of reality includes the acknowledgement that there will be no return to overt Keynesian economic policies, no renewal of social democracy as it was once conceived. It also recognises the dogma of neoliberalism cannot be the sole narrative for the future. Instead the pragmatic and realistic approach seeks to curb the excesses of neoliberalism through, for example, stakeholder theory where collective social responsibility is emphasised, obliging action in specific ways (Webb 2006:75).

On a less specific platform others such as Findlayson (2006:140) focus on a realism that proposes to have a 'truth value' communicating Isaiah Berlins *sense of reality*, and concepts of a pragmatic reality grounded in a normative concept of the "knowledge of life" (Hanley 2004:330).

Associated with realistic and pragmatic debate is the discussion of whether political science as currently configured is fit for purpose. This debate forms part of a wider social scientific discussion of interdisciplinary perspectives and the compartmentalization of academic debate. In closing the discussion this issue will be explored briefly.

CLOSING REMARKS

The pragmatism and realism associated with the study of complex phenomena and the extent of crisis or change is almost universally recognised throughout the literature. Also recognised is the impact of socio–economic factors on contemporary liberal thought, and the increasing need for political scientists to include these factors in analytical frameworks. Historically the linkage between liberal thought and economics has been constant, in both the desire to separate the two, if following from the ancient

platonic position, to the contemporary position that sees a symbiotic or parasitic relationship between socio economic factors and political action. Like all ideologies whose focus has become more 'totalising', that is, moved away from the tolerance, openness, and civility that characterised an idealised and imagined liberalism (Vincent 1999:402), once heralded as a vision of an idealised Britain (Muller 2008:245), it is the scholar's ego that places liberal thought in its instrumental and rationalist forms under the supposition that societal redesign or experimentation would unlock the utopian paradigm. The overarching quality of neoliberalism as it traverses from economics across politics and political thought has been unusual given its origins in the world of the Chicago School of Economics based at the University of Chicago, and not from the revolutionary intestines where traditional political thought might have expected its emergence.

The encouragement of wider perspectives and interdisciplinary approaches such as the broad terms of reference taken by Sennett (2006) and Stoker (2006), and Beinhocker (2007), recognises the impact on liberal thought of what traditionally has been termed political economy. Political Economy has been defined as the academic discipline that explores the relationship between individuals and society and between markets and the state, using methods drawn from economics, political science, and sociology. The term is derived from the Greek terms polis (city or state) and oikonomos (one who manages a household). Political economy is thus concerned with how countries are managed, taking into account both political and economic factors. The field today encompasses several areas of inquiry, including the politics of economic relations, domestic political and economic issues, the comparative study of political and economic systems, and the study of international political economy.[17] It is worthy of note that since Adam Smith wrote the Wealth of Nations in 1776, today's study of economics had been previously known as Political Economy reflecting the importance of the inter-relationship between politics and economics. This remains the case in Scotland, the birthplace of Smith to this day. Margaret Thatcher in a speech at Chicago University in 1975 stated that,

> I think this significant. Much of the economic teaching in the Western world has become divorced from practical politics. As a result, much economic

[17] Definition from http://www.answers.com/topic/political-economy viewed 02 Jul 2008.

> writing, though academically respectable, seems to the politician to have little relevance to the problems he has to solve. Economic dissertations have become more and more theoretical, more and more mathematical, and to the politician less and less human. As a result, the politician himself has failed to take into account the underlying realities of economics.[18]

Any advocacy of interdisciplinary collusion within the literature while not controversial today had its political science origins in the mid 1960s development of ideas around political culture pioneered by Bernard Bailyn. This comes on the back of earlier twentieth century French intellectual tradition that fostered interdisciplinary approaches to often quite traditionally approached subjects. Schools such as the *Annales School*, studying history, focussed on the economic aspects of historical development rather than its predominantly political aspect, giving regard to the many structural effects that restricted freedom.

The danger however is that it becomes less effective as advocates from separate perspectives attempt to unconsciously or perhaps consciously promote or advocate their own specialities within hierarchical frameworks. Although this monopolistic effect promotes scientific rigour it diminishes accessibility for those political decision makers outside academia. The more radical contemporary literature seems to be following this trend, where controversially, some economists (Beinhocker 2007) are examining economic discourse in evolutionary terms. This does provide some elucidation when examining systemic functioning, perhaps not so much on a strictly scientific basis but more so as an analytical or observational tool. Among the dangers associated with this is the possibility of adopting a Malthusian approach to problems that arise.

For Lowi (2001) the question for political science has become one of reversal of the trend towards the acceptance of the economic ideology that asserts the hegemony of an economic theory of liberal democracy at the expense of political science. Under this assumption the role and impact of the political in this case meaning the state, and its institutions, in liberal democratic theory and practice are undervalued.

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[18] http://www.margaretthatcher.org/document/102465 viewed 15 Feb 2011.

While remaining cognisant of monopolistic tendencies it cannot be denied that the shocks and changes in the economic arena have a huge implication for politics and political science generally. Indeed the role of government in mitigating these shocks forms the core of political science's raison d'etre. Paraphrasing Harvey (2007a:2), the crossover of neoliberal economic ideas into the political arena allowed the proposition that human beings could best be advanced by liberating individual enterprise, freedom, and skills within institutional frameworks characterised by strong private property rights, free markets and free trade. The core ideas here centred on freedom as a liberal construct but within notions of enterprise, marketable skills etc. Thus the state was locked into the role of the creation and preservation of the institutional frameworks most appropriate to these economic goals. The political science that follows then is constrained in its ability to look beyond this somewhat restricted ideological role.

In terms of liberalism and neoliberal thought the economic thought that characterises much of the literature emerging in the political economy field (Beinhocker 2006, Harvey 2007a, and 2007b) addresses the issue of fairness, traditionally associated with political theories such as social democracy, liberalism and republicanism. Primarily it is the economic aspect, and its impact on expectation that have formed political economy's primary focus rendering it a more suitable academic pigeon hole for neoliberalism, from a neoliberal perspective. Extending this analysis in terms of its conceptualisation of the normally *woolly* idea of fairness into its political aspect, removes any political evaluation from strait-jacketed ideas of political or social justice. Using analogies from economic thought, problems associated with 'fairness' are investigated using for example, game theory. These descriptive advances assist with our understanding of political issues.

The argument for radical changes in demarcation finds some resonance when viewed in conjunction with developments in the methodologies associated with the pure sciences. Certainly the rigorous testing of theory in abstraction is attractive but the implications of such testing in the real world of political economy where outcomes affect the poorest and often the most vulnerable in society negatively, are not without ethical controversy. Given the historical precedent social experimentation on a grand scale is not something that one could countenance. The extremes of the argument do not provide the best place to make such a judgement, but rather by recognising that the assumptions often made in a rational environment do not often reflect behavioural

outcomes in the real world, the science within politics and economics can develop a more truly inclusive yet rigorous approach.

3. METHODOLOGY

In any discussion of methodology one must firstly concede its centrality to any social scientific project while at the same time recognising that questions of methodological approach remain controversial. This controversy extends beyond questions of pure method and goes to the heart of the research process itself (Findlayson 2004, Pathirage Amaratunga, and Haight 2008). Researchers recognise that the research strategy adopted dictates the direction of the research. Traditional approaches focusing on the development of theory have 'combined observation from previous literature, common sense and experience' (Pathirage 2008:1), as part of an evolving process of theoretical development that requires readjustment of theory through reflection and observation, leading to testing in new situations. This functions as a means to generate expectations about the world, drawn from previous experience thereby influencing future conduct. Whether this influence is tacit or more objective depends on the nature of the experience, its stimulation towards learning, reflection, abstraction and its subsequent re-examination through testing. This cycle of learning contributing to the nature of theory development and testing.

Empirical and theoretical approaches though often regarded as distinct and separate are interlinked, both seeking to add to the body of knowledge albeit from different perspectives. As Pathirage *et al.* (2008) point out each approach is not without its own merit, theoretical approaches relying on ideas that were at some point based on some kind of empirical observation. While some scholars choose to emphasise a *Wissenschaft* approach to methodological and research processes adopting a dialogue between ideas and evidence (Thomas 2005), others like Tsolakis (2010:401) define research in a more rational or historicist, scientific way, as a process that 'should involve grounding abstractions in historical facts and transforming them in the process – attempting a movement back and forth between conceptual propositions and empirical evidence'.

Whichever approach is adopted both come with the warning that 'laymen and experts alike are inevitably tempted to shape positive conclusions to fit strongly held normative preconceptions' (Friedman [1953] quoted in Caldwell 2005:379). The danger of 'retro fitting' theory or engaging in degenerative research is omnipresent in the social sciences where positivist approaches to social questions are just as likely as constructivist approaches to be covertly value driven rather than evidentially driven despite scholars

acting in good faith.[19] Hansson (2008) discusses in more detail the problems associated with degenerative research; that is theories being fabricated only to accommodate known facts, Friedman [1955] too, quoted in Caldwell (2005) makes this observation when discussing the activities of economists and their research. This research seeks to maintain a self-critical approach throughout, constantly reflecting on the motivations and research methods that underpin this thesis.

Figure 2 represents the methodological components deemed necessary to fulfil the objectives of this study. Falling from these components are key elements associated with each of the methodological pillars. These elements in the diagrammatic format provide *thought-bites* that are discussed in greater detail later in the chapter.[20]

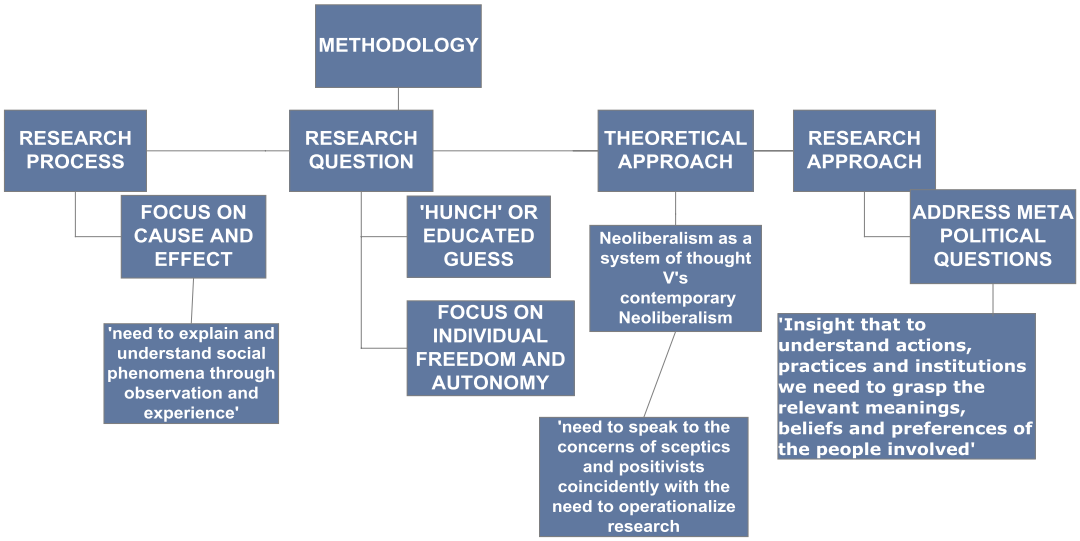


Figure 2, The Methodological Components of the Study

In formulating the research question for this thesis the broad question surrounding neoliberalism and its influence on contemporary politics was examined. As a 'hunch or educated guess' (O'Leary 2010:55) the question was answered in the affirmative, this

[19] See the Stanford Encyclopedia of Philosophy, at <http://plato.stanford.edu/archives/fall2008/entries/pseudo-science/> regarding degenerative research, viewed 10 Nov 2010.

[20] The phrase thought-bite is used in the same sense as sound-bite, as a brief, striking thought, or excerpt from a thought.

acted as a start point for the research process. The nature of the question with its acquisition of meaning through reference to larger processes was de-constructed revealing several layers of complexity and further related questions. This process was problematic given the difficulties associated with defining variables while trying to make sense of a phenomenon that is simultaneously an ideology, a policy, and a form of governance (O'Connor 2010). A refined research question addressing the extent to which neoliberalism as originally imagined by Hayek has effected change in the contemporary political world is ultimately evaluated.

With this in mind, an axiological liberal theoretical basis underpins the methodological approach adapted for this thesis. Associated with this broad approach following Pathirage (2008) and Knox (2004:124), the selection of a methodology that embraces a concept of philosophical and methodological pluralism requires that there is an 'elective affinity' between theory and method. This idea of elective affinity allows the identification of an ontological view, in this case a liberal one that lends or selects for itself from the many methodological tools available the best approaches for this piece of research.

This ontological perspective focussing on individual autonomy and freedom within a market society, in addition to the value of ideas does not purport to be the only factor involved in determining how contemporary actors are influenced, but rather functions as an aspect of how we understand politics. In this regard the research process adopted here will deal with meta-political questions, about how sets of ideas whether ideologically based, or traditionally based, are instituted, attained and maintain their authority in an increasingly unrestrained world.

Discussing the importance, significance and role of 'ideas' in political science Hay's (2004b) perspective on the examination of ideas emphasises how they condition the thoughts and actions of contemporary political actors and become of great significance. Others describe this type of ideational examination as 'a way of understanding politics in a critical fashion' (Findlayson 2004:153). This concentration on the significance of ideas is connected through context to the notion of individual autonomy, focussing on what ideas are influential, and why only certain ideas get chosen by autonomous individuals. The contribution of intellectuals, in their Hayekian sense, towards the collective and experiential learning processes is characterised by Hayek (2005 ed.) as one that should not be underestimated. Ultimately as idealists subject to attractive, yet essentially flawed

romantic appeals to 'utopian constructions', the intellectuals assume, dangerously, perfect knowledge (Hayek [1960] 2006:22). The danger posed by their over enthusiasm is founded by their 'indignation about particular evils' (Hayek [1960] 2006:7) that so often blinds them to the harm and injustice that the realisation of their plans are likely to produce. The multifaceted research approach adapted here seeks to offset these dangers, facilitating a research process that can do justice to the research question embracing the complexity and controversy surrounding it.

The research process in embracing the complexity of the research topic seeks to ground the research operationally. In order to be operational the research needs to be grounded in the experience of liquid modern life as elucidated by Bauman (2000) and referred to in Chapters One and Five. This is examined through the extensive and varied review of literature and through an interpretively led analysis. By acknowledging the breath of the topic the research seeks to overcome the difficulties of scale associated with the topic at both the broad (Meta - society) and narrow (micro - individual) ends. With such a broad sweep the accusation of failing to address the specifics of Neoliberalization in a meaningful way can be countered by arguing that earlier attempts to achieve this through separation, results in compartmentalisation and specialization to the neglect of the wider socio-economic and political narrative.

The liberal theoretical framework adopted concentrates on an effects based traditionalist conception of liberalism in its broad sense. In terms of its broad sense what is meant is that the focus of liberalism is not confined to a focus on freedom wrote large as in the Cold War period, or indeed freedom writ small as in the more contemporary libertarian accounts. This requires a more pluralist understanding of liberal theory in the tradition of J.S. Mills embracing a utilitarian appreciation of *modus vivendi,* and contemporaneously following Grey (2004) an appreciation of many ways of life. As the search for a liberal 'good life' evolved neo-pluralist approaches recognised the naivety within traditional pluralism. For advocates of pluralism such as Grey (2004) only a return to a more pluralist approach can bring about a return of a Hobbesian *modus vivendi*. Recently Grey's (2004) perspective regarding the 'Two Faces of Liberalism' has come under increased scrutiny for its apparently contradictory perspective (Tate 2010). While this debate is interesting of itself, it does not detract from the liberal framework adapted in this thesis. Held (2006:170) developing Dahl's observations on the nature of

pluralism, critically discusses this unachievable pluralism in terms of it being the main threat to liberty.

The continued pursuit of equality rather than the realisation of actual equality reinforces and exasperates inequality, given the unequal nature of the world, and in the process damaging freedom. In focussing on neoliberalism, this research recognises within the theoretical framework the inequality endorsed by the actuality of a liberal founded business bias in political decision making (Held 2006). This need not necessary mean an endorsement of neoliberal aims, although practically it has, but rather the recognition that the current liberal democratic polity is embedded in socio economic relations, giving a privileged position to business interests (Held 2006:181). The theoretical framework adopted accepts that this pragmatic approach successfully exploited by theoretical neoliberalism cannot be rolled back. In the fashion of complex adaptive systems, this forward momentum defines progress. It should be noted that progress is not always defined as always a positive thing, but rather is a question of momentum. In this regard the fairness or otherwise of this progress is not at issue here, suffice to say that progress need not be considered as always positive.

While accepting the practicality of Hayekian individualism and the importance of the market the theoretical framework rejects the adherents of late Hayekian thought (Blundell in Hayek 2005 ed.), who endorse an individualist and market universalism at the expense of stability. While seeking to underpin their views selectively with Hayek, they fail to give due recognition to Hayek's ([1960] 2006) endorsements of the necessity for government and collective approaches to social problems outside of the historical liberal focus on coercion. That being said the framework could perhaps be described as founded on a theoretical version of contemporary liberalism characterised as '*Hayek lite*'. Far from being considered derogatory, this charge reinforces the thesis's perspective on the operationalization of neoliberal ideology.

In order to confront these issues the research adopts an overarching methodological approach that focuses on, albeit not exclusively, qualitative methods. A qualitative approach in this instance allowed the use of a wide range of methods that focus on the meaning and interpretation of socially grounded political phenomena. The characteristics of qualitative research including the diversity of approaches available, the subjective and interpretive nature of the examination of meaning, the construction of reality, and the

importance of context proved to be the most useful, and the best fit, for the research area under consideration.

Given the open-ended nature of the enquiry, methodological focus specifically tended towards interpretive repertoires (Wetherell [2006] in Jupp ed. 2006:153). This was not however the exclusive approach adopted, given the increased emphasis that the role of ideas has acquired in political science. The growing importance and significance of 'ideational variables' in political analysis required that provision be made to accommodate the often intangible effects of ideas on the available data (Hay 2004b, Doyle and Hogan 2006).

The recognition of the need for the inclusion of an ideational aspect within the research approach occurred in the context of the wider disciplinary movement away from the positivist mainstream (Hay 2004b). Generally known as the ideational turn the process when ramped up becomes the 'idealational turn' (Finlayson 2004:130). This 'idealational turn' rather than just examine the general influence of ideas, emphasises the increasing importance being placed on the causal role of key or specific ideas in isolation, as they pass through a process of selection and modification trickling downwards, spreading outward, changing character and interacting with other general ideas (Hayek [1960] 2006).

Embracing the movement away from mainstream positivist approaches within political science, towards interpretive, discursive and ideational approaches, allows the thesis adequately recognise the complexity of contemporary political analysis.

As part of the compromises associated with the derivation of the research question the research approach adopted, in conjunction with the research question, better explains and interprets the influence of neoliberal thought on contemporary politics. In this way the theoretical framework adopted needed, following Hay (2004b), to include as part of its construction the capability to accord a causal role to ideas, in an explanatory but post-positivist political analysis. This inquiry allowed the taking into account, of contemporaneous theoretical frameworks from the broader social sciences, and looked beyond politics as a closed system. This meant the inclusion of aspects of social and political studies that traditionally were enclosed within sub-disciplinary bounds. Some of these frameworks were originally based on rationality and capability, and were derived from economics. Indeed evolutionary and complexity approaches adapted from the hard sciences assisted in developing an understanding, and explanation of meta political

questions that could no longer be confined within a 'bounded politics', particularly in a liquid or reflexive modernity. This combined-method approach also had the advantage of capturing the interplay between objectivity and subjectivity (Fries 2009:327), while moving the research process beyond the 'intellectual field structures' (Fries 2009:334) that bias the research process before research design begins.

THE RESEARCH QUESTION

In formulating my research question I was conscious of Hammers (2004:133) observation when discussing Arendt, and her revisiting of Roman Political Thought, on the trends within political thought to 'explore the ontological underpinnings of political life'. In that circumstance Hammer (2004) points to a movement away from context, particularly historical and cultural context, and towards action as an aspect of political vision, rather than as Arendt would have it, a product of a wider process of contingent acquisition. This restrictive focus on action, requiring measurable outcomes, has tended to favour positivist approaches to political questions. In rejecting positivist or abstractionist trends, and following the Arendtian line, the acquisition of meaning through reference to larger processes informed the initial research question 'Has Neoliberal thought influenced contemporary politics?'. By adopting an affirmative premise this broad initial research focus allowed the expansion of the research analysis towards the effects, and operationalization of the process of Neoliberalization.

In examining the initial research question I was aware that the contemporary methodology literature discusses the post positivist contention that hypotheses act as a 'reductionist device' that constrain research (O'Leary 2010:55). I was also aware that as part of this wider debate the appropriateness of a hypothesis in the traditional sense for this post-positivist type of research question would be difficult. This difficulty consolidated the view that the topic under consideration needed to be viewed in a broader sense as a research question, albeit in a more refined form, rather than constrained within a traditional hypothetical framework.

To satisfy the controversy associated with this decision, I initially sought to specify and refine more exactly the components of the research question. The Merriam-Webster on-line dictionary and the Stanford Encyclopaedia of Philosophy, amongst others provided a selection of definitions and discussion around the formulation of a research question generally. These included the elements needed to elucidate this particular

research question. Extrapolating from these, in its more scientific formulation a hypothesis is defined as 'a tentative assumption made in order to draw out and test its logical and empirical consequences' (Merriam-Webster on-line dictionary). In its more generalised formulation it is conceived as 'an assumption or concession made for the sake of argument' (Merriam-Webster on-line dictionary).

O'Leary (2010:55) in her discussion on the definition of a hypothesis or research question within a qualitative framework describes the statement as a 'hunch or educated guess' that functions to provide a starting position for subsequent research. Combining O'Leary (2010), and the more generalised Merriam-Webster definitions in this case the hunch is that neoliberal ideology influences contemporary politics through its influence on the way in which political actors approach contentious political questions, and the way, that citizens understand or make sense of their political environment. Both empirical and traditional approaches require that the research question be theoretically grounded in a relevant literature, and that it ought to specify the relationship between the values of two or more variables. This implies the need for connection and tendency, and that there exists a testable comparison using data. In this case the data was obtained through primarily interpretive methods examining the theory, processes and contextual underpinning of contemporary liberal thought.

However, as already mentioned, the appropriateness of a hypothesis in the traditional sense was restricted by the difficulties associated with defining variables and the existence of a testable comparison. Given the affirmative premise applied to the initial research question it presents as 'that contemporary politics is influenced by neoliberal thought', which can perhaps more accurately be described as a 'phenomenological description' (O'Leary 2010:56) rather than a question as such. This coupled with the exploratory nature of the research meant that the formulation of a narrow hypothesis in the traditional sense was unworkable, thus a research question approach was felt to be more appropriate.

This process ultimately resulted in a refined research question based on the original phenomenological description that asks: *To what extent has neoliberalism, as elucidated originally by Hayek affected change in contemporary politics?* The question requires that the research defines the contemporary political sphere focussing on our understanding of neoliberal approaches within the realm of politics initially, but expanding to discuss the role of ideas and the nature and influence of neoliberal

ideology, the nature of contemporary liberal thought, and the impact this has on political culture. As part of that process the thesis will discuss the way in which society learns and develops its politics thereafter. Following this the extent to which neoliberalism has affected change must examine the original conceptualisations and the vision of Hayek, his insights, and the influence and impact of his vision. Hayek was chosen on the basis of the broad cross-disciplinary focus of his work, his confessed *Whig* preferences, and the prevalence within the literature to hold him as the ideological thrust behind neoliberalism. In incorporating the momentum associated with the notion of change within the research question the impact of Hayek's ideas on contemporary manifestations of neoliberalism, the irony within these manifestations, and the contrast between theory and contemporary practice within politics, which will include an appropriate review of the introduction of neoliberal thought into political discourse. Finally to conclude the research the extent to which the original research question has evolved away from Hayek's original ideas, or otherwise will be discussed, particularly in light of developments towards a 'Third Way' or neo-progressivism (Giddens 2010).

In order to arrive at some workable solution and refine the research question, at its heart this doctoral thesis asks 'How do we make sense of a phenomenon that is simultaneously an ideology, a policy, and a form of governance?' (O'Connor 2010:692). How and why has neoliberalism become the dominant paradigm? Is it reflective of a deeper change or change agent, or is just, 'a political slogan looking for some content' (Beilharz 2010:115).

Adapting the definitions discussed earlier in order to arrive at a research question required an attempt to identify, isolate and then connect the components within the initial premise. Firstly the notion of influence required clarification. As part of this process of clarification a conceptualisation of extent, and the ability to affect or cause to change were prominent features of any explanation of influence.

Secondly the notion of neoliberal thought required clarification. For the purpose of this research question the focus on neoliberal thought was restricted to the neoliberal ideology originally elucidated by Hayek, which evolved over time in conjunction with rationalist and economic interpretations of the world.

Thirdly contemporary politics required elucidation, for which this thesis would focus on liberal democracy, and the relationships founded through liberalism that connect notions of freedom, with ideas around the individual, the market economy, and the state.

Dealing in the first instance with the question of influence, in order to address the theoretical need to 'explain meaning and significance' (Grant 2002:580), rather than pure cause and effect, the research question was influenced by the re-assertion of Isaiah Berlin's idea that 'Ideas have significant consequences' (Grant 2002:589). There has been a significant engagement recently in the literature with the notion that ideas are important, or that 'ideas matter'. Carstensen (2010:847) points to the consensus in this regard, he also draws attention to the extensive literature that has emerged. Connecting the idea of significance with concepts of meaning and importance required that the notion of consequence be connected with the ability to affect meaning, and cause to change, in other words - influence. This linked the influence aspect of the initial research question with the notion of extent and change.

In the second instance the role of neoliberal thought as part of a broader liberal outlook, and the paradigmatic contemporary ideological position anchored in Hayekian principle and economic rationalism requires evaluation. In conjunction with the *realpolitik* of operational politics and political pragmatism, this investigation into the role of neoliberal thought in the contemporary political sphere allows movement towards a more comprehensive understanding of the political and philosophical forces that act, albeit not always in a coordinated and synchronised manner, as an intellectual engine within contemporary politics.

Thirdly, the idea of contemporary politics founded on a liberal conception of the world reminded me of Gaus (2000:195) when he hypothesised that liberalism was successful on the basis that 'our ambivalent nature ensures that any doctrine to which we form real allegiance is itself ambivalent and contradictory'. If accepting for a moment that we are indeed ambivalent in nature then on that basis this research question needs to examine the nature and extent of our ambivalence towards notion of freedom, individualism, and the relationships between the market economy and social and political institutions. Is this a trait of the post-modern world? or an aspect of reflexive modernity? Or was it always so? It must also discuss the notion that neoliberalism is itself ambivalent and contradictory and in doing so address the ultimate contention that neoliberalism has become nothing more than just a slogan searching for meaning (Beilharz 2010). Large swathes of the literature reviewed deals with the question of ambivalence and contradiction within neoliberalism including Harvey (2007a, 2007b), Saad Filho (2005), Johnson (2005), Munck (2005) etc.). Discussion must also take place

regarding the nature of our 'real allegiance' (Gaus 2000:195), whether it is bona-fide or feigned, reverting back to a discussion of the nature of contemporary politics, individualism, rationality, and an economic world-view.

While some of the discussion above could themselves form micro hypotheses, or form the basis of research questions in their own right, they fail to adequately deal with the fundamental question that surrounds this research project. Following Lowi (2001:146) the idea of testing hypothesis 'cumulatively around fundamental values rather than as one micro hypothesis at a time' was very attractive, and allowed for an analysis that incorporated the 'integration of ideologies in a modified form with a revised liberal outlook' (Gaus 2000:191). This integration under the broad genre of neoliberalism incorporated several micro doctrines including those based on rational thought, new public management and others, allowing the research question focus, as stated previously, on a politics that incorporates fundamental liberal outlooks, such as the role and place of the individual, the market, and the institutional, political and social relationships that arise as a result within contemporary society. This connects the operationalization of neoliberal thought and political action.

As stated earlier this process ultimately leaves one with a more refined research question based on the original phenomenological description that asks, *to what extent has neoliberalism, as elucidated originally by Hayek affected change in contemporary politics?*

Inside this question the nature and extent of our ambivalence, the impact of this ambivalence on current and emergent strands of neoliberalism, and the future context for neoliberal thought, within an evolving contemporary politics can be discussed. Neoliberalism's continued survival and hegemony leaves us trying to understand one of the consequential outcomes of the research question, 'why does neoliberalism remain so influential?'*(Understanding),* 'Why are the actions, practices and institutions of contemporary society neoliberal in attitude?' *(Critique),* and 'Why do the beliefs, meanings and preferences of the people involved allow this to continue?'*(Self-reflection).*

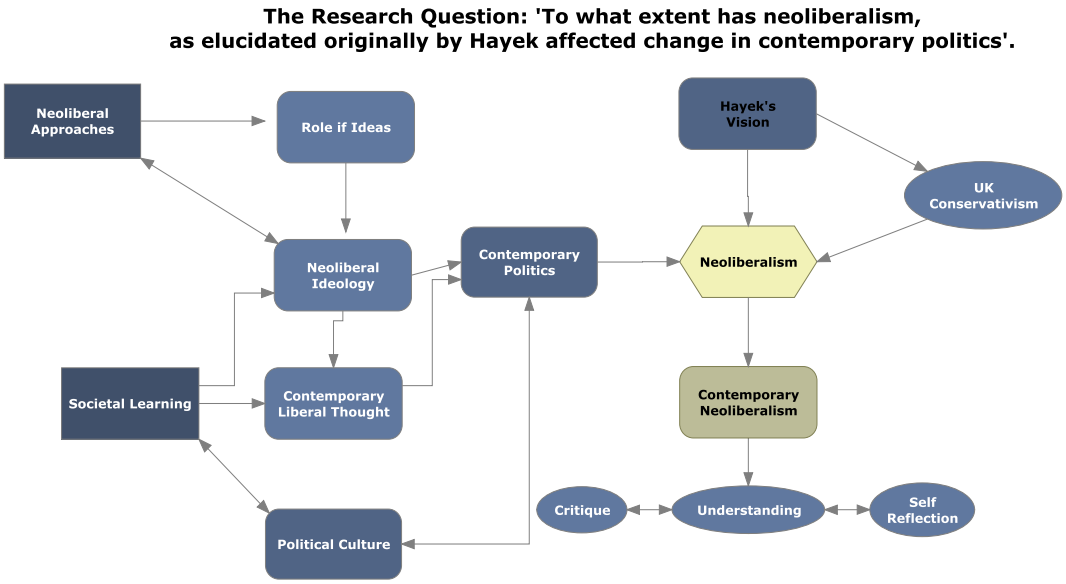


Figure 3, The Research Question

The research question embraces the broad aims of the project, and serves to facilitate debate around the question of the extent and significance of modern neoliberal thought and its effect on the development of contemporary politics.

THE RESEARCH APPROACH

Hermeneutics, semiotics and contemporary analytical philosophies point to the importance of elucidating and explaining meanings by reference to wider systems of meaning, rather than by reference to categories such as social class or institutional position, and rather than by construing ideas or meanings as independent variables. (Bevir and Kedar 2008:506).

This fits well with liquid modern conceptions of the place of the atomised individual and follows in a long liberal tradition that focuses on the individual as the centre of political thought while recognising the complexity, and the conflict within individual perspectives. This liberal tradition focussing on the individual pre-dates the contemporary liquid modern era, drawing its pedigree from the likes of J.S. Mills ([1861] 2001:12) who proclaimed the importance and variety of individual experience and 'self consciousness'.

Contemporaneously Bauman (2000, 2007a, 2007b) caustically characterises the individual as having become a victim of liberal self consciousness, where the importance and variety of individual experience has been reduced to 'cut throat competition rather

than unifying a human condition inclined to generate co-operation and solidarity' (Bauman 2000:90) as Mill's romanticised view would have it.

In examining the importance of individual experience and the awareness of 'self' in a wider socio-political context the adoption of broad interpretive methods offer a research approach that recognises 'the insight that to understand actions, practices and institutions, we need to grasp the relevant meanings, beliefs, and preferences of the people involved' (Bevir and Rhodes 2004:130). Complimenting this, critical inquiry accommodates a public process of self-reflection. The research approach adopted in this thesis provides just such an insight into behaviour, together with a description of the reasons that lead to action (Bevir and Rhodes 2004:131). This approach supports the notion that action results from individualised behaviour that is in turn affected by context, which includes theoretical conceptions and ideological beliefs. The thesis argues that the basis of these theoretical conceptions and ideological beliefs are distinctly liberal in outlook, focusing on the role and place of the individual, the market, and the institutional, political and social relationships that arise as a result within contemporary society. In this fashion theoretical grounding occurs through recounting real world examples such as the use of empirical data to highlight levels of governmental expenditure and debt within the real economy in Chapter Nine.

Falling from this, the research approach adopted here can be characterised as social constructionist in nature, accepting the role of the observer, and the contributors to the research process as embedded in the social phenomena that is neoliberalism. Knox (2004) discusses social constructionism from the perspective that reality is not objective and exterior, but is socially constructed and given meaning by people, who are conscious, purposive actors with ideas about their world and attach meaning to what is going on around them. It specifically recognises that in order to understand the actions, practices and institutional involvement (Bevir and Rhodes 2004) at micro levels, the macro and Meta levels of general understanding of the Neoliberalization of the public sphere need to be understood. The complexity associated with a study such as this, requires that the research approach extends beyond traditional sub-disciplinary fields such as pure economic analysis, focusing on broader cross-disciplinary approaches. For example, Carstensen (2010) analyses the nature of ideas and their specific impact on Danish Jobcentre Reform within economic parameters focussing on monetary policy. While it was not Carstensen's intention to extend the analysis beyond a monetary policy

analysis, limited approaches such as this cannot reflect the wider scale of the impact of ideas on such a key socio-political and economic questions.

Table 1 summarises the contrasting implications of positivism and social constructionism within any research approach.

	Positivism	Social Constructionism
The observer	Must be independent	Is part of what is being observed
Human Interest	Should be irrelevant	Are the main drivers of the science
Explanations	Must demonstrate causality	Aim to increase general understanding of the situation
Research progress through	Hypotheses and deduction	Gathering rich data from which ideas are induced
Concepts	Need to be operationalized so that they can be measured	Should incorporate stake holder perspectives
Units of analysis	Should be reduced to the simplest terms	May include the complexity of 'whole' situation
Generalisation through	Statistical probability	Theoretical abstraction
Sampling requires	Large numbers selected randomly	Small numbers of cases chosen for specific reasons

Table 1, Contrasting the Implications of Positivism and Social Constructivism[21]

By recognising the contrasting implications of positivist and social constructivist approaches the research approach adopted here is free to adopt a *Wissenschaft* overview, that is, it can emphasise various aspects of the two approaches where necessary. This allows an analysis of ideological neoliberalism and its influence on liberal democratic political outputs in an ideational sense (Béland 2010). Why have the ideas associated

[21] Adapted from Pathirage et al. (2008).

with neoliberalism retained hegemony? What is the attractiveness of these ideas that allows them to retain influence over contemporary politics?

Adopting a research approach that looks at the context and ideological underpinnings of neoliberalism's influence, supports the view that broad interpretive methods based on a 'causes of effects' (Mahoney and Goertz 2006:230) formulation, increases the possibility of an adequate explanation, and understanding of the research question. In this scenario neoliberal thought *(cause)* as a major contributory cause of the Neoliberalization *(effects)* of society and the individual can be explored. Here the pragmatism of neoliberal thought in conjunction with historical circumstance, individual creativity and politically significant events acted to intensify the sense of relevance that surrounded the establishment of neoliberal thought's hegemony, for example the series of crises including the oil crisis of the early 1970s, the economic recessions of the early 1970s, and later in the 1980s. Hayek characterises many of the intellectual trends that underpin these crises as part of a wider crisis of liberty, serving to undermine freedom throughout the world.

This assists our understanding of the consequential outcomes of the research question, namely neoliberalism's longevity and resilience.

In contrast, a more positive or traditionally scientific approach analysing an 'effects of causes' (Mahoney and Goertz 2006:230) formulation would fail to address the issue of understanding at the heart of the research question adequately. Bevir and Kedir (2008:505) conclude that a more 'anti-naturalist' approach is reflective of the contemporary philosophical position where the 'constitutive features of human life set it apart from nature', emphasising that the 'social or human sciences cannot take the natural sciences as a model'. Following Bevir and Kadir (2008:506), this thesis supports the anti-naturalist view that social science takes place within particular and varying contexts, highlighting the importance of meaning, contingency and the dialogical nature of social life. In just such a context narrative allows us to 'unpack the contingent and particular conditions of actions and events' (Bevir and Kadir 2008:506), leading to greater understanding, critique and self-reflection.

With a research approach that seeks to explain the language, background and social practices that underlie the phenomenon of neoliberalism, the criticism that anything less than a positivist scientific approach lacks the necessary rigour to sustain the research question, arises. Scruton (2009) reflected on this type of problem observing that science

cannot give meaning to life. He worried that non-scientific disciplines are being forcefully re-branded as infant sciences in spite of the fact that hard science may only be useful as a tool in describing and explaining particular events. In that regard this project recognises that 'hard' science cannot explain all the aspects of the human condition. As a result disciplines, such as political science, that seek not only to explain and describe but also to understand, need to retain their core elements rather than abandon them in favour of a 'purer' less inclusive science. This requires that political science scholars use all available means to better understand, explain and describe the subject of their inquiry.

The importance of research approach, generally, deciding whether one should favour a descriptive or analytical approach to shed light on neoliberalism's influence, or a theoretical approach favouring the construction of a model to assist in our knowing or understanding of neoliberalism's influence, or a philosophical or ethical approach towards the influence exerted by neoliberalism marks out the originality of the research approach adopted. In this case aspects of description, analysis, theory, and ideology are combined to create a theoretical synthesis that gives a new interpretation to already known material. This social constructivist approach engages with conceptual issues, and through its cross disciplinary and cross methodological formulations connects different areas of knowledge in a novel manner. The cross disciplinary and cross methodological formulations referred to here includes economic and jurisprudential concepts of the individual, and elements of interpretive, and critical methodological techniques.

Having regard to this the study developed a research approach that encompasses a situational and contextual analysis of the influence of neoliberal thought, drawing attention to the interrelationships between ideological hegemony, neoliberal thought, and political action. To achieve this the methodological approach adopted addresses the 'detailed exploration of political, personal, media, and academic 'talk' and 'writing' about a subject', *discourse*, revealing the organisation, reproduction and practice of knowledge (Muncie [2006] in Jupp ed. 2006:76).

This was incorporated as part of the need to 'summarise relatively global patterns in people's sense making…around controversial issues and matters of public opinion', into *interpretive repertoires*, allowing an appreciation of accounts and versions of significant events in social interaction and the formation of identity (Wetherell [2006] in Jupp ed. 2006:153).

Augmenting this palette of approaches, the research required the adopting of critical approaches to the inquiry incorporating a conceptualization and reflexive engagement with Neoliberal hegemony, and its dominance of the social field, as a means to reflect the broader context of the research topic.

Silverman's (2005:122) warning regarding the use of multiple methods and the danger of 'scrappy research based on under analysed data and an imprecise or theoretically indigestible research problem.' was considered. However, the linkages and similarities between the selected research approaches complemented the philosophical and methodologically pluralist nature of the research. This allows movement between Meta and macro conceptions of the influence of ideology on contemporary politics, and the micro effects of this on everyday social reality.

Overall this social constructivist approach allows us to understand shifting positions over time by considering the intellectual narratives and ideological preferences of the elite opinion leaders involved. It allows an examination of the role of 'truth' within a context of a 'prior set of beliefs or theoretical commitments' (Bevir and Rhodes 2004:132). This approach adapts itself for an examination of the use of ideology to legitimise action, in addition to pragmatic political motivation, accommodating the prospect that ideas condition the thoughts and actions of contemporary political actors (Van der Meer *et al.* 2009). This necessitates critical understanding of political action, and how context impacts on the individual autonomy and responsibility of political actors (Bevir & Rhodes 2004:131, Findlayson 2004:153).

To understand political action in the context of the risk society contemplated by Beck (1992) and Beck *et al.* (1994), or the liquid modern world as contemplated by Bauman (2000), political actors might be excused as 'doing the best they can in an uncertain world' (Findlayson 2004:153). The weakness of using interpretive techniques in isolation in this type of environment is that they allow for the fact that actors needn't necessarily know the consequence, or take responsibility for their actions, getting them off the critical hook so to speak. The incorporation of discursive and critical elements to the research approach mitigates the danger that interpretive techniques might be viewed as soft on the political and often personal failures of political actors. This despite interpretive techniques accepting as they do, that political actors do their best, and that there can be no one right view (Bevir and Rhodes 2004:153). The amalgamation of these multifaceted elements through their use of many types of data to recover the meaning

and beliefs embedded in action (Bevir and Rhodes 2004:158) improves 'particular understandings in motivating political conduct' (Hay 2004:147).

The adoption of such a multifaceted approach is not without its own difficulties. There are disputes within and among advocates of interpretative and discursive approaches as to where the emphasis within the overall research approach should lie. Interpretive approaches rest on philosophical analysis 'of the meaningful nature of human action' (Bevir and Rhodes 2004:153). The incorporation of the extra elements adds to the methodological tool-kit, improves analysis, and moves away from particular ways' of treating data (Bevir and Rhodes 2004:157). For example, when examining the level of individual autonomy understood by commentators to be necessary to privilege concepts and beliefs before traditions, an examination of ideology and discourse focussing on the contradictions within these concepts and their interaction with individual autonomy helps to provide a wider sense of the issue under discussion (Bevir and Rhodes 2004, Dowding 2004).

Allied to this the level of significance of the role of ideas and their impact on collective learning is contested (Béland 2010:148). These aspects of the research approach represent significant methodological challenges.

Disputes about the degree to which an individual is autonomous, and can have an influence are controversial. It is a manifestation of the *freedom of the individual* conundrum at the heart of liberal thought. The degree, to which an autonomous individual can be influenced towards action, or indeed inaction, forms a key component of the central hypothesis of this thesis. For Hayek the individuals of key importance were the intellectuals, who, as the second hand dealers in ideas exercise considerable influence over the direction and nature of progress (Hayek 1988:55). Progress was for Hayek a broad concept, and he warned that society needs to discount the tendency towards rose tinted nostalgia and the view that 'what was done in the recent past was all either wise or unavoidable' (Hayek [1945] 2005:36). Hayek, too, emphasises that freedom as the 'source and condition of most moral values' (Hayek [1960] 2006:58) comes with a requirement on the part of the autonomous individual for 'self ownership' (Hayek [1945] 2005:15). This ownership requires a level of individual responsibility supported by 'moral conceptions which every individual learns with language and thinking' (Hayek [1960] 2006:58). In contrast his critique of collective responses towards responsibility emphasise their failure to adequately consider individual

autonomy, endorsing the view that 'everyone's responsibility is no-one's responsibility' (Hayek [1960] 2006:73).

More recently the concept of co-responsibility has emerged to address the moral challenge of a new society facing 'universal, global, and irreversible' (Strydom 1999:66) challenges, and this addresses Hayek's critique of collective responsibility. With co-responsibility the emphasis is placed at the public level, focussing on shared or common problems while acknowledging the role of individual responsibility, and its effect on shaping the discourse on public problems (Strydom 1999). By framing the research approach within this notion of co-responsibility the investigation of individual autonomy, its connection to the wider world, and the ideas within it can be evaluated in an interpretive and discursively critical way.

Notwithstanding this, an overemphasis on questions concerned purely with individual autonomy and Meta idealational interaction miss the point to an extent. What is important for the multifaceted approach adopted here is a recognition that the individual does not exist in a bubble, whether that be a 'bubble of autonomy' or otherwise, and is, following Bevir and Rhodes (2004) subjected to a social context for actions. This requires that individuals' action be interpreted within broader social practice. Gibbons (2006:563) reinforces this in his assertion that interpretive approaches emphasising 'language and background social practices at the centre of social explanation' form a useful starting point for analysis. This assertion can also be claimed to cover the broader remit of discursive approaches, in general reinforcing its associational relationship with interpretive methods in this case. Developing this assertion Bevir and Rhodes (2004) point to the role of tradition in setting social context while Dowding (2004) disputes the extent of its impact, and Findlayson (2004) the semantic use of the word tradition itself. Detailed argument on the place of tradition aside, a research methodology that uses a combined methodological approach does provide a perspective to better understand the contextual basis of contemporary socio-political practices that are anchored on liberal foundational ideas.

THE RESEARCH PROCESS

In situating the research process for this project and deciding on the optimal methodological approach to examine 'The Influence of Neoliberal Thought on Contemporary Politics', the need to develop a plan of attack that would recognise the

complexity of the research question was paramount. The type of study being undertaken does not neatly fit within a characterisation of deductive or inductive research requiring that the research process be tailored to deal with this. Pathirage *et al.* (2008) using Robson (2002), and Gill and Johnson (2002) argues that the deductive approach to research has become synonymous with positivism, whilst inductive approach with social constructionism. The use of deduction to illustrate the movement from theory to data, or the use of inductive reasoning to show how data illustrates theory does not adequately explain or give rise to a greater understanding of the complexity of the issues involved. The need to operationalize the research process requires that Neoliberalization be tested through confrontation with the empirical world (Pathirage 2008:4). The dilemma faced within the research process for this thesis reflected the need to explain, and also understand social phenomena through observation and experience, while remaining critical of exclusive approaches particularly positivist philosophical research approaches and structures.

Generally the research philosophy refers to epistemological, ontological and axiological assumptions and undertakings that guide an inquiry in a research study, implicitly or explicitly.

The epistemology or theory of knowledge describes the origin, nature and limits of human knowledge. Epistemology defines 'how' the researcher knows about reality, and how knowledge should be acquired, or assumptions accepted. Ontology deals with the nature of being, explaining 'what' knowledge is, and what assumptions about reality are justified. Axiology, the study of the value of things in their broadest sense reveals assumptions about the value system.

Thus epistemological definition, ontological assumptions, and axiological proposition underpin the formulation of research philosophy, influencing the selection of appropriate research approach and method.

Given the breath of Neoliberalism as 'an ideology, a set of policies, and a form of governance' (O'Connor 2010:692), with a large body of research material readily available on each aspect of the topic, the temptation to narrow the research process and produce another body of work that examined one of these specific aspects was great. Indeed more refined aspects of Neoliberal thought, for example a focus on rational thought would have narrowed the process towards a distinctly economic perspective. This specialization would have neglected issues associated with the wider political

economy, and failed to capture the essence of what neoliberalism encompasses. Following on from earlier studies on the relationships between 'Social Partnership, Social Capital and Public Policy' (Mac Donald 2006) there remained a concern that the relationships between underlying ideological foundations, public policy, and governance, remained inadequately understood, academically compartmentalised and consequently under-explored.

Therefore the research process adapted for this thesis needed to make sense of a 'phenomenon that is simultaneously an ideology, a policy, and a form of governance', and answer the question of how 'technology, financial capital and wealth redistribution', all retain such an important role in neoliberalism's hegemony in contemporary politics (O'Connor 2010:692). It is the inadequate explanation and understanding of this issue that this thesis seeks to address, making its contribution to knowledge in this way.

The recognition of complexity associated with the inquiry carried with it the possibility that the inquiry may be impossible to fully investigate, and the danger of reductionism was always to the fore. At no stage is it assumed that neoliberal ideology is the sole progenitor of contemporary politics. This recognition required that the research process take account of the uncertainty and ambiguity that surrounds political actors' motivation. This includes the context framing political policy and governance, the historical evidence available, and the cultural influences associated with contemporary politics.

Silverman's (2005) warning about a 'kitchen sink' approach to the research process was a challenge. The research process did lend itself to 'always reading and gathering data' (Silverman 2005:87), however this problem was minimised by focussing in on Blundell's (2005) summary of Hayek's ideas, discussed in Chapter Seven, and its contrast with Hay's (2007:2) composite definition of contemporary neoliberalism, discussed in Chapter Nine. This allowed an exploration of the changes and the irony within today's neoliberal perspective viz. a vis. Hayek's original position.

Given the recognition of neoliberalism's dominance of the social field any polarised view of the research process, philosophy, question or approach, would only minimise reflexive engagement.

Contemporary movement towards the endorsement of philosophical and methodologically pluralist approaches to questions of this type appreciate more completely the complexity of the research topic. Unilateral approaches that align

positivist philosophies with purely quantitative methods, and social constructivist philosophies with purely qualitative methods, limit and confuse the research process (Knox 2004). These were felt to be too restrictive for this research project.

The research process adopted recognises positivism and social constructionism as necessary approaches to understanding the connections between the empirical and the theoretical aspects of the research topic. Where necessary the process allows for an approach and theoretical framework that encourages the use of both to understand and explain the research question better.

THE THEORETICAL FRAMEWORK

In addressing positivist concerns coincidentally with the need to operationalize research (Tsolakis 2010:399) this thesis adopts a progressive theoretical framework that understands the forces, and processes, that impact on neoliberal society. The avoidance of reification allows the conceptualisation and analysis of general neoliberal principles, within an operational context. In order to arrive at an understanding of neoliberal processes, and their impact, the theoretical framework used here needs to maintain theoretical coherence while moving between operational and symbolic ideological perspectives, and yet retains flexibility, allowing a deeper analysis of neoliberalism's influence on contemporary politics. The framework adopted needs to recognise and accommodate the distinction between neoliberalism as a system of thought, or symbolic ideology, and contemporary action orientated, and ideologically operational neoliberalism (Berry *et al.* 1998, Munck 2005). Practically this occurs in the later Chapter's Five, Seven and Nine.

The adoption of a theoretical framework founded on liberalism and developed and updated through a social constructivist approach, as discussed in the earlier section dealing with the research approach, within the thesis allows an examination of the relationships between neoliberal theory, and evidence of neoliberal action while appreciating the complexity of the operational context, underlying processes, and the chronology of events that have led to the ideas of Hayek evolving into the hegemony that is contemporary neoliberalism.

This theoretical framework builds on the ambivalent nature and contradictions that personify liberalism generally (Gaus 2000), and following on, neoliberalism. As part of an evolutionary process within political science privileging effects, a liberal founded

framework advocates a post-positivist political analysis whose plurality seeks the accommodation of as many of the aspects of neoliberalism as possible.

Based on its liberal foundation this type of analysis recognises as Habermas did the need for consensus within its discourse, and an acknowledgement of the need for agreement and compromise when confronted with divisive issues (Caldwell 2005). There is an appreciation of the economic, political, and social interactions that characterise the nature of contemporary politics.

Given the nature of ideology generally (Freeden 2001:5), the significance of ideas (Grant 2002:589), and their causal role (Béland 2005:15), within a polity anchored in liberalism, and liberal political culture, a liberal theoretical framework accords a genuine causal role to ideas (Hay 2004b) linking the theoretical system of thought to the practical action orientation. A detailed discussion of the nature of ideology, liberal thought, and political culture takes place in Chapter Five, where modern political thought primarily focussed on liberal thought, and the role and effect of neoliberal political philosophy, ideology and culture over the last twenty- five years have, it is argued, had a privileged position. In conjunction with this, focusing on the evolutionary nature of change in liberal thought over this period clearly shows a movement towards neoliberalism. As mentioned, these changes are themselves anchored in the nature of ideology generally and liberal ideology particularly. The historical emphasis of liberal thought on the relationship between power and domination, and its neoliberal evolution towards a more focussed emphasis on power as economic and political interest, places the role of ideas centrally, impacting on liberal political culture, and a contemporary politics that has 'learned' from history.

The liberal theoretical framework used here takes cognisance of this evolutionary trend, its plurality incorporating the link between liberalism, and later neoliberalism to the discipline of economics reviving Political Economy, moving it away from its historicist restraints. Where traditionally the role of economics and political action have been compartmentalised within their sub disciplines, there have been contemporary efforts to reassert the role of Political Economy as a discipline in its own right, examining wealth and its effect on society. All this is leading towards a more dialogical exchange within Political Economy (Mavroudeas 2006 & Beinhocker 2007) and this is accommodated within the theoretical framework adopted here.

For the pursuit of 'truth', issues such as economic globalization etc. are often considered intrinsic to any discussion of neoliberalism (Saad Filho (2005), Colas (2005), Lapavistas (2005)). Any economic or agent centred approach generally encourages the use of empirically based evidence as an evaluator of the influence of ideas on politics, with this in mind the theoretical framework adopted here, places significant emphasis on political economy. The economic supporters of ideological neoliberalism argue that the market rests on simple assertions around individuals and market behaviour, those critical of such an approach argue that these over-simplistic neoliberal models are unrealistic (Turner 2007). The framework adopted here takes account of these opposing views through its appreciation of the complexity and connectedness of political, economic and social perspectives.

Adopting a methodology that embraces a multifaceted approach within an liberal theoretical framework one maximises the understanding of the dynamics, which at various times have marshalled interested parties such as those involved in the Mont Pelerin Society, and institutions such as think tanks like the Institute of Economic Affairs (IEA) in response to political challenges. The importance of the role played by interested parties (Parsons 1995ed., Denham and Garnett 2006, Pautz 2010), and their involvement with issues of individual autonomy (Henderson D and Harcourt G. 2001), marketization (Copp 2008), and commodification in the eyes of some critics (Sennett 2006), together with institutional responses in framing the contemporary narrative, are critical to our appreciation of neoliberalism's hegemony. Similarly, institutional responses to this type of interested party action have demonstrated a sense of pragmatism, responsiveness, flexibility and reflexivity indicative of an institutional willingness to adapt and expand in order to survive. Indeed the example of Margaret Thatcher and the Conservative party in the UK, and the later example of Tony Blair's New Labour project serve as important examples of how interested parties combined with institutional interaction converge in a pragmatic fashion at critical junctures on key political projects (Larner 2000). The nature of political expediency for both groups creating the necessary dynamic for change.

As part of this operationalization of neoliberal ideology discussed in the section dealing with the research question the theoretical framework embraces the ideological pluralism necessitated by political expediency, acknowledging that aspects of other ideologies such as liberalism, and conservatism have been subsumed into neoliberalism.

As Evans (2002:148) points out when discussing Third Way ideology, some elements of ideology may be shared by different ideologies as a reflection of ideological pluralism and it is the singular nature of the blend that gives each ideology its unique signature. It is this ability to re-orientate itself that is striking about neoliberalism's continued hegemony. In attempting to capture the operationalization of neoliberal ideology the theoretical framework adopts an inimical approach to hierarchies, remaining sceptical of grand narratives that through ideological hegemony distort perspectives, and are partial in their assessment. This forms the critical aspect of the approach adapted to neoliberalism.

There are weaknesses associated with theoretical frameworks that place too much emphasis on one particular narrative, for example, the historical narrative. For this framework there is recognition that the historical discourse has been preceded generally by a liberal ideological hegemony, and subsequently by a neoliberal one since the 1980s. Given this acknowledgement any analysis of the relationship between political thought, neoliberalism and its critique, may be undermined by conceptual inconsistencies and empirical shortcomings (Tsolakis 2010). This caveat does not however excuse the use of this framework to assist in understanding the nature of neoliberalism's success. Indeed in later chapters it will be argued that this earthier representation of neoliberalism's successful hegemony undermines the traditional search for a theoretical utopia, giving due recognition to the reality of political pragmatism within idealistic aspirations.

Developing the related point regarding the weakness of the historical discourse when preceded by a liberal hegemony, the same applies to notion of common sense or self-evident truth. Gramscian ideas of sense held in common not being the same as common sense apply here. That is, that the idea that sense held in common is very influential but need not be judicious. In this way aspects of neoliberal ideology are very persuasive, and built on earlier liberal theoretical frameworks are assumed to be self-evident truths (Harvey 2007a:3). This undermines the complex nature of political questions discouraging attempts to operate at a deeper level of explanation in order to increase understanding. From Hayek's perspective the pursuit of self-evident truth has been controversial despite his recognition of the complexity of political relationships (Hayek 1988). Hayek's biographer Ebenstein (2001:272) discusses Friedman's criticism of this 'weakness' in Hayek's method; pointing to what he (Friedman) felt was Hayek's over-reliance on it. The theoretical framework used in this research recognises this danger,

and critically approaches liberal ideas embedded in common sense that purport to be 'central values of civilisation' (Harvey 2007:5). As part of this the theoretical framework will contribute to the conceptual and theoretical development of the discipline, identifying and explaining the "relevant relationships between the facts" (Verma and Beard 1981:10 in Finn 2005:15).

Having regard to all the salient points and general discussion above, the theoretical framework acknowledges the cultural aspects of human behaviour. As Stoker (2006:77) points out despite our scientific concerns with logic and rationalism human behaviour is not fully strategic, people struggle to understand the world and interpret it through situational analysis. As part of this process problems associated with distortion occur, and through the accumulation of broad, shared frameworks of understanding the search for political resolution continues. In this vein several criticisms of the theoretical framework can be elucidated.

Firstly the reliability and persuasiveness of the methods used given their variety can lead to the accusation of eclecticism. This can be countered by the argument that the use of specific arguments by several scholars from varied and diverse backgrounds including those from wider social scientific fields reflects the inconsistencies within many of the available theoretical approaches towards neoliberalism. By recognising the imperative contained within the research process, the adoption of such an approach creates 'additionality' (Evans and Davies 1999:362) that is it adds to our understanding of the phenomena.

The requirement to juggle a range of concepts leading to the charge of being too concept heavy could be criticised as too eclectic, the spirit of engagement throughout this process, requires that in order to reflect the pervasive nature of neoliberal thought and the diversity, yet incomplete, nature of the available critique 'it is valid to integrate compatible arguments into a specific coherent whole' (Tsolakis 2010:389). This is precisely because the available approaches are limited.

Secondly, the issue of epistemological neutrality arises where an open system such as the political system is discussed. The problem here relates to a broader issue within a positivist political science tradition that of applying a positivist scientific approach while imagining the political realm as a closed system. This is linked to the relationship between theory and evidence, a key distinction between non-science and science in the study of politics (Thomas 2005:859). Hansson (2008) when discussing problems of

demarcation such as those encountered when evaluating the relationship between theory and evidence, calls for a more sophisticated approach to the view of scientific progress. Hanson (2008) emphasises the importance of the whole research process rather than an isolated approach concentrating solely on hypothesis development. In this way research remains progressive, developing new theories, rather than degenerative, where theories become fabricated only to accommodate known facts (Hansson 2008 citing Thagard 1978).

Thirdly, the failure to progress knowledge leads to the charge of being engaged in pseudo-scientific research where the emphasis on theoretical development towards the solution of real world questions is avoided. The sometimes derogatorily laden connotation associated with this concept need not necessarily diminish its usefulness as a descriptive tool for understanding the complex normative elements at work in political science. It accurately captures the controversial nature of scientific research, bridging the gap between notions of *Wissenschaft* and *Science*. Such a broad understanding accommodates systematic and critical investigation encouraging 'the best possible understanding of the workings of nature, man, and human society' (Hansson 2008). In that role the theoretical framework adopted evaluates beliefs that are epistemologically warranted.

CONCLUDING REMARKS

To examine the question of neoliberalism's influence, the framing of the research question and the adoption of a research process and theoretical framework upon which to hang the resultant analysis was paramount. Broadly defining the research process and theoretical framework effectively determined the nature of the inquiry, and whether it has the qualities of scholarly or scientific research. The decision to adopt a multifaceted approach to the research question recognised the conflict between explanatory and interpretive conceptions, but was not clear cut. It did offer a practical or *Hegelian* solution to the problem of a comprehensive interpretation of the contemporary (Bohman

2010).[22] The inclusion of critical inquiry allows an effective engagement in self-reflection in conjunction with the element of pragmatism that is necessary to overcome the dilemma of scientific attitude and romantic inclination (Festenstein (2009), Bohman (2010), Hookway (2010)). The research approach, process and framework together were felt to be the most measured approach to the question of methodological rationale.

The theoretical framework's adaptation of Hay's (2004b) social constructivism as capable of according a genuine causal role to ideas in an explanatory but post positivist political analysis allows the necessary understanding of neoliberalism's continued hegemony. This position recognises Hayek's (1988:21) fears surrounding the nature of constructivist arguments, that while recognising the role of human designers in the development of an 'extended order', there needs to be an acknowledgement of the spontaneity and complexity associated with society's evolution.

Hays (2004b) critique of the problem of ideation-ally sensitive and ideation-ally insensitive political analysis and the assumption of a standardised epistemology with positivist bias captures the spirit of this research project (Hay 2004b:144). Parsons (2005) in his analysis of the ideational process looks to the logic of position and the logic of interpretation as a means for the explanation and understanding of the causal role of ideas. The theoretical framework adopted here, in that vein, focuses on the material, the exogenous or man-made factors, that give gravitas to any explanation or understanding of the role of ideas; recognising that these factors result from historically rooted desires, and individual cognitive processes (Doyle and Hogan 2008).

This perhaps gives rise to a fourth possible criticism, that of the acceptance of irrationality within the research framework rather than its elimination. The theoretical framework acknowledges that much of the analysis within political science hinges on the principle of rationality. The liberal theoretical framework adopted here seeks to recognise in the tradition of Hayek (1988:8) the error of the presumption of reason, in this case the traditional assumptions of reason that 'embody a naïve and uncritical theory of rationality'. Hayek (1988) is of course referring to socialism when he discusses the

[22] Hegelian in this instance refers to the acceptance that the exclusion of either conception was not appropriate as each is merely an extension of the other. It also rests on the idea of synthesis between the two conceptions. This approach allows for the underlying conflict that underpins ideas.

notion of rationality and reason. From this research perspective however, there is no reason why the same logic cannot be applied to any situation the places an over reliance on rationality as a justification for ideological primacy. Hayek (1988:52) refers to this flawed approach as 'constructivist rationalism'.

This type of analysis may be criticised as less descriptive in a methodologically rigorous sense leading to the charge of being unscientific that is incapable of falsification; however Caldwell's (2005:396) contention regarding explanation within situational analysis applies here. That is, that the goal of the research need not be falsification and rejection solely, but rather within this theoretical framework the readjustment of the theoretical proposition. This is entirely consistent with Popper's description of how explanation in the social sciences differs from, or is inconsistent with his prescriptions about the importance of falsifiability and the 'avoidance of immunizing stratagems' (Caldwell 2005:396) within the hard sciences.

As part of this research process I am satisfied the adoption of a combined method research approach is the best means to attempt to capture the aspiration of objectivity within positivism, and the subjectivity of interpretivism. The adoption of this methodology is, following Hayek, an attempt to provide 'explanation of the principles underlying...social phenomena' (Caldwell 2005:397). It is hoped that part of the contribution of this thesis will be its attempt to integrate a variety of approaches to explain neoliberal political thought as the dominant social, economic and political paradigm of this generation.[23]

As Thies (2004:160) points out, albeit in an international relations context, in order to 'capture the complexity' of the evolving ideological relationships within contemporary politics, there has to be a realistic dialogue. This dialogue must embrace a variety of methodological approaches capable of investigating and interpreting the contemporary neoliberal world in the search for the truth of the human condition.

[23] Recently this has been attempted using a single theoretical approach, see O'Connor (2010).

4. COLLECTIVE AND SOCIETAL LEARNING

Prior to discussion on the development of contemporary politics it would be useful to follow the methodological basis for the research by contextualising societal learning having regard to the influence of liberal ideology, the role of ideas, liberal thought, and a liberal grounded political culture on the contemporary political scene. Firstly it must be recognised that there are several different loci of learning, at individual, cultural institutional and societal levels (Delanty 2007, Eder 2007).

Defining learning itself at an individual level, as referring to changes in beliefs or 'change in ones confidence in beliefs which can result from exposure to new evidence, theories or behavioural repertoires' (Simmons *et al.* 2006:795), points towards the need for a deeper appreciation of the complexity involved when discussing 'the learning process' in any investigation. The adoption of a Meso-level approach to societal learning overcomes the restrictions of macro and Meta level analysis which tends to be abstract, and moves beyond micro level analysis which tends to lose focus when dealing with broader structural issues (Evans and Davies 1999).

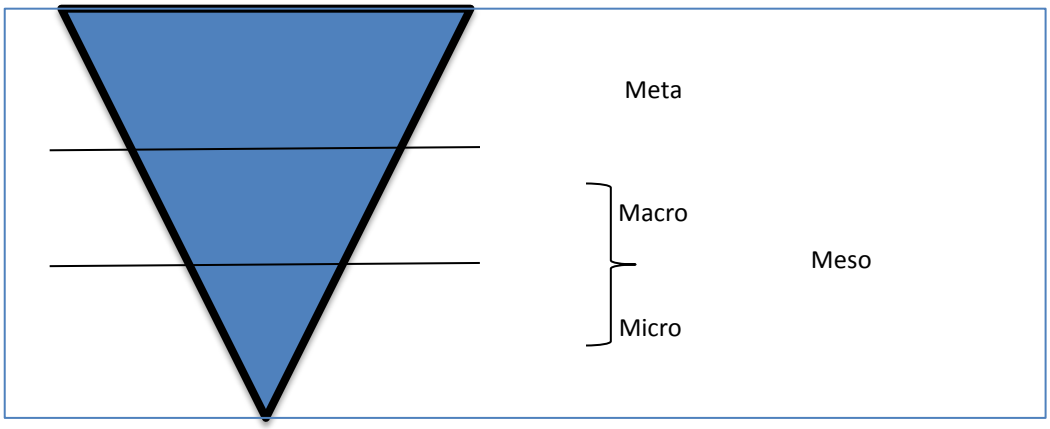


Figure 4, Levels of Analysis in Complex Situations

This ensures that scholars do not lose sight of the interconnectedness of the Meta level overview to macro and micro issues in complex situations involving multi-level, multi-disciplined approaches to the evolution of ideas in a societal learning context.

At the meso level societal learning incorporates the gaining of experience and knowledge at the individual level, and its translation and co-ordination into collective learning, through cultural frameworks, eventually 'becoming realized in' social institutions (Delanty 2007:4).

There are differences, however, 'what is learnt at societal level is very different to what is learnt at the individual level' (Delanty 2007:4). While recognising the connections between the individual and societal aspects of learning the processes are quite separate, and are not cumulative in any strict sense of the word. Both operate at different levels and the relationship between them is complex. Societal learning is focussed on the embodiment of culture in institutional form, following the assimilation as part of culture of individual learning processes (Delanty 2007:5).

This learning process as part of a wider dynamic series of processes seeks ultimately to lead towards the progression of a particular societal goal, or several societal goals, espoused by many within society. These goals are often outlined in broad vague terms at the Meta level, attempting to make that society better, or move away from the failures of the past. In this respect societal learning creates a momentum around collective learning processes within society, that views progress as progression towards, as opposed to the realisation of, 'utopian ideals' (Bauman 2007a, 2007b). This progression towards utopian ideals further reflects the view that progress ought to be 'more an effort to run away from failed utopia's, than an effort to catch up with utopia's not yet experienced' (Bauman 2007a:96). In this sense societal learning can be categorised as reactive. Recognising the impossibility of the realisation of utopia, guards against, to borrow from Daniel Bell's 1960s *'end of ideology'* and Fukuyama's (1992) end of history, the *end of learning*.

Throughout social science, including political science, the often aspirational thought that surrounds societal learning draws inspiration from romanticised ideological notions, as Keynes, whose quote is used in the introduction to this thesis pointed out, when he warns about practical men and the influence of defunct economists and philosophers (Haywood (2003:2) quoting Keynes [1936]1963:383). Bauman (2007a) has argued that the search for this ideal is a modern phenomenon linked to notions of modernity. In arguing this, he points towards the adoption of notions of reason, and the ability of humanity to effect, and construct the world around them. Using the 'gamekeeper', and 'gardener' metaphor, the type of societal learning associated with each phase of societal evolution had its own emphasis. For the pre-modern 'gamekeeper' the preservation of the natural balance was required, while for the modern, and later liquid modern 'gardener' the 'preconceived design' (Bauman 2007a:99) requires the progression of knowledge and societal learning towards the goal of the perfection of the design.

In this way societal learning functions as a disciplining mechanism, providing restraint in the sense that individuals and groups within society are constrained within a 'common public culture' (Delanty 2007:2), where progress is viewed by and large, as a positive or benign process. For this disciplining mechanism to be successful it requires a focus for the imagining of an idealised society. The Royal Irish Academy (2007) stated their goal for the creation of an idealised Ireland, that focuses on the creation of knowledge based society, tied into economic and social progress, leading towards greater social cohesion. This positive aspiration is linked to the dynamic and structural elements of progress that, acting in a coordinated manner, ought to oversee the way in which society acquires knowledge and learns. It is the acquisition of knowledge as a result of societal learning, not always through formalised institutional structures such as commissions etc., but including intellectual and public discourse that contributes to the development of a society different from its earlier incarnation, and that can be said to have learned through its experiences in a sociocultural manner. Delanty (1997:42) characterises this as an anthropological perspective that retains sociocultural aspects of societal learning but abandons 'unitary and onto-genetic' models of evolutionary rationality, allowing for 'unique experience' that share some generalised parameters with other 'unique experiences'.

Although Delanty's (1997) view above proclaims a dynamic learning process at work within society at different levels pointing towards optimistic and positive outcomes, it should not be assumed that this is the only possible outcome. In conjunction with this, as Delanty (2007:4) points out, a Habermasian approach also means accepting that 'not learning' is impossible. This means that learning need not always be positive and not learning is impossible. In a negative sense the implication arises that society can learn to be bad. Accepting this premise from a critics perspective then begs the key question – can being *bad* be unlearned?

SOCIETAL LEARNING

Delanty (1997:42) posits that societal learning occurs as part of an historical process from which universalist principles such as those espoused by the Royal Irish Academy, and discussed previously emerge. Bauman (2007a, 2007b) argues that this is a 'modern' phenomenon, contemporaneously shifting its emphasis away from universalist principles generally focussed on a collective centre of gravity, towards principles with the

individual at the gravitational centre. Indeed this shift can be characterised as part of the liquid modern or reflexive modernity thesis (Bauman 2000, 2007a, Beck 1992, 1994, and Sennett 2006).

As part of the historical evolution of societal learning the process associated with ideological development has not been restricted in Delanty's (1997:42) view, to western societies, but rather differences within the evolutionary process between societies follow from internalised systemic issues within those societies, rather than evolutionary disparities amongst societies. These systemic issues within different societies often are associated with the transition and co-ordination of individual learning into collective learning, later becoming incorporated into social institutions, albeit indirectly (Delanty 2007). Whether one supports this broad view or not, the 'opaque' (Delanty 1997:42) nature of ideology as a form of thought has facilitated some ideologies success in transferring across different societies. In this process of transfer many have been convinced of the merit of the ideological deliberation, allowing 'a cultural process of creation and construction' (Delanty 2007:4) to evolve.

Agreeing with Delanty (1997) and accepting the mainstream sociological principle that individual and societal learning are connected, and that these connections have a cultural aspect, it is in societal learning's general application, that societies learn in different ways, that each society creates strategies through social institutions to preserve and develop what has been learned, and recover what has been unlearned. By recognising the strategies used, and understanding 'how social groups and cultures incorporate principles of moral universalism into their identities and how these inform political practice' (Delanty 1997:42), that a greater understanding of ideological diffusion across several, often disparate societies can be achieved.

Whether formally learned through political, economic or socio-cultural institutions, intellectual activity, or as has become increasingly more common, the public discourse, it is the dynamic, or creep, within the public discourse that frames processes and informs and convinces all of the merit of some idea or other. Common in this sense is a development of Gramscian notions surrounding common sense, inferring a sense of something that is known and accepted by all without equivocation. Habermas (2006:415) recognised the framing of this discourse in the public sphere as 'rooted in networks for wild flows of messages', and 'published opinions'. In this way the role of media is acknowledged implicitly, although later the media becomes less flatteringly

described as 'public ignorance literature' by Habermas (2006:420) for its role in framing contemporary discourse.

Similarly, Hayek (1988, 2005 ed.) sees societal learning issues in a more gracious manner as mediated through the role that intellectuals perform within society. It should be remembered that Hayek's definition of intellectuals was not confined to those in academia, and includes those whose role as social commentators, such as journalists, and teachers etc., influence society. These elites influence society through their presentation of ideas, and their interpretations of the past experiences of society. The part public discourse plays in societal learning is emphasised by Hayek (1988) and Blundell in Hayek (2005ed) in their discussion of the important role played by intellectuals, such as social commentators, in the understanding of economics at a societal level. Blundell in Hayek (2005ed.) speaking in the introduction to the 2005 edition of the 'Road to Serfdom', points out that people learn more about economics from history than they do from the discipline of economics. The contemporary public discourse in economics offers a good example of this, where comparisons to the Great Depression of the late 1920's and 1930's have not been uncommon.

This emphasis on the public discourse and the reactionary nature of society with its emphasis on past experience and inductive methods of learning, rather than theoretical abstraction and deductive certainty requires an understanding of societal learning that encapsulates the 'reflexive character' (Habermas 2006:418) of the learning process. Worryingly for Habermas (2006:420) the public discourse that is so important to this has degenerated into a colonizing mode of communication. This is something that successful ideologies have been able to exploit through propaganda, appealing to the 'broad overlapping audiences, camps, subcultures' (Habermas 2006:416) within the public discourse.

At both simple and deeper levels of understanding, the mimicking and imitation of others whose learning experience is viewed as successful, and through the application of soft pressure on malleable minds (Habermas 2006:417), leads to the re-modelling of society. The evaluation of successful learning experiences discussed here may be as a result of many reasons including the actions of elites who view learned behaviour similarly to Hayek (1988:21)), positing that 'learning to behave is more the source than the result of insight, reason, and understanding'. From such a perspective learning to behave in a particular context, is seen as likely to improve insight.

In such a learning context, political ideology does not rely exclusively on philosophical appeals to universal values, although philosophical emphasis on individual practice within Liberal frameworks does have a significant impact. As a result society's role in shaping political perspectives (Freeden 1999:411) occurs at both a conscious and unconscious level. Even where there is disagreement, the fact that engagement takes place implies some level of collective mutual understanding. The proximate relationships that reinforce mutual understanding underpin the notion of collectivism, ideological community and common sense (Freeden 1999).

Common sense here is used in a Gramscian sense to refer to sense held in common, a collective belief or illusion, rather than an objective collective judgement. Although 'common sense is not something we all share as part of a community' it allows us to move towards a situation where universalist pronouncements or *doxa* (Bauman 2008b), are held up as the 'basis of particular experience' (Panagia 2001:66). When common sense is illusory it behaves in the manner of false consciousness, influencing societal learning, as Hayek (1988:55) warned, through intellectuals; that is opinion formers within society such as politicians, journalists, teachers etc. As collective learning continues, common sense evolves, interpreting not only fact, but also context, including a 'belief about the influence of the system of belief (Freeden 2001:10). It is this belief about influence that makes radical conceptual change harder, reinforcing through societal learning the status quo.

In the case of contemporary politics this has been broadly reflected in an uncritical acceptance of neoliberal practice as common sense. This broad acceptance reflects Gramscian notions of common sense as not necessarily good sense or unquestioned sense. Rooted in this broad uncritical acceptance of practice Strydom (2006:226) developing Habermas (1979) points to the generation of structures of rationality and their universalization and institutionalisation during the consolidation of neoliberal hegemony, as prominent in charting the course of contemporaneous societal learning. The point here being, where custom and practice remain un-scrutinised within the

mainstream, the ability of society to fully learn, or indeed unlearn is adversely affected (Delanty 1997).[24]

The next section will deal with how society learned to be neoliberal, creating the environment for continuing societal learning in a neoliberal context.

HOW SOCIETY LEARNED TO BE NEOLIBERAL?

This section deals with the question of how society has learned to be neoliberal given the differing contextual mechanisms that have influenced collective experiences, the consequent reflection and observation by society on these, the reformulation of concepts and generalizations as a result, and their testing in new situations.

As stated earlier in Chapter One and emphasised later in the discussion of ideology, this thesis argues that western society is anchored on an underlying Liberal basis which has facilitated the adoption and inclusion of neoliberal principles. This follows from liberalism's universalist appeal, its 'foundational ideas' (Freeden 2005:1) having been learned and subsequently valued by society. In this way contemporary society has progressed and learned to be neoliberal, building on these foundational ideas.

This conception of societal learning as progressive relies on the availability of a 'common public culture' (Delanty 2007:2) amongst liberal democratic states, which views progress as a benign and positive process, requiring continuing focus on the imagining of an idealised society. Of particular interest here are countries of Anglo Saxon heritage where ideas surrounding the free market developed from a historically grounded culture of agrarian individualism which preceded industrialization (Grey 2002). These countries were more amenable to a view of progress that regarded neoliberalism as the natural heir and successor to Liberal ideological hegemony. The post Second World War progressive synthesis (Gillam 1975), saw culture no longer 'simply geographically situated' (Scott 2003:100). The supra-nationality of this popular cultural movement (Kendall *et al.* 2008) reflects Anglo American and Eurocentric perspectives on the individual and individualised values (Klosko 2009). This has been

[24] This forms much of the raison d'etre of formal critical theoretical approaches. Methodologically this thesis has already discussed its less formalised critical approach to the research question.

most recently discussed in the televised programme by Professor Niall Ferguson, 'Civilisation – Is the West history'.

The backdrop of a liquid modern (Bauman 2007a) shift to individualism (Franco 2003) heralded an increased emphasis on individual learning as part of the emerging 'biographical autonomy' (Coulter 2003:7), that allowed the cumulative effect of 'unique experiences' (Delanty 2007:4) reflect emphasis away from issues of freedom writ large, towards individual freedom. This more fundamentalist approach reflected the emotional intensity of neoliberal core beliefs as part of a historically liberal political tradition (Freeden 2005). The effect saw neoliberalism increase the rate of change in contemporary politics, away from historical notions of freedom as a collective value towards an increasingly individualised format. This process was more globalised in its remit, although it was not uniform, internalised systemic issues within societies, rather than evolutionary disparities amongst societies often distorting the transition and co-ordination of individual learning into collective learning, and later incorporation into social institutions (Delanty 2007).

As an 'opaque' (Delanty 1997:42) form of thought neoliberalism was successfully facilitated across many different societies (Saad Filho and Johnson 2005). Many individuals, and as a result, albeit indirectly societies, have been convinced that its individual emphasis and appeal to notions such as freedom give a sense of empowerment to citizens (Peters 1983), and momentum to 'a cultural process of creation and construction' (Delanty 2007:4) or positive change. The nature of neoliberalism's cultural procession, or change, has ironically been viewed by others (Sennett 2006, Harvey 2007a, Harvey 2007b), in a negative manner as a process of creation and destruction instead of one of creation and construction.

Discussing the success of neoliberalism's diffusion Harvey (2007a) points to the role of consent, and how the nature of consent has been changed as part of the process of societal learning. One manifestation of this change has been the weakening of available defensive institutional responses as a consequence of societies learning to reconstruct the nature of consent around neoliberal principles. The nature of consent in this regard centres on ideas of bounded freedom (Franco 2003). As advocates of neoliberalism emphasised the 'pathological fundamentalist logic' (Johnson 2008:81) of the TINA mantra that 'there is no alternative' (Bauman 2007b:65) to neoliberal policy prescription, freedom became confined within neoliberal interpretations. This included the *anti-*

étatiste sentiment increasingly echoing throughout popular culture and captured by neoliberal conceptions of the role of institutions, particularly the state, weakening institutional responses, including potentially defensive responses.

The adoption of strategies that achieve consent through an emphasis on differentiated consumerism and individual libertarianism appealed across society generally (Harvey 2007a:42). In the first instance as individuals learned the practical value of consumer choice as a lifestyle option and means of expression, they incorporated neoliberal principles into historically embedded liberalism adapting liberal culture (Harvey 2007a). As society adjusted its institutional structures, and learned from these strategies over a period of time, the creation of a climate of neoliberalism, or neoliberal creep was successfully inculcated.

The role of mediated public discourse as a dynamic force influencing societal learning, and the spread of neoliberalism as part of neoliberal creep has been emphasised by elite actors and think-tanks alike. The use of the popular *Readers Digest* as a means of propagation of Hayek's ideas in *The Road to Serfdom* (1945) and Margaret Thatcher's use of *Woman's Own* magazine (Keay 1987) provides two prime examples of the recognition that by influencing individual learning, societal learning will also be changed. Hayek's identification of the role of second hand dealers in ideas (Hayek [1949] 2005) and their preoccupation with offering new ideas to the public (Hayek 1988:55) explicitly recognised their impact on societal learning. Neoliberalism's success at exploiting its appeal to broad audiences, etc. (Habermas 2006) mimicking the earlier success of revolutionary socialism with its emphasis on propaganda, was recognised by the many think-tanks and research organisations that emerged as advocates of neoliberal policy. These included the Mont Pelerin Society itself, and the numerous others like the IEA and the Adam Smith Institute, all of whom sought to influence societal learning along neoliberal lines.

The advocacy role of public and mediated discourse in improving insight, and the reconstruction of consent along neoliberal lines implied that learning to behave in a rational, free market, neoliberal context, came to be seen as the only means likely to improve insight. It is on this basis that the *'Washington Consensus'* of the late twentieth century drew its sense of legitimacy. Although controversial today, the exhortation of neoliberal policy by those groups and organisations clustered around Washington was overwhelming, reinforcing notions of common sense (Williamson 2002, Saad-Filho

2005, Munck 2005, and O'Connor 2010). Whether one agrees that continued neoliberal policy advocacy was a manifestation of successful learning experiences, or otherwise, remains controversial continuing to surround the discourse on neoliberalism and societal learning. As Williamson (2002) in defence of his own policy prescription points out, a series of crises and ideological fundamentalism overcame the general policy prescription he advocated. This Williamson (2002) blames on irresponsibility on the part of policy makers, and the failure to account for crises, otherwise the prescription is common sense.

Allied with this controversy the notion of neoliberalism as common sense is one that has been emphasised in the public and mediated discourse. The idea that neoliberal policy prescription is common sense has more in common with Gramscian ideas of common sense that is sense that need not be an objective collective judgement, but rather maintains illusory qualities, impacts on societal learning and is in turn impacted upon. The establishment of neoliberalism and the *doxa* (Bauman 2008b) associated with its universalist pronouncements, including the no alternative mantra reinforces the common sense illusion and the 'belief about the influence of the system of belief' (Freeden 2001:10), perpetuating the Neoliberalization of societal learning.

Given that the Neoliberalization of custom and practice to this point remains relatively unchallenged, at least in a pragmatically radical sense, means that society's ability to unlearn the more unsavoury elements of neoliberalism has been adversely limited. Attempts to mediate this aversion through political strategies such as the Third Way implicitly recognise the hegemony of neoliberalism, and seek through societal learning to dampen down rather than unlearn neoliberal practice. Whether this can be judged to be successful remains to be seen.

EVALUATING LEARNING APPROACHES TO NEOLIBERALISM

In terms of the evaluation of societal learning approaches to neoliberalism the research process adopted in this thesis recognised that aside from critical approaches, historical institutionalism appears, from the literature reviewed, to be the primary means through which much of the academic research into the outcomes of societal learning has been focussed (Béland 2005, 2009). Consisting of three elements including the idealational development by intellectuals, experiential knowledge gained through trial and error, and expert specialisation normally focussed on specific issues and

autonomous from other pressures, historical institutionalism's methodological framework suffers from a number of flaws including distortions resulting from a reliance on the elite formation of 'considered opinion'. (Habermas 2006:413).

Firstly this type of institutionalist approach does not capture the complexities of the processes at work within societal learning, adopting a reductionist approach to the subject. While it is not disputed that elite actors such as those active in think-tanks and advocacy groups like the Mont Pelerin society play a significant part in conditioning the direction of societal learning, any exclusive focus on this elite level activity, fails to recognise the pragmatism necessarily required in political action. The failure of socialism presents as an example of this. Indeed Hayek (1988) viewed this ultimately as the fatal conceit.

Secondly in its failure to adopt a 'more political vision' (Béland 2005:5), by focussing on the rationalistic elements of inquiry, rather than the pragmatism necessary for the adaptation of a wider world view, historical institutionalism limits its descriptive effectiveness across diverse societies. As part of this limited rationalistic perspective the overall intrinsic value of learning, and the ideological and procedural conflicts that impact on it are overlooked, diminishing the role of principle and causal belief on shaping the learning process.

In policy matters the paradigms that guide the learning process, include neoliberalism, where as an example of a 'broad and influential policy paradigm' (Béland 2009:704 discussing Hall 1993) it forms the background to contemporary political debate at an ideological and intellectual level. Historical institutionalism's emphasis on expert specialisation independent of other pressures cannot be fully accepted when looking at broad societal perspectives given the already argued liberal predisposition of contemporary society. The broadness of neoliberalism as a policy paradigm sees many elite experts competing for ideational space, compartmentalising expertise further. Experts in this way become a product of societal learning rather than the architects of it.

Despite this the 'role of actors involved in the framing process' (Béland 2009:706) allows the promotion or embellishment of specific values to justify action. This is true of those intellectuals who act as interpreters of societal experience, and where this interpretation has been founded on a liberal view of the world then one must expect that their interpretation will reflect this. The initial media advocacy for neoliberalism is evidence of this (Peters 1983). The issues raised at that time, including the failure of

institutions, over government etc., required for neoliberals that individual autonomy and freedom be placed centrally in any process of change, societal learning subsequently reflected this. Hayek (1988:55) emphasises this, albeit ironically in relation to socialism, in his criticism of the 'second hand dealers in ideas' who 'having absorbed rumours in the corridors of science, appoint themselves as representatives of modern thought, as persons superior in knowledge and moral virtue'. While this position might appear to endorse elite focussed critical approaches it does not emphasise them to the detriment of a more inclusive analysis.

In tandem with historical institutional approaches by emphasising elites and their importance in the generation of societal learning, positivist political science perspectives on social knowledge along with Bayesian learning from economics have been adapted in an attempt to formalise methodological approaches to the question of societal learning. Bayesian learning in this context refers to probability or likelihood in a logical context. This type of approach emphasises rationality and consistency, and is based on an initial premise of evidential probability. It does not acknowledge randomness but rather focuses on yet to be discovered truth. Further examples include contemporary rational choice based theories which, as a series of explanatory models functioning within game theoretic assumptions, have tended to create artificial socio-political realities. In these artificial realities, notions of maximisation and Pareto efficient outcomes fail to adequately explain the roles and motivations of individuals in creating socio-political reality. This rationalist hubris approach associated with neoliberalism ironically supports Hayek's fatal conceit, assuming that on the basis of rationality, and probability individual requirements can be known and planned for. Indeed the Sugarscape modelling experiment with its unexpected market uncertainty and behavioural spontaneity undermined the assumed rationality of these types of approaches.

Habermas (2006:415) recognised the difficulties associated with this type of rational based thinking in terms of influencing institutional inputs, and outputs that are central to political deliberation. The *garbage in, garbage out* analogy from complex theory is relevant here too. Hayek (1988:55) too, captured this difficulty when citing Vico (1854:183) pointing out *"...homo non intelligendo fit omnia..."*, that man has become all that he is without understanding it.

Unable to take into account fully values and cultural biases; these models represent socio-political reality as specific to the individual within a specific set of particular

circumstances, avoiding constructivist approaches to the collective nature of society. The restricted capacity within these models causes them to omit learning processes that 'adopt a "cognitive paradigm" ...stressing a constructivist theory of the social classification and definition of the world' (Strydom 2006:226). Critics of these inadequate attempts to 'formulate a consistent methodological approach to evaluate' (Béland 2005:14), the influence of neoliberal ideas, argue that while sufficient for certain types or specific neoliberal policy approaches, this species of models does not adequately capture the complexity involved when dealing with the accumulation of societal learning, 'shared norms, beliefs, and notions of evidentiary validity' (Simmons 2006:795). Here the immediate danger lies in the adoption of research methodologies that in an attempt to capture the situation end up placing a reduced emphasis on important aspects of learned ideas. This diminishes the quality of the research product. In this way failing to capture the complexity associated with learning in a neoliberal society. In short their story remains incomplete.

Returning to historical institutional frameworks attempts to develop consistent methodological approaches by narrowing the agenda setting and marketing of policy to the public are a step ahead of the research question at the heart of this thesis. The development of the research approach for this thesis proposes that some aspects of societal learning occur prior to the framing of the policy agenda. Their impact comes through the creation of the historical, economic, socio-political context. Therefore the influences on, and the foundational basis of this *a priori* knowledge have huge significance in the first instance. This requires getting behind theoretical constructions, and examining the liberal nature of society and its constituents, and the cumulative effect of individual learning on culture, economic, and socio-political institutions. By revisiting the idea of individuals ingrained with, and developing competencies within social fields, the cognitive aspects of this learning can be adapted into culture, and transferred across to society through institutions.

Moving away from counter-intuitive rationally based approaches to evaluating the experiential nature of societal learning towards a more empathetic approach, Pathirage *et al.* (2008) discuss the idea of understanding in terms of developing tacit knowledge and theory that is knowledge gained through experience and theoretical approaches. This generalised adaptation of individual learning provides a useful introductory point for

examining the incorporation of individual experience and contingency into cultural systems.

The development of tacit knowledge and theory towards a neoliberal perspective arose from traditional Liberal foundational and core ideas underpinning neoliberal ideology (Freeden 2005). These foundational and core ideas as anti-socialist rhetoric at the developmental stage of neoliberalism's hegemony, saw socialism and social democratic experiences as the antithesis of liberal freedoms. The formulation of abstract concepts and generalizations that endorsed a neoliberal approach to contingent issues occurred as a consequence of this negative reflection and observation (Peters 1983). These were then tested in new situations, accepted as positive, endorsed, and under the illusory umbrella of common sense perpetuated, and reinforced.

In this manner the cycle was repeated to the point where neoliberal hegemony was firmly established and society had learned that neoliberalism as a system of thought and action presented the best possible means of living.

Trenz and Eder's (2004) too, discuss collective learning through triple contingency endeavouring to explain the co-ordinated nature of the learning process. Their recognition of the interaction of collective actors, using public perspectives on 'collective identifications and representations of a shared world' (Trenz and Eder 2004:12), and the tendency of elites to move towards institutions to further their strategic aims, highlights the potential risks posed by societal learning at the social institutional level. Here as culture becomes embodied in institutional form prepositioned elites obtain the ability to set the societal learning agenda. During the neoliberal ascendancy these elites included those involved in the Mont Pelerin Society, and others associated with like-minded think-tanks.

The social change generated by this interaction lends itself towards socio-cultural evolution with institutions retaining some learning, and channelling others (Eder 2007:402). Arguably in this fashion neoliberalism was learned and channelled through the 'Washington Consensus'.

Normally it is at this point where institutions constrain and enable structure (Eder 2007:402) that research interests ought to switch towards the realm of historical institutional approaches, and other elite focussed methodological approaches. In this way the role of elites can be examined in terms of setting the policy agenda. However the weakening of institutions and their decreasing ability to constrain and enable structure

under neoliberalism presents a problem for this type of approach. Neoliberalism's hollowing out of politics increases its remoteness to the majority of individuals (Sennett 2006). Worryingly this leads to them learning at an individual and subsequently societal level that political institutions and laterally politics can no longer serve as the arbiter of societal conflict.

The matter becomes of further significance once the trend of growing indifference at the individual learning level towards developing competencies and learning in the area of political discourse is examined in greater detail. Sennett (2006:160) laments that it has become too late to reverse this 'problem of theatre', where the issue becomes "less the actors competence than the script followed by the actor that is of importance" (Strydom 2006:170 quoting Eder 2000). Dalton (2004), in contrast, is less sceptical, recognising the 'complexity of the public sphere' (Dalton 2004:195) and the potential that remains through the public sphere's layered association with individuals and the connection between this and contingent events.

In the context of public discourse on neoliberalism the means through which the knowledge of individuals is transferred and developed across society is primarily inductive in nature. As discussed previously in Chapter Two and above (Pathirage *et al.* using Kolb 2008), the learning cycle although focussed on the individual can be applied collectively to societal modelling in general inductive terms, focussing as it does on experience gained, the testing of ideas, lessons learnt, and reflection. Within this characterisation it is the action of all these components that through their similar patterns of interaction, some expected and predicted, others unexpected and non-predicted, that social outcomes emerge and are produced. Of course these social outcomes are dependent on context, with contextual mechanisms such as historical, economic and educational mechanisms acting together to provide the cultural totality of contextual mechanisms necessary to move between the micro, macro to the meta-level, learning as we go on. The cognitive elements within this process form part of the reflective process so crucial to individual learning and the development of societal learning.

Modified to reflect societal learning the adaptation of Kolb's Experiential Learning Cycle at Figure 5 below reflects the additional contextual mechanisms at work, and the interaction that produces social outcomes.

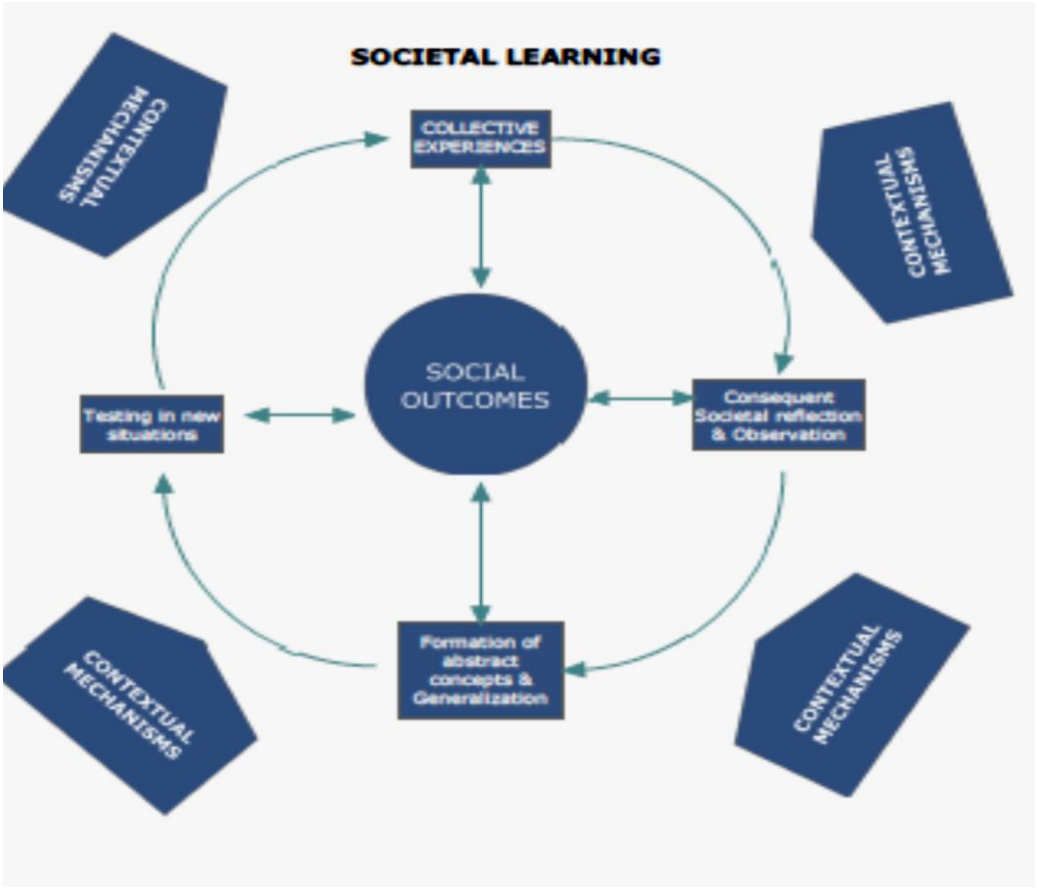


Figure 5, The Experiential Learning Cycle.[25]

Other views on how collective or societal learning occurs encompass evolutionary and network models of societal or collective learning. These views tend to be similar to the adaptation above, although with a more specific structural interest. Viewed as a process of social evolution, individual and collective learning generates stability, enabling an institutional order that in its turn stabilises collective learning processes (Eder 2007:403). In this emergent process the traditional distinctions between the micro and the macro become less and less pronounced as the sum of individual learning generates a dynamic of its own across society. The collective nature of this dynamic crucially depends on continued interaction where the 'continuous flow of decisions

[25] Adaptation of 'Kolb's Experiential Learning Cycle'. Taken from Pathirage et al. 2008:3 and modified by the author to include societal learning within contextual mechanisms that produce social outcomes.

resulting from permanent interaction' (Eder 2007:401) are reinforced through anchoring institutional structures.

Given that past patterns of normal behaviour, were already anchored on a liberal interpretation of the world, neoliberalism emerged. Liberalism as the underlying signature pattern was anchored and forced to adjust by experiential, contextual, and ideational changes in order to project and continue into the future. Contemporary models point to the complex relationships at work in these types of cases. For example, in economics the Sugarscape experiment highlighted the lack of any simple cause and effect relationship between what are often assumed to be related factors, somewhat surprising its architects who initially expected rational outcomes (Beinhocker 2007).

Similarly the use of network models of society that place their emphasis on the interdependency between network nodes, in this case the individuals that constitute society, can be used to describe the effects of neoliberal collective learning experiences in contemporary society (Cillers 1998). In these models any event within society can cause a ripple across the whole network effecting people in different ways, both positively and negatively. It is the degradation of information within the network that causes the differing learning outcomes. These models support collective learning concepts, while acknowledging that exclusively rational positions, often integral to this type of modelling, fail to adequately explain much that is contemporary. Behavioural and complex theories argue that this imperfection should not be regarded as unexpected, and is a manifestation of 'emergence' and related evolutionary concepts (Beinhocker 2007).

CONCLUDING REMARKS

The assortment of perspectives discussed, recognises the inconstancies associated with societal learning, in many ways celebrating their indefinably. For advocates of rationalised modelling this presents a series of currently insurmountable problems centred on the assumptions and predictions required for scientific worthiness. In contrast, the social constructivist approach adopted in this thesis allows for this variety, steering clear of the charge of structure fetishism associated with Marxist critiques, allowing a post positivist political analysis that includes the causal role of ideas (Hay 2004b), that sees 'ideas enter into social reality via the idealizing presupposition innate in everyday practices, and inconspicuously acquire the quality of stubborn social facts'

(Habermas 2006:413). As already stated this position recognises Hayek's (1988:21) fears surrounding the nature of constructivist arguments, while acknowledging the spontaneity and complexity associated with societal learning.

The continued role and importance of institutions in how we learn is recognised across the literature (Habermas 1979, 2006, Hayek 1988, Delanty 1997, Trenz and Eder 2004, Strydom 2006 etc.). For Hayek (1988:21) this was manifest in how we learn by imitation as a result of 'our long institutional development...*and (my emphasis)*...ability to acquire skills by largely imitative learning'. This was not founded on reason alone, as Hayek pointed out, and a continued belief in unchecked reason was the inevitable fatal conceit. The weakness of institutions, particularly political institutions in the face of changing circumstance facilitated the growth of neoliberalism, and enabled society to learn to become neoliberal. It did this assisted by the new institutionalism that focussed its critique on institutional inertia rather than dynamism (MacGregor 2005). Other social institutions such as Trades Union which might have been hoped to resist and create an alternative learning dynamic saw their role diminish, while business lobby groups monopolised ideas (Harvey 2007).

The individual and collective rationale narrowed, containing societal learning within a narrow and strict conception of rationality (Bourdieu 1998). This ultimately favoured neoliberalism further, facilitating the reinforcement of the liberal bias anchoring pragmatic politics, and focussing adjusting behaviours within neoliberal frameworks.

As the focus of the thesis shifts towards contemporary politics and the impact and effect of neoliberalism it is important to remain cognisant of the way in which society has learned and continues to learn, and its importance in contextualising all aspects of political thought. Adapting Delanty (2007:2), through the imposition of a common neoliberal culture, societal learning has set the agenda for political thought's development.

5. CONTEMPORARY POLITICS

In order to define contemporary politics one must first look to its composition and influences. In this regard modern political thought primarily focussed on liberal thought, and the role and effect of neoliberal political philosophy, ideology and culture has since the mid-1970s enjoyed a privileged position. Political thought in this meaning is taken in a broad sense to mean thinking about politics at any level including macro and micro layers (Freeden 2004). Following the investigation of the supposition concerning modern political thought the scene can then be set for an intentional analysis (Forbes 2004) of the influence of neoliberalism, as elucidated by Hayek on contemporary politics over the last three decades.

In looking to define contemporary politics the primary interest of this thesis lies specifically in the years from 1989 with the collapse of the Iron Curtain, to 2007. However in order to engage fully with the contemporary era, the last forty years approximately since the early 1970s is of particular importance.

The contemporary political scene, set as street theatre *pork-barrel* politics, or Avant-garde political philosophy is as dramatic and moving as a Shakespearean Hamlet, or a composition by Tchaikovsky. The complexity woven throughout falls beyond simplistic notions of collectivism and individual freedom. For contemporary politics the devil has indeed increasingly been in the detail, which in the liquid modern era has extended beyond the liberal and social democratic orthodoxies of the modern era, towards a pragmatic and realistic *détente* with the present. In an ironic sense, the inclusive liberal pluralism developed in the 1960s and later replaced by the neo-pluralism of the 1970s (Held 2006) has seen contemporary politics attempt to become pragmatic and realistic in its efforts to reinforce political legitimacy (Gaus 2000) in a time where politics as government (Giddens 2000), and politics as public affairs (Stoker 2006) have become less valued in contemporary society (Dalton 2004).

Given this structural and functional lacuna the wider interdisciplinary inclusions (Formisano 2001, Mavroudeas 2006, Simmons *et al.* 2006, Kendall *et al.* 2008) incorporated within the theoretical framework, serve to improve our understanding of contemporary politics continued survival under the hegemony of neoliberalism.

The current crisis within contemporary politics (Offe and Ronge 1997, Held 2006, etc.) and liberal thought's underpinning of it requires that the imperative going forward

must be to address the weaknesses in fundamentalist liberal theoretical approaches to contemporary politics (Gaus 2000), or risk the floundering of the *liberal project*. That is, to acknowledge how entrenched formulations such as neoliberalism ignore broad cultural variables in favour of structure, thereby distorting realistic approaches to contested contemporary political questions. By recognising this pre-disposition towards structure and its influence, the nature and significance of these structural weaknesses can be pragmatically altered revitalising contemporary politics for people everywhere.

In doing so, this thesis is mindful of the post-Marxist view of the impenetrability of society's nature, and the illusionary frameworks on which contemporary political society is structured. The irony of this view of the 'social imaginary' does not diminish political society's continuing appetite to construct a new social imaginary creating a more 'clear sighted', than 'illusioned contemporary politics (Freeden 2001:5).

Chapter Two, the literature review chapter of the thesis discussed the pragmatic and realistic dialogue within contemporary politics addressing the dangers associated with any reliance on theoretical fundamentalism, including a neoliberal one, where, as Grey recounts neoliberal fundamentalism represents an 'exacerbation of modernity', rather than 'a return to tradition' (2004:106). Attempts to philosophically constrain neoliberal fundamentalism within liberal theory diminishes philosophical perspective and the ability to reflect the complexity and multi-dimensionality of public perspectives. The failure to move beyond philosophical constraint denied a pragmatic and realistic interpretation of the world, allowing fundamentalist neoliberalism fill the void. In this role fundamentalist neoliberalism injects a sense of activeness blurring the distinction between theory and practice (Freeden 2005). This solution provided a simplistic retort to the challenges of liquid modernity.

In this analysis the recourse to fundamentalism acts as a security blanket for political actors in insecure times. Perversely this adoption of fundamentalism sees liberal thought in the guise of neoliberalism reversing the positive concept of doing no harm to others contained within liberal tradition as the precautionary principle, to a negatively oriented one, where the focus switches from the individual to the collective doing no harm to the individual.

Sufficient to say at this point that liberal thought reflected through contemporary political theory and culture ideally ought to be more circumspect, giving context and

meaning to an increasingly complex contemporary politics, rather than focusing exclusively on issues of encumbrance.

In order to give contemporary politics context and meaning while recognising the complexity associated with political life, liberal thought, as a sub-discipline of political science, uses liberal political philosophy and ideology as its basis for the illumination of the central ideas, overt assumptions, and the unstated biases that drive contemporary politics (Freeden 2004, 2001).

For the purposes of this thesis the coherence, consistency, precision and moral force of philosophy will augment the ideological attempts to provide 'inventive and imaginative representations of social reality' (Freeden 2001:7). By not choosing exclusively the rigid style of the analytical philosophical tradition, and yet emphasising the ideological footprint of liberalism throughout the western liberal democratic world, this thesis reduces the distance between liberal theory and contemporary political practice.

As social science has sought to be more reflective in order to explain 'the relationships between one's public and personal identity and background social practices' (Gibbons 2006:567) political culture too has undergone significant change. Much of contemporary liberal political culture has focussed on the public/private divide (Haywood 2003) that has traditionally formed the background to social and political practices, which in their turn influences contemporary liberalism in its contribution to contemporary politics (Scott 2003).

The role and extent of the cultural predisposition to liberalism in which this occurs is controversial, dividing many commentators on its definition, historical context and impact (Formisano 2001). Formisano (2001:402- 416) in his effort to capture the nature of this cultural pre-disposition refers to the critiques of Almond and Verba's 'subjective-psychological definition of political culture', and the historicist Howe's (1989) arguments for the definitions expansion 'to define political culture to include all struggles over power'. The assertion of a 'durable cultural attitude' (Formasino 2001:405), that accommodates the similar interests and outlooks, or broad cultural variables as they are sometimes referred to, (Haywood 2003), are in this context taken to be a durable liberal cultural attitude. This attitude is viewed as essential for the promotion of liberal political thought, and forms part of the strategic liberalism that seeks through contemporary politics, the rapprochement of much of the conflict in today's society.

This means that contemporary politics can really only be understood in the historical and evolutionary context of a liberal political culture.

This thesis argues that contemporary politics is essentially founded on liberalised interpretations of the world, and that modern liberal thought provides the continuing context for contemporary politics to develop. In doing this it recognises that liberalism, most recently expressed in the form of neoliberalism, functions as the dominant ideology of the period, whose ideas and foundational principles form the core of political discourse.

Dominant ideology in this sense can be understood, as Marxism posits, as the ideology of the ruling class. In the liberal world the dominant socio-economic class is taken as the middle and upper classes, or bourgeoisie. In appreciating the propensity for change within liberal principles as points on a discursive chain, the trend towards fundamentalism discussed earlier bears this out, the flexible coherence and multiplicity of ideas within the liberal narrative gives it a status of a 'super-concept' functioning as 'a protected and reinforced site to anchor a set of regulatory propositions about the social world' (Freeden 2005:4).

SITUATING CONTEMPORARY POLITICS

In order to set the scene and understand and contextualise contemporary politics the notion of *modernity* or *second modernity* provides a suitable reference point for political, social and economic developments in the last quarter of the twentieth century (Beck 1992, Bauman 2000, 2007a, 2007b, Roxburgh 2005, Rundell 2009). For some (Beck) modernity begins after the French revolution, for others after the industrial revolution and the increased urbanisation of the once agrarian population (Bennett and Elman 2006). For others (Arendt), modernity is not a fixed point in time, beginning at different times in different places depending on the stage of development of that particular society at a given point in time.

The characterisation of early modernity as a shift from structured forms of life towards the individual as an agent ended the long-standing traditional roles of institutions and structures (Roxburgh 2005: 1 and 2 on Beck 1992). Later modernity is characterised by the growth of the corporation as a global phenomenon (Grey 2002), with reflexive (Stevenson 2006), or liquid (Bauman 2000) modernity further challenging the assumptions of earlier conceptualisations, through an increased emphasis on

individualism (Franco 2003), and the changing context of institutions (Held 2006). The increase in individualism in conjunction with globalization corresponded to the emergent 'biographical autonomy' (Coulter 2003:7) that saw individuals no longer as constrained by traditional forms of identity, such as nation, class, religion etc., as they had been traditionally. While the changing context for institutions occurred as a result of greater and more widespread education (Lijphart 2001), the growth in the availability of technology and information (Seldon 1998), the availability of credit (Schuler 2008), and the ability of all these individualised tools to reflect modernity back on institutional life. These newly liberating individual freedoms lessen the necessity for institutions, at least in the eye of the individual (Seldon 2008), causing institutions themselves to self critique or reflect on their own legitimacy in a way that was previously unimagined (Fudge and Williams 2006). Correspondingly individuals rather than be constrained by custom formed their own sense of place becoming themselves 'reflexive', while 'constantly revising' (Coulter 2003:9).

In the Marxist tradition the locus of the idea of modernity is the association between capital and labour and the linkages that traditionally characterised the relationships between productive capital and productive labour. Developing this, Bauman (2007b:29) proposed that late modernity could be divided into two phases, the 'solid' or 'heavy' phase of modernity, and the 'liquid' or 'light' phase, the solid phase reflecting the enjoined links between capital and labour discussed above, and the most recent phase marked by the breaking of this link. The 'solid' phase saw society characterised as a 'society of producers oriented on security', and the primacy of the 'human desire for a reliable, trustworthy, orderly, regular, transparent and by the same token durable, time resistant and secure setting'. While the liquid phase is characterised by the passage 'into a condition in which social forms...can no longer (and are not expected) to keep their shape for long, because they decompose and melt faster than the time it takes to cast them' (Bauman 2007a:1). The passage from the solid to the most recent or liquid modernity sees a rather dark vision of progress from a period of 'great expectation and sweet dreams' to one that 'evokes an insomnia full of nightmares' (Bauman (2007a:1). Whichever particular definition or type is favoured this thesis contends that contemporary modernity is best characterised as liquid following authors such as Bauman (2000, 2007a and 2007b), or reflexive, or late following authors such as Beck (1992), and Coulter (2003).

In Weberian terms contemporary modernity can be best characterised as the era of instrumental rationality where the certainty of philosophical conviction is 'indifferent to the ends' (Brown 2006:711) for which neoliberal strategies are employed. The 'better or worse' form 'of theorising that Anglo American philosophical tradition is prone to follow' (Freeden 2001:5) does not adequately address the unpredictability of neoliberal outcomes (Muller 2008).

The table below, originally formulated by Roxburgh (2005) summarises the transition to late or reflexive modernity using Becks "Risk Society" (1992). This summary highlights the emergence of individualism and the role of technological enablers in the journey towards a reflexive modernity.

Traditional Societies (Pre-Modern)	Early-Simple Modern Societies	Late or Reflexive Modernity
Institutions & Structures over agency		Agency primary over **structure**
Communal structures: • Concrete/particular structures shaped around relationship of "we" o Extended family o Church o Village community • Vertically & horizontally integrated society • People embedded and formed communally within concrete, local spatiality, time material relationships	Collective Structures: • Abstract "we" • Atomized individual • Social Classes • Vertically & horizontally integrated society • Spatiality, temporal and materiality transferred to collective structures • Functional departmentalization • Impersonal bureaucratization	Agent primacy • Self as agent reflects on itself primarily an autonomous, self-monitoring of life • Structural reflexivity: agent reflects on social structures ('rules' and 'resources.') • Networks of flexibility • Educated classes required for advancing modernity • Communications /technology the new structure • Knowledge based • Client-centred-co-production
Shared meanings	Shared interests/needs/wants	Self-organized life-narratives
Disembedding Processes	---------->	Risk Society
Motor of social change are structures	----->Motor of social change	individualisation / agency

Table 2 Transition to Late or Reflexive Modernity in Becks 'Risk Society taken from Roxburgh (2005)

Political modernity, then, is of itself differentiated from modernity generally (Rundell 2009). Drawing on a series of political thinkers, Arendt (1973), Marx (1972), and Weber (1978), Rundell (2009:86) centres political modernity on three pillars, 'the articulation of claims for political rights…the extent of the franchise...the degree of collegiately shared power'. The tension between these pillars becoming for him the 'hallmark of political modernity' (Rundell 2009:86).

Bearing in mind these tensions how then does contemporary politics fit within a liquid modernity? Certainly Rundell's (2009) characterisation of the tensions within political modernity fit quite closely with the tensions described within Bauman's (2007a) liquid modernity. Both in common emphasise transition, uncertainty, engagement and participation in their antonymous and synonymous respects as key elements of the characterisation of the contemporary political world. Specifically, both with their focus on individualism, weakened institutions and the tensions constantly recurring within a liberal, plural, and democratic society share a reflexive theme within the contemporary neoliberal political narrative.

How best then to characterise contemporary politics? Prior to the discussion of the role of ideas and liberal ideology, and the impact of political culture, an understanding of the complexity associated with the interaction of all these elements is useful.

Complexity is something that many of the most prominent contemporary political thinkers from all sides of the political spectrum have recognised (Habermas 2006, Hayek 1982, 1988, 1991, 2005, 2006, Grey 2004, Gaus 2007 etc.). In its commonly appreciated form as a difficulty in understanding the interaction between components, behaviour, and structure, it is the imperfectly known nature of the relationships that gives rise to their characterisation as complex.[26] In its more recent elucidation as part of an attempt to rationalise interrelated but imperfectly known relationships a theoretical strand of thought is emerging that views social and hard sciences as systems, known as 'complex adaptive systems' (Cillers 1998, Sennett 2006, Beinhocker 2006, Gaus 2007). While many thinkers are happy to refer to complexity in its common usage both the common and complex adaptive systems approach share many common features. In the latter context the political world is conceived through the interaction of the economy and

[26] Definition developed from the Merriam – Webster online dictionary viewed 24 Jan 2011.

social factors within a political environment, behaving as 'interacting agents *(that)* adapt to each other and their environment' (Beinhocker 2006:69). It is important to note that the concept of *agent* in use here is broadly defined, its derivation originating in a dynamic sense as something capable of driving or leading, or acting; that is something that produces or is capable of producing an effect.[27] It is in this broad sense that the economy for example, and not in a narrow individualised or institutional actor sense that agent activity is examined. While it could be viewed as the accumulation of individual agents' actions in a political science sense, it should not in this instance be confused with debates within political science that examine the relationships between agency and structure.

In conjunction with this analysis, although more often associated with international relations theory, the neorealism/neoliberalism debate (Thies 2004), with its emphasis on the importance of power and structure, its divorcing of problems of power and morality, and its interest in ambition, offers a conceptualisation of the contemporary political environment that aids our understanding of modern neoliberal thought, and its place in an increasingly complex contemporary politics. In using these concepts in this way, coupled with an appreciation of their critique, this formulation too, presents as an attractive tool for any discussion of the means that established a neoliberal hegemony within '*folk*' politics. *Folk* here is drawn from the Swedish political narrative (see Andersson (2006) and Belfrage and Ryner (2009)) where discussions regarding the social formation and characterisation of Swedish social democratic hegemony, have some resonance with the establishment of neoliberal hegemony. In the case of modern liberal thought, the popular movement culture so useful to social democracy in Sweden when oriented towards individualism in other countries such as the USA, and the UK has been integral to the neoliberal project. The fact that neorealism has been critiqued as exhibiting an aggressive and competitive structure, and that its singular focus ignores pluralist and collectivist tendencies associates it conveniently with the individualised focus of neoliberal thought. The combination of the two providing a useful approach to understanding and explaining the complexity and context of contemporary politics.

[27] Definition developed from the Merriam – Webster online dictionary viewed 24 Jan 2011

Complexity

Firstly however the analysis of the complexity within the contemporary political world needs to be addressed. While few would disagree that politics is anything but simplistic, even fewer would disagree that contemporary politics has become even more complex with the growth in interaction between institutional structures, the individual, and society. If viewed as a complex adaptive system that is a system where "there are more possibilities than can be actualised" (Luhmann [1985:25] quoted in Cillers 1998:2), contemporary politics and its constituent attributes become better understood.[28]

Complex systems have a large number of elements, some prove difficult, or fail, to assist understanding; however others among these elements interact in a dynamic fashion. Where the interaction is rich, that is where the elements influence one another, and where the interactions are non-linear and proximate, that is information is received from a wide variety of sources close by, then the system in question may be understood to be complex (Cillers 1998:3 and 4). Within politics, and political science generally the interaction of constituent elements can be described as rich, non-linear and proximate, with information received from a wide variety of sources. One only has to think of the increasingly globalised nature of Western society and the role of a diversified media in increasing complexity within the political realm (Grey 2002).

The interactions on the political stage may, like complex systems, have loops that contain positive (enhancing) or negative (detracting) feedback, thus altering the nature of the system as it adapts. Complex systems like political systems are usually open and interact with their environment, in the case of politics the socio-economic and cultural environment. As with complexity, political descriptions or perspectives may be framed, that is influenced by the observer by virtue of the difficulty associated with identifying boundaries within the system. Complex political systems do not operate under conditions of equilibrium, and must remain active to survive, they have a history and are influenced by their past.

Elements within the political system respond to information that is available locally, elements do not have complete knowledge, as many political actors are quick to claim

[28] Cilliers (1998:2) recognises the difficulties with this as a definition, but draws attention to the need for an analysis of the characteristics of complex systems in order to best describe its distinctness.

when policy prescription proves unsuccessful. The complexity of the political system is caused by the interaction of the elements as a whole with a focus on the composite construction of the system.

Borrowing then, from Beinhocker's (2006) descriptive account of complexity within economics there are five key components necessary for discussing the nature of a complex adaptive system. These are tabulated below,

	Complex Systems	Traditional Systems
Dynamics	Open, dynamic, non-linear, path dependant, complicated, and subject to frequent shocks	Closed, static and linear
Agents	Modelled individuality, inductive rules of thumb for decisions, incomplete information, subject to error and bias, can adapt over time.	Modelled collectively, complex deductive calculations for decisions, have complete information, no error or bias, no need for learning
Networks	Interactions cause change over time.	Indirect interactions.
Emergence	No distinction between micro and macro.	Distinctions remain.
Evolution	Differentiation, selection and amplification, novelty within the system, growth in order and complexity.	No mechanisms for creating novelty, growth in order and complexity.

Table 3 A descriptive account of complexity within economics taken from Beinhocker (2006:97)

Beinhocker's (2006) summary can be applied to political systems and forms a useful tool for analysis and description of the operational context, or 'policy mood' (Berry *et al.* 1998:328) of contemporary liberal democratic political systems. Several of the properties of complex adaptive systems can be directly ascribed to contemporary neoliberal democratic politics, although there are significant difficulties with a blanket application. This measured application of complex adaptive systems is something that is recognised within the literature. Hayek's biographer Caldwell (2004:362-369) discusses Hayek's interest in complexity from the 1950s, emphasising his most recent engagement in the 1970s and 1980s, conceding however, that Hayek did not develop a full theory of complexity. The thematic familiarity between Hayek's work and complexity is acknowledged by complex theorists (Caldwell 2004:367).

Hayek's association with complexity and complex adaptive systems generally stems from his idea of spontaneous order (Gaus 2007). Hayek advocated that society's order was based on the notion of organised complexity, which given its unpredictable nature required that government intervention be based on general principle rather than expediency. Hayek's complexity recognised emergence, and *tight coupling* within the system. *Tight coupling* focuses on the nature of the relationships between factors, in this specific area tight refers to closeness. Thus tight coupling allows significant change to occur as a result of any small adjustment, where errors occur when adjustments are made, error inflation is significant. In this context the complex nature of the socio-economic system spreads the problems across the entire system. For Hayek this meant that the social sciences predictive function was limited to pattern prediction focussed on the range of possibilities for the system, rather than any significant or detailed predictions (Gaus 2007).

Complexity's attractiveness as a descriptive tool or as an aid to determination follows from its general characteristics, its 'bottom up' predilection dovetailing with Hayek's economic and socio-political emphasis on the individual, the market and state institutions. Looking at complexity's application across the political architecture it does present the opportunity to move away from the traditional constraints of left and right political topologies (Cillers 1998). In doing so it creates an environment where policy decisions can be pragmatically viewed, embracing conceptions of novelty and innovation without becoming ideologically labelled.

Neorealism and neoliberalism

Ironically it is within an international relations theory context that the elements of structure, complexity, anarchy, and modernity that best describe emergent patterns of interaction within politics are to be found. This theoretical approach recognised the global nature of socio-political relationships, without imposing cognitive boundaries or limits based on compartmentalisation of debate, something that is discussed in more detail in the literature review.

Developing this analogical approach Thies (2004) constructs a test to examine the logical consistency of neorealism and neoliberalism in international relations theory. Although there are problems associated with testing the logical consistency of a theory, especially one that proposes that neoliberalism has become hegemonic in characterising

contemporary politics; this approach provides a contemporary and useful insight into the research question at the heart of this project. The problem in this instance is associated with the many levels of interaction and the lack of a particular stated definition of neoliberalism. Thies (2004:167) for example, characterises it as a 'mixed bag of numerous strands of liberal theory developed during the last three centuries'. Difficulties arise when such a loose non-scientific definition is used, as establishing logical consistency becomes impossible. Used as an analogy Thies (2004) approach offers a synthesis of the structural and systemic interaction within contemporary liberal politics, utilising neorealist assumptions regarding capability and process, and a neoliberal commentary on the patterns of interaction emerging from within an increasingly complex political world. These concepts assist our understanding and conceptualisation of the question; 'how should we think about contemporary politics?' through their constructivist and rational approach broadly echoing the social constructivist approach advocated in this thesis. This contemporary constructionist and rationalist approach should not be confused with Hayek's (1988) criticism of socialism's constructive rationalism, which he saw as the fatal conceit. Contemporary constructivist approaches recognise the spontaneity that Hayek (1988) earlier criticised socialism and its constructive rationalism for lacking. Today's social constructivism includes aspects that constructive rationality based socialism disregarded, adopting a more fallible position.

The evolved constructivism associated with contemporary neorealism through its recognition of unpredictable and anarchic influences, and their impact on maximisation strategies for survival and self-help, when reoriented on the individual presents a cogent insight into the position of the individual within contemporary liberal politics. This insight implicitly recognises the weaknesses associated with the assumption that human reason alone can control future development (Hayek 1988:52, 53-54). This position is emphasised throughout much of the critical literature where the individual is seen as atomised and adrift in a boundless neoliberal marketplace (Sennett 2006, Harvey 2007a). The association with neoliberalism of a self-serving rationalism based on individualism and consumerism (Bauman 2007b) when applied to a broader analysis of neoliberal thought reorients the individual onto survival mechanisms that ensure the maintenance of prosperity into the future. For example the qualified, and often unequal co-operation amongst rivals in what can be argued are anarchic globalised circumstances, feeds this self-preservation perspective. Rivals coalesce in unequal relationships as part of strategic

acknowledgement that in order to survive they must cooperate within the neoliberal framework, despite the transaction costs associated with this.

Thies (2004) combined approach allows for an interpretation that addresses issues such as the holistic, idealistic and utopian expectations within modern liberal thought, and the materialistic and individualistic approaches prominent in today's neoliberalism, so strenuously criticised by much of the literature (Sennett 2006, Harvey 2007a and 2007b).

The synthesis presented by Thies (2004) of neorealism and neoliberalism is not uncontested. The literature in international relations theory disagrees over the notion that environment and process ought to be jointly evaluated when discussing interest (see Thies (2004) reference to Sterling and Folker (1997)). Using the same argument in this thesis the issue becomes one of assessing the extent to which the market environment or market processes determine individual interests. The primacy of environmental determinants in neorealism is assumed to be created as a consequence of the effects of anarchy, the need to adapt to survive, an evolutionary assertion which in the mind of some critics has assisted neoliberalism's 'social Darwinism' (Beinhocker 2006:13). From the start Sennett (2006:3) leaves the reader in no doubt that the environment for individuals in a neoliberal politic is distinctly hostile, where 'only a certain kind of human being can prosper in unstable, fragmentary social conditions'.

Rather than engage in a chicken and egg critique of the synthesis of neorealist and neoliberal ideas around whether market environment or market process factors exercise the greater influence, this thesis adopts the position that environment, institutional arrangements and processes under neorealism/neoliberalism are really one and the same description of interaction and outcome or product. This assumption deals with the reality that factors such as the environment, and institutional structures are not constants, but continually change and evolve as part of a complex process, they are created and then recreated, indeed as already discussed in Chapter Four they learn. With this continuous change in mind there can be no logic in examining neoliberalism at a fixed point in time, it can only be examined as a process of evolution and change over time. This notion of creation and recreation or 'creative destruction' (Harvey 2007b:23, 2007a) characterises neoliberalism in the contemporary political world. This view supports Hayek's (1988:21) contention that the grey area that lies between instinct and reason is incapable

of design or creation by reason, and is as much a result of cultural and moral evolution as reason.

Repackaging Thies (2004) to examine neoliberalism in terms of its influence on contemporary politics leads to the assumption that the market processes that individuals engage with are of themselves key, if not primary determinants of interest and behaviour. The resultant interaction forces individuals towards collective, often institutional arrangements that reinforce contemporaneous modus vivendi, weakening the prospect of radical change. In terms of the provision of an insight into contemporary politics and liberal thought the synthesis of neoliberalism and neorealism communicates the complexity of the interrelationships between power, structure, process and the individual within contemporary society's market environment.

How did we get to this point? Why is this analysis relevant?

This type of analysis, using already established theoretical bases, albeit from economics and from within a specific sub-field of political science, is relevant as it assists our understanding of the complexities and depths of understanding necessary to examine the influence of neoliberal thought on contemporary politics. Through discussing these diverse approaches and using their analogous attributes, the broad, and sometimes aloof interrelationship between cultural form, elite interest, and academic specialization can be obviated somewhat. Using these analogous approaches allows us to gain an appreciation of the complexity and nature of neoliberal creep, and rules out any notion of a neoliberal *big bang*. It allows for the recognition of unpredictability within a constructivist framework through its acknowledgement of the possibilities of an anarchic socio-political environment. Appreciating the complexity of contemporary neoliberal democratic politics, and the human desire for order and stability in a potentially anarchic political environment, increases our ability to make sense of our political world. So with the political theories available, in order to accurately describe contemporary political reality, an analysis of complexity and the neorealist/neoliberal debate within international relations theory proved to be the most compelling descriptor available.

Initially, in dealing with complexity, the description of the dynamic within contemporary neoliberal democratic politics as open, non-linear, path dependant, complicated, and subject to frequent shocks certainly provides a more useful description than imagining contemporary politics as a closed, static, linear space. Certainly the

historical events associated with major political upheavals such as the fall of the Berlin Wall in 1989, or the establishment of the Polish trade union group 'Solidarity' in 1980, provide excellent examples of this type of dynamic and the non-linear nature of its development.

When describing the agents involved in the liquid or reflexive modern political world; modelled individuality, inductive reasoning, incomplete information and subjectivity to error and bias present a more plausible descriptive state of the interaction within politics, than collective modelling, complicated deductive calculation, no provision for error or bias etc. Revisionist moves within neoliberal thought away from purely rationalist and fundamentalist economic political theories bears this point out.

When thinking of the networks within contemporary politics both complex and traditional approaches recognise interaction as a component of systems analysis. The interaction of agents, and their effect on each other's actions, or inaction as they ripple, or cascade throughout the network over time presents a more humanly intimate picture of political effects, than conventional ideas of indirect interaction, and their effect within traditionally imagined systems. The effects and recent political fallout of financial globalisation and the speed with which these effects impact or influence seemingly unconnected individuals and societies throughout the globe bears this out. For example, the impact of the US sub-prime collapse of 2008 and its economic and political consequences are still being felt throughout the world (Stacey and Morris 2009).

When looking at emergence and the lack of distinction between macro and micro elements one should not come under the illusion that something mysterious happens to blur these normally important distinctions. Rather, nothing more than the increasingly inter-connected structure of the system itself, giving rise to complexity due to the patterns, intensity, and level of interaction between the elements and agents within the system, that normally would be classified within these distinct groups becomes blurred. This is symptomatic of the characterisation of liquid modernity (Bauman 2000, 2007a) and reflexive modernity (Sennett 2006). This blurring of traditional means of differentiation facilitates my use of concepts from the normally macro context of international relations theory as a further means of understanding contemporary politics. Recent examples of the blurring of the macro and micro distinctions in the political realm include the 2010 UK election campaign, when the impact of the former UK Prime Minister, Gordon Browne's, remarks about a 'bigoted woman' following an encounter

with a voter in Rochdale transcended the micro context which arguably applied, generating a macro nationwide response.

Evolution with its concepts of differentiation, selection and amplification, novelty, and the growth in order and complexity usefully describes the changes and differences that occur across the contemporary political world, whether over traditional state frontiers or across more abstract borders such as the liberal democratic world, the financial world etc.

While accepting that the description given above may be criticised as thin it is important to remember that as a descriptive tool all that is necessary is that the interactions discussed within the system are describable at the level at which they operate (Cillers 1998). It is also true to say that not all of the components within political systems are strictly exclusive to complex adaptive systems or traditional systems interpretation, or perspectives. For example the distinction between macro and micro perspectives in traditional systems remain a useful analytical tool for political policy analysis, allowing sharp focus on particular aspects of policy outcome. In terms of evolutionary components, political revolution could be interpreted as a means to create novelty in traditionally viewed political systems. Indeed the recent less 'exemplary violent' revolutions or political and social transitions in the post 1989 European context seems to favour this less dramatic sense of change (Auer 2009:6). The idea that indirect interaction within networks can have an effect, too, has merit in seeking to describe some of the relationships within political networks. The example of a senior member of a shop keeping dynasty being found abusing drugs with a prostitute in Florida, and the chain of events this set in motion, indirectly had a profound effect on contemporary Irish politics.

However on balance the components associated with complex adaptive systems provide a useful descriptive tool for engaging with, describing and analysing contemporary neoliberal politics.

When using complexity as a descriptor of socio-political reality the idea of entropy, borrowed from thermodynamics, is useful as it describes the disorder or randomness within complex systems. It does this in a descriptive rather than a numerically quantifiable way associating conceptions of time, conceived of as a past, present, and future, within the context of the inevitable drift from order to disorder. Within an open political system entropy represents the movement towards disorder that occurs over time

within an ordered political system. This movement towards disorder can be temporarily stabilised by injections of energy. In political systems this energy can be new ideas, political philosophies or political movements, for example the contemporary calls for democratic renewal Hay (2007). The problem within complex systems however is that the waste created in this creative process fuels disorder over time, with the system slowly decaying and dissipating. In political terms the management of this decay and dissipation, coupled with the maintenance of some order is crucial for mitigating the potentially catastrophic negative outcomes of just such a decline within the system.

The creation of political order has a cost associated with it, in political terms this may for example be increased social marginalisation if one embraces a more traditionally right wing or neoliberal approach, however that does not imply that allowing a chaotic, anarchic or random state of affairs would be a preferable option. Indeed it points to a role for political thought that abrogates the state of randomness. This has been the central theme of the liberal thinkers of interest to this thesis including Mill, Grey, and Held etc.

Subsequently dealing with the neorealist/neoliberal approach, Thies (2004) discusses Mc Phee's 1963 survival model as a means to clarify the position of neorealist and neoliberal theories relative to each other, and the contribution each makes to the understanding of complex interstate relations. In using aspects of Thies (2004) approach, transposing it down to questions surrounding the individual within liberal society, I attempt to adapt and develop a conceptual framework to increase our understanding of contemporary politics, setting the scene for my analysis of the impact of neoliberal thought in Chapter's Six, Seven, Eight and Nine. As part of this process I make several assumptions.

Firstly using Thies (2004) and his evocation of McPhees (1963) evaluation of the impact of political culture, and the importance and role of cultural artefacts I treat liberalism generally, and the evolution of liberal thought as a cultural artefact. I posit that liberalism in the field of political culture similar to other cultural artefacts such as film in popular culture, forms part of our political cultural heritage, and has been subjected over time to a screening process. This process has facilitated the retention by political society of certain elements of liberal thought, and the laying aside of other elements. This thesis will not propose or discuss the process involved in this, suffice to say that consistent with my normative and contextual approach throughout this project

there are many factors that contribute to this process including historical, economic, social, emotional and even perhaps spiritual. When discussing factors that have been consistent with the screening of certain aspects of liberal thought a historical example such as Mill's ([1975] 1998ed) 'The Subjection of Women', is an example of the evolutionary historical process within liberalism leading to an eventual change in the status of women within liberal thought. Other examples in alternative fields include economic factors that forced a change in liberal thought as a result of the oil fuelled recessions of the 1970s and 1980s heralding the rise of neoliberalism (Harvey 2007a and 2007b); emotional and spiritual changes too, have been the focus of the writings of Sennett (2003, 2006), and Bauman (2000, 2007a, 2007b).

These changes have occurred by adapting various strategies including democratic ones to facilitate liberal thoughts reorientation at various times and in response to various stimuli. This reorientation occurs within an ever changing political cultural context as discussed earlier. These strategies have been, and continue to be capable of manipulation. The rise of think-tanks such as the Institute of Economic Affairs (IEA) in the UK, founded to 'to improve understanding of the fundamental institutions of a free society by analysing and expounding the role of markets in solving economic and social problems', and the Brooking Institute in the USA founded to ' provide high-quality analysis and recommendations for decision-makers in the USA and abroad on the full range of challenges facing an increasingly interdependent world', now play an increased, sometimes juxtaposed, yet self-professed neutral advocacy role in the contemporary political world.

It would be wrong to infer that the influence exercised by these and similar such institutions, or that the manipulation countenanced by them has been exclusively negative. Historically the opposite has been the case. One thinks of slavery and the expansion of the electoral franchise to women in the first quarter of the last century as an example of the manipulation of democratic institutions leading to a more liberal representative electoral system. However critics of neoliberal hegemony have warned of the dangers of just such manipulation (Grey 2002). For example, the particular influence of certain USA business schools, whose *McKinsey world view* of globalisation, and the declining relevance of nation states has led within contemporary political culture to an acceptance of the inevitability of globalisation. This globalisation styled in accordance with their particular business interests.

Secondly Thies' (2004) constructivist modelling approach again using McPhee (1963) as a referent allowed my examination adapt his analysis of neorealist perspectives to my examination of the demand for a more realistic and less abstract dialogue within liberal thought. In assessing the similarities between neorealist and neoliberal thought, the assumptions Thies (2004) makes surrounding screening are insightful. Thies (2004:160) argues that 'neorealism is best characterised by the logic of a single screening system and neoliberalism by a repetitive screening system'. The single screening system is more adept at examining structural issues, with the latter repetitive system better at examining systemic issues. Thies (2004) observes that neorealism's similarity to neoliberalism lies in the nature of neorealism's perspective on change as a rational and logical series of single screenings over a period of time. The repetitive screening associated with a rapidly changing globalised world is something that is more characteristic of neoliberalism.[29] Thies (2004) concludes that the differentiation between single or repetitive screening can be understood as really only a question of time lapse, and that both are merely a reflection of two similar approaches to what is essentially a shared core explanation. This is useful to my analysis of the influence of neoliberal thought as it reinforces the point that the compartmentalisation of socio-political discussion fails to adequately present a complete picture of the complexity of the changes wrought, and the questions facing contemporary politics. My contention is that any assessment of the impact of neoliberal thought on contemporary politics must address evolving structural and systemic aspects within contemporary politics, not in isolation, as a series of single screening. Rather, as both single and repetitive screenings that share mutually interdependent natures within liberal streams of modern political thought, particularly as they reflect on an increasingly marketised society. Chapter Seven assessing Hayek's insight and vision and the irony associated with the contemporary neoliberal turn seek to do this.

Like Thies (2004:160) attempt to understand international relations, the current position of neoliberal thought within contemporary politics is more than the result of a

[29] Screening is in my view analogous to the capturing of images by a cine camera. These images are essentially a series of single images following each other in rapid succession. A single image is analogous of a single screening and repetitive screening is analogous of the entire movie, a series of single screenings joined together within a rapid timeframe.

series of single movements, historical, economic, or otherwise. At the same time one needs to remain reserved regarding the idea of a neoliberal *big-bang*. This work posits that the analogy of repetitive screening as an explanation is more capable of capturing the complexity, of the evolving relationships within contemporary politics and modern liberal thought, allowing a multi-layered discussion of contemporary issues.

Thirdly the discussion by Thies (2004) of anarchic approaches within international relations theory, and the subsequent requirement of cultures to adapt, is analogous to the examination of the adaptability of liberal thought to the globalised free market environment. Thies (2004) adaptation of Wendts (1999) characterisation of the progress of relationships over a time series continuum is useful, with individual and collective relationships viewed as Hobbesian, Lockean, or Kantian. These characterisations crudely categorise relationships as Hobbesian where others are treated as an enemy, a potential threat to survival, Lockean where others are treated as a rival, a threat to increasing prosperity, and Kantian where others are treated as a friend, and a vehicle for increased cooperation leading to increasing prosperity. These categorisations emphasise the dominance of the social aspect to individual and collective relationships over time, and reflect much of the critical comment within the contemporary literature of interest to this project. Sennett (2006) for example characterises the contemporary world as surrendering freedom, for him meaning a letting go of the ideals of the past without any guarantee of the future, and the rise of consumerism in its wake as reinforcing the ejection of old ideas and embracing the new. For Sennett (2006) this rather dramatically paints a picture of a return to a Hobbesian, or at least a more Lockean existence from the optimal Kantian position.

Similarly to international relations assumptions regarding interstate relationships, within liberal society different types of social roles become dominant within the system and a particular culture becomes hegemonic. Sennett (2006) styles this as the 'Culture of the New Capitalism'. Neoliberalism with its economic, social and political aspects has influenced individuals in their propensity for conflict or cooperation to the extent that their behaviour and identity has become 'fairly predictable and regularised' (Thies 2004:161). In evolutionary terms the innovations necessary for the establishment of these social roles will diffuse over time after reaching a tipping point. For scholars of liberal thought this framework for analysis can be helpful in explaining both the decline in social democracy and the rise of neoliberalism through economic shock therapy. This

decline of social democracy and the rise of neoliberalism in the 1980s and 1990s have led to perhaps neoliberalism's tipping point today, given the current global financial crisis (Kotz 2009), and the possibility of its leading to the diffusion of neoliberalism and the emergence of a new political order. These developments will be discussed in more detail in Chapter Ten of the thesis.



Figure 6 'The Great Crash of 2008', illustration by Bernie, taken from Deepak Lal's article of the same name, originally published in The Spectator, London

Neorealism asserts that states interaction is primarily Lockean in nature (Wendt 1999); Thies (2004) assessment is that a neoliberal evaluation agrees broadly with this position. Although he does posit that over time there appears to be a movement towards a more Kantian cultural position. This assessment when applied to neoliberal thought, specifically the movement through the late 1990s and into this century recognises the need for a revision of some of the more vulgar excesses of neoliberalism. This movement towards a more Kantian political approach for some is controversially centred on the Third Way (Giddens 2000). The Kantian assessment of the nature of the Third Way is one that practically all commentators endorse, although the extent of its meaning and the motivation of its advocates are controversial.

On the other hand advocates of neoliberalism such as Meadowcroft and Pennington (2007) focus attention on the development of community through a benignly unencumbered market as the best means of reinforcing the freedoms gained through the

liberalised marketplace. Many contemporary critiques of neoliberalism such as Grey (2002, 2004), and Held (2004) prioritise collective approaches as the best means of arriving at an acceptable modus vivendi. Whether the movement towards a reinvigorated Kantian political perspective has accelerated as a result of the globalised fallout from economic neoliberalism (Silver and Arrighi 2003), or the universalist culture associated with free market capitalism (Henderson 2001), or a more cosmopolitan sense of individual identity (Held 2004), many such as Pettit (2006) wish to move away from the excesses of the exclusive focus on neoliberal reform, towards institutions and activities that encourage collectivism as a viable antithesis to the continued endorsement of a social ethos and norms that resemble economic theory.

In applying the assumptions of neorealism from international relations theory to contemporary politics generally, one can plausibly argue that the political and economic system built around neoliberal thought displays anarchic attributes, and in the wake of the current global financial recession this assumption has becoming increasingly verifiable (Kotz 2009). Today's anarchic world though less intrusive, or restrictive, institutional constraints on the individual, together with neoliberal assumptions on the marketization of society contributes to the creation of a fraught environment. This type of environment is characterised by the global and domestic financial systems of those, mostly liberal democratic countries, whose endorsement of neoliberal policies regarding the re-structuring of their society, have, for example, left their financial services sectors in practice unregulated, with no formal equality between participants, and no effective overarching governing authority to enforce regulation. This failure to mediate the interaction between individual and institutional actors has amplified the anarchic conditions already present, leading to a deepening crisis, the speed and scale of which has not been witnessed in modernity.

While neorealism focuses on capability, there is a contrast with neoliberalism’s focus on interest, information and intention. Part of the difficulty in dealing with neoliberalism is that as a broad church in the tradition of liberalism it is hard to isolate as a single specific thing. Neoliberalism's affinity towards the recognition of the complex interdependence within contemporary political relationships dampens often rigidly defined realist propositions about domination, coercion, and self-interest (Thies 2004:162 referring to Keohane and Nye 1989). Both, together, contribute by providing a Janus like appreciation of the change, progression, and transition constantly observed

within contemporary politics. This includes the idea that the individual is the dominant, unitary actor in contemporary politics, and that in a rights based liberal society there is less fear or regard for physical coercion and the use of force (although arguably the ability of economic forces to coerce, or force individual compliance is worthy of some consideration).[30] In this political space 'high' politics deals with the ideals and abstract issues of collectivism and individualism, while 'low' politics deals with the mediocrity of personal administration and economic survival.

LIBERALISM AND LIBERAL THOUGHT

As the research question earlier suggested this thesis is focussed on the influence of contemporary liberal thought, specifically neoliberalism, and its consequences for present-day politics. For some, contemporary politics reflects both the enlightenment and romantic values espoused during the 18th century, becoming politically cogent in the post French revolutionary period, particularly post 1848 by which time the nature of political ascendancy had changed dramatically. Today's clashes around rights, values etc., are merely the modern manifestations of this revolutionary origin (Reed 2009:255). Within the contemporary political field liberalism with its focus on freedom, the place of the individual, and toleration, whether agreed or criticised provides the context generally for discussions of contemporary politics in Anglo-American and European political consciousness. In attempting to understand modern liberal thought styled as neoliberalism and its impact on contemporary politics in later chapters of the thesis, this context needs to be examined, in order to move beyond the historical controversies and conflict within pluralist liberal accounts, towards the reaffirmation of liberal values as the foundation underpinning the resolution of political controversies.

Liberalism as a locus of thought focuses on notions of freedom, individualism, toleration, and consent, and these themes have ostensibly remained historically constant throughout post enlightenment political thought. Linked through historical context to the Anglo-Saxon world the idea of the free market, incorporating notions of freedom etc.,

[30] With regard to the notion of coercion and its applicability whether as a physical or economic phenomenon, this point is contentious, See Simmons, Dobbin and Garrett 2006 for further discussion with regard to coercion, institutional activity and the diffusion of economic and political liberalism in an international relations theory context. In my view this analysis can be used to understand the complex interdependence within neorealism and neoliberalism at individual level.

allied to free market principles has historical resonance particularly where English colonisation occurred and where there were no powerful residual peasant societies. That is, where a culture of agrarian individualism existed or was introduced preceding industrialisation there has tended to be a 'free market' tradition with strong state protection, accommodating the development of 'laissez-faire' market based economics (Grey 2002). This historical continuity has allowed for different emphasis at different times with concepts such as social democracy and its manifestation in the welfare state contrasting with neoliberal conceptions of marketization manifested as private healthcare. While both share liberal roots in individual freedom and toleration, both exist on the margins of liberalism, and in the examples discussed, overlap with socialist notions of universality, and libertarian notions of non-interference. Given the immense changes in the development of western civilisation over these several hundreds of years, through the impact of major historical and political events such as the industrial revolution, the 1789 French revolution, the rise and fall of several European empires, two world wars, and a Bolshevik revolution it is not surprising that as an ideology liberalism takes many formats.

Contemporaneously Maffettone (2000:2) considers that modern liberalism in its,

> …normative and philosophical side ... can be seen as a family of political doctrines in which the notion of liberty is interpreted in different ways that converge under the rubric of the 'rightness' of some mixture of economic efficiency, individual rights, democratic consensus and social justice.

This inquiry focuses on a contemporary politics organised around this rubric of liberal democratic principles which Haywood (2007:30) when describing the defining features of these regime-types included,

> constitutional government based on forma rules, guarantees of civil liberties and individual rights, institutionalized fragmentation and a system of checks and balances, regular elections...political pluralism…independence of organised groups and interests from government, a private-enterprise economy organised along market lines.

Here specific focus falls on western liberal democracy in the latter quarter of the twentieth and early part of the twenty-first century up to 2007, a period of roughly thirty three years where the emphasis on 'individual rights and 'private enterprise economy organised along market lines' have come to the fore (Haywood 2007:30). In this relatively contemporary situation, I argue that the historic independence of organised

groups, and interests, are no longer demarcated in a traditional sense, government, citizen, business, left, right etc., but rather have more complex interdependencies within their relationships, and that this has tended to become the norm. For example the separation of government and business interests with regard to social organisation in the twenty first century are I contend, drawing on the contemporary literature reviewed (Hay 2007, Harvey 2007a-2007b, Frieden 2006, Grey 2004 etc.), considerably less differentiated than was the case in the immediate post Second World War period. This can be seen through the adoption almost universally within the G20 group of nations, since the mid 1980's of policies, such as monetary policies that advocate inflationary and money supply controls that have direct effects, both positive and negative on their citizens' well-being. G20 refers here to 19 countries plus the European Union (EU), represented by the rotating EU presidency. Member countries are: Argentina, Australia, Brazil, Canada, China, France, Germany, India, Indonesia, Italy, Japan, Mexico, Russia, Saudi Arabia, South Africa, South Korea, Turkey, Britain, the US and the EU. Unofficial members include the International Monetary Fund (IMF) and the World Bank.

For advocates of what has become characterised as neoliberalism, such as Friedman ([1962] 2002: ix) the adoption of these neo-classical types of economic policy go 'hand in hand with increases in political and economic freedom and have led to increased prosperity'. Friedman concludes that 'competitive capitalism and freedom have been inseparable', diminishing the effect that social democracy, in his view 'democratic socialism', had on maintaining political stability in countries of liberal democratic tradition during the 'Cold War' period (Friedman [1962] 2002:7).

Whether the acknowledgement or indeed acceptance of this policy consensus is as a result of the establishment of neoliberal hegemony, or as a consequence of some evolutionary form of natural selection is not the issue here, but rather that governmental policy, citizen impact, and the interests of business correlate to a greater extent than they did in the immediate post Second World War period, where undoubtedly the interests of western democratic liberal governments were more closely attuned to citizen need, and the danger of socialist revolution then they are today. The extent to which government policy and citizen interest correlate is disputable. A Marxist based critique of this assertion would argue that the 'instrumental relationship between the ruling class and the state' (Offe & Ronge 1997:60) allows the state to be used in the interest of the ruling

class, or alternatively that the state presupposes a class based structure and through its policy prescription advocates an illusory consensus between business and citizen interests. This is part of the false consciousness that convinces citizens that what's good for business is good for them. Other critiques focus on elitism and argue that power where concentrated is oppressive, and the emergence of mass society renders liberalism outmoded (Gillam 1975:461 on C Wright Mills).

Perhaps it is more correct to describe the post war situation initially in terms of a period of USA hegemony, rather than one of liberal hegemony, where under USA leadership the established ideologically lead, liberalism, displayed the sugar coated qualities and 'folksy genius' which was not unattractive within the new Cold War context (Gillam 1975:462). The extent to which the USA led this process while other Anglo-Saxon traditions followed is not uncontroversial. The period following the Second World War saw the earlier pre-war liberal 'progressive synthesis' changed into one orientated on the 'Cold War' context that existed after the war. The 'innocent optimism gave way to pessimism, evil, tragedy, and despair' (Gillam 1975:462). The countervailing or 'new radicalism' that emerged, from the USA during this period drew its origins from the newly emergent 'strain of revisionism' developing from neo Marxism and 'rationalistic radicals' such as C. Wright Mills (Gillam 1975:462-463). Mills thesis focussed on power relations and mass society, and despite its controversy its 'Promethean world-view' (Gillam 1975:466) heralded a view of reality in *either or* terms, that many scholars across academic disciplines increasingly embraced.

This contrasted with European liberal heterogeneous approaches where the reality of the Cold War and complex European liberal sensibilities were less easily equivocated. This meant that the USA remained untarnished by the ideological embellishment that had occurred within Europe during this period, and as such successfully represented itself as utopian in the context of the post 1989 world.

For scholars, such as Freeden (2009:112) who study the works of ideologists, liberalism is about much more than just 'liberty or the independent individual'. In such a contested political landscape

> ...its attraction lies in its complexity, in its combination of individual liberty with individual development and social progress... as the enabler of individual growth, of the respect for self and with the well-being of others (Freeden (2009:112).

Vincent (1999:406) considers political philosophers as political ideologists. Freeden (1999) does not share such a wide ranging view, preferring to restrain from completely integrating both. Further discussion of these mutual relationships takes place in the section dealing with ideology. This account embraces a broad perspective on liberalism, far more extensive than contemporary interpretations of neoliberal thought could conceive.

More pointedly, Freeden (2008:17) posits that modern liberal thought embodies both the successful and disastrous 'appropriation of liberal ideas'. The diversification of liberal thought as a means 'to sustain a now entrenched and de-radicalised bourgeoisie', or 'to stem socialist advances', or to become allied 'to the cause of individual rights' diminished its sense of intent in the face of attempts to foster real economic and political change. Much of its calamitous development occurred through the abstract and inter-disciplinary nature of the academic discussion, primarily grounded in economic theory that has surrounded liberalism's development in the twentieth century (Gaus 2000). This restricted framework coupled with a lack of pragmatism in political activity was exemplified by the weakness of the political parties and movements associated with liberalism in the twentieth century (Gaus 2000). The retrenchment of liberal thought during the Cold War followed by its re-invigorated ability to radicalise the economic life of the late twentieth century contrasted with the righteousness of the liberal reformers such as William Gladstone, and at the turn of the twentieth century others such as Asquith and Lloyd George. The increasing emphasises on the compartmentalisation of liberal thought reflected wider trends within society, where attempting to remain cogent in an increasingly complex contemporary world was difficult (Sennett 2006). These developments were examined earlier in the sections discussing change in focus within contemporary debate towards a pragmatic and realistic dialogue, and the changing and evolving relationships within contemporary liberal thought.

Today's challenge for modern liberal thought must be to address the weaknesses that have become apparent as we move into the twenty-first century (Gaus 2000). These can be most notably characterised in the hollowing out of liberalism (Sennett 2006), the increased emphasis on the atomised individual (Brown 2006), and the growth of populism (Radcliff 1993).

The hollowing out of liberalism has resulted in an emergent fundamentalism associated with individualism and the place of the individual in society. Associated with

this individualism, the issue of freedom viewed negatively as non-interference, and the consequent effect on institutions remains, despite the defeat of fascist and later socialist totalitarianism with the ending of the Cold War (Friedman [1962] 2002, Allen 2003, Harvey 2007a, and 2007b). Arguably fundamentalist individualism continues to drive attempts to rank or order rights that are incommensurate in situations where values are disputed (Sennett 2006). At least by appreciating these weaknesses (Quill 2006), and recognising the potentially destructive nature of their impact (Harvey 2007b), can liberal thought continue to underpin the complex reality of contemporary political life. One solution to this hollowing out, and fundamentalist individualism within modern liberal thought might be a mix of the best attributes of the many notions within broader political thought. For example the combination of elements of liberalism and republicanism in a civic republican or civic liberal sense (Honohan 2002, Richardson 2006). To reach these types of accommodation the expansion of the civic element within liberal thought is one that the literature discusses (Giddens 2000, McCullen and Harris 2004, Quill 2006) in some depth. This should, as Grey (2004:139) stated, give rise to an improved understanding of the complex political society where we live.

In order for modern liberal thought to achieve this improved understanding it needs to move beyond the 'collective mediocrity' (Mills [1975] 1998ed:73) associated with populism (Radcliff 1993), and the undemocratic institutionalisation of conflict resolution as the only means of resolving disputes (Grey 2004). The emphasis within modern liberal thought needs to be placed on realistic and pragmatic reinforcement of political legitimacy and the mechanisms and institutions necessary to achieve this (Knopff 1998, Held 2004, Stoker 2006, Sennett 2006). This reinforcement needs to be achieved through dialogue using democratically based institutions (Fishkin and Laslett (ed.) 2003, Held 2004). These institutions need to have a broad understanding of reason that moves beyond rationality, seeking to set societal goals that are not exclusively framed as 'what's right', or 'what's best' questions (Giddens 2000, Hale *et al.* 2004).

The remainder of this chapter will contextualise liberalism on its journey from the traditional to the modern. As part of the discussion of modern liberal thought the notions surrounding neoliberalism, and alternative or modified approaches such as civic republicanism, social democracy and the Third Way will be outlined. These will not be dealt with in great detail at this stage, subsequent chapters develop these approaches

however there will a discussion of their evolving impact and interaction within the modern liberal space and on how we have come to understand modern liberal thought.

Traditional liberalism has always been founded on its commitment to the individual, notions of toleration, and consent within a bounded freedom (Franco 2003). In the move into and through modernity these notions expanded in much the same way as the political economic and social world expanded (Freeden 2008). The effect of structural changes and the *realpolitik* of contemporary political life too had their effect on the expansion of liberal thought. These changes rebounded between the world and liberal thought as both reflected the unfolding narrative. To the fore of this evolution was J. S Mill whose work this thesis contends underpins traditional conceptions of liberalism. As discussed in the literature review section Mill's work embodied the liberal notions of freedom, the individual, society and representative government as the best means to achieve what was later described by Grey (2004) as a *modus vivendi*.

The notion that society and the individual operated in different spheres of interest that were often, but not always mutually exclusive was epitomised by J.S. Mills ([1975] 1998ed:83) definition of individualism. In it he stated that individualism consisted of that which is unaccountable to society as long as the actions concern no one except the individual. Thus the individual was marked out within liberalism as a separate entity enjoying rights and responsibilities within society. This concept of individualism differs significantly from today's ideas, although both see the individual at the centre of political thought. The variable within liberal thought has always been the place of wider society and its encroachment on the individual. Historically this can be seen as a series of ebbs and flows primarily determined by the context of the time. What is unique in the contemporary world is the extension of notions of freedom and the individual into the capitalist marketplace. The contemporary understanding of individualism and its association with consumerism is unprecedented in liberalism.

Modern liberal thought with its neoliberal bias has renewed liberalism's commitment to the freedom of the individual actor within political society through a reinvigorated individualism and an association with consumerism (Bourdieu 1998, Ganev 2005). Within a libertarian construct it seeks to maximise the role of the individual as a rational actor within a capitalist grounded consumer society (Booth 2005). This characterisation of liberal ideas resulted in a situation where 'liberal economics seemed to shrink to a set of legally enshrined market practices' (Freeden 2008:17) loosely associated with

individualism's demand for freedom of action. The 'appropriation of liberal ideas' to a view of individualism integrated with freedom, within a market orientated society requires the minimising of public authority and collective institutions (Freeden 2008:17). This scrutiny of institutions has emerged partially as a result of the progress made within society up to the liquid modern time, most recently under the guise of a critical citizen thesis (Norris 1999 in Hay 2007:41, Rundell 2009). Specifically improvements in the area of education, economic wealth, and democratic participation (Lane 2004), have facilitated the decline of institutions as an uncontested means to deliver public goods. However, the traditional focus within individualism on identity, and the frameworks that facilitate individual flourishing have, too, been weakened within liquid modernity's post-structuralist setting. The question of how the individual is to be identified in the absence of institutional structure in a globalised or cosmopolitan world presents contemporary individualism with a series of challenges.

Even contemporary individualism's claims of legitimacy based on its insistence that it is directly descended from a traditional liberalism that endorsed freedom within a market context is strongly contested. For luminaries such as J.S.Mill and Sen this evolutionary interpretation is abhorrent. Mills advocated strongly that restraint on the individual within the market was not prohibited, it was necessary; no argument surrounding individual liberty justified such a freedom. Freedom in the Millsian sense was given a context that 'no one pretends that actions should be as free as opinions' (Mill [1975] 1998:62). Sen's position is that there must be 'proper regulation' that extends 'beyond the market and the profit motive', that inhibits individuals within a system “so vulnerable to greed” (De Breadun 2009:5). In both, despite the historical distance the recognition of the dangers of unfettered freedom of individual action transcends contemporary neoliberal arguments. This recognition is not something new but has always been a contingent part of political thought.

It was within the Millsian context of individual freedom restrained by its effect on others enjoyment of happiness that the ideas of toleration and consent could be articulated as part of liberal doctrine. The notion of individual restraint based on a psychological compact between the members of society underpinning toleration that

ultimately led to the concept of pluralism.[31] In the liquid modern individualistic society the notions of toleration and freedom have come to be expressed negatively, almost exclusively in terms of non-interference. This non-interference too has evolved, and in modern liberal thought is now primarily directed at institutions. These institutions are mostly although not exclusively governmental, and are perceived to exercise power without adequate scrutiny, while in a Weberian sense maintaining their coercive ability.

For modern liberal society the problem of accommodating individualism, freedom and restraint within a liberal structure remains, and is illustrated with the debate surrounding the determination of '…the precise contents of a given package of discretionary goods' (Klosko 2004:807). This debate concerns the level of interference, state or other, necessary to ensure the provision of discretionary goods, that is commodities which impact on the lives of citizens improving their life situation. These goods may be provided as public goods, provided by the state, or as part of a commercial relationship involving private enterprise. The central question here is what constitutes an acceptable level of interference with the individual and his freedom to opt out of the provision of these types of public goods?

Aside from this structural weakness within modern liberal thought, more prescient *realpolitik* matters need to be addressed. In order to remain cogent modern liberal thought now needs to address the recent collapse of the neoliberal financial capitalist model. Sen (2009) in De Breadun (2009:5) talks of the need for "a generally plural system of diverse institutions". The extent of this general plurality, its bounds, and the relationships envisaged with diverse institutions remains unspecified, perhaps purposely, by Sen. Generalities aside, this thesis argues that modern liberal thought with elements of neoliberalism's entrepreneurial spirit, social democracy's conscience, and civic republicanism's duty can form the basis for political society's continued evolution. It can do this in much the same way as Third Way aspires to realistically and pragmatically develop the neoliberal and social democratic realities of the late twentieth century. This

[31] Pluralism and value pluralism and their position within contemporary liberal thought are discussed in the literature review.

aspiration seeks a pragmatic sense of popular politics that strives to develop a “new capitalism” (Sen [2009] in De Breadun 2009:5) within political society.

While the integrity and appraisal of the Third Way project on contemporary politics remains contested its impact on contemporary liberal thought does not (Walsh and Bahnisch 2000, Hale *et al.* 2004, Fudge and Williams 2006). This impact is best analysed in conjunction with neoliberal, civic republican and social democratic themes. This interaction occurs within a contemporary liberal democratic context that emphasises rights, freedoms, the private ownership of property, and individualism while also recognising the need for social justice.

Historically, while recognising the complexity of the processes involved the broad assumption has been that liberal democracy has emerged in societies where a middle class has formed quickly from industrial development, forestalling 'the radicalisation of the working classes' (Bennett and Elman 2006:253). Similarly, for the emergence of more socially democratic strands of liberal democracy the influence, or reaction to socialism has had a complex but nonetheless prominent role. The impact of the Second World War was pivotal, creating as it did a polarised political landscape and intellectual thought-scape. Following this, the development of modern liberal thoughts increasingly particular rather than universalist position is highlighted by commentators like Freeden (2008:21) who argue that European liberalism is not as straight forward as conceptual liberal theorists might like us to imagine. The complexity of traditional European liberalism is for Freeden (2008) more accurately described as being more socially liberal than truly socially democratic.

Freeden (2008:17) styles contemporary social democracy as a historical extension of liberalism, a species of social liberalism later evolving into a 'Third Way' of political thinking.

Indeed for some, liberalism has effectively become social democracy 'contemporary liberalism is the new deal, and Keynesianism and their legacies' (Brill 2007 in Chamsy el Ojeili 2009:136). This deduction was based on social liberalism's reflection of a left of centre perspective, rather than a trenchant Marxist approach, thus reflecting the historical context of European liberalism in the twentieth century. Ganev (2005) too, points to the divisions between the practice of liberalism in its social democratic or social liberal sense within European countries, for example Sweden and Germany. For Ganev (2005:358) there is a need for the recognition of differing pragmatic strategies in

order to realise alternative national goals. This, coupled with a differing emphasis on the individual has distorted significantly the methodologies used to pursue social democratic or social liberal goals in different countries.

Within these varying frameworks social liberalism/social democracy functioned as an awareness of the social and human cost of societal and individual development. This translated into an appreciation of the relationship between democratic ideals and social justice, and led to the advocacy of the redistribution of 'social wealth' (Rundell 2009:96). This builds on the original more orthodox understanding of social liberalism / social democracy as an 'extension of democracy from the political to the social, and by implication to the economic fields' (Tsakalotos 2007:436). This extension of orthodox understanding occurred against the backdrop of a gradual decline in the structural rigidity that underpinned the social frameworks of post-war stability. Despite, or perhaps as part of this decline the rigidity attached to socially liberal or socially democratic ideas became increasingly identified with views of welfare and poverty rather than universal rights and citizenship (Stevenson 2006). Citing Sweden as an example Belfrage and Ryner (2009) too, acknowledge the problems associated with the more traditionally rigid social structures. They go further pointing to the encroachment of neoliberal principles onto formerly social democratic or socially liberal policy provision. For them the failure of Sweden in this case to move social democracy beyond welfare provision to become a more 'coherent socio-political strategy' (Belfrage and Ryner 2009:268) contributed to its devaluation within modern liberal thought. In this manner social liberalism and social democracy had become viewed as an historical extension of liberalism, and evolving into 'Third Way' political thinking (Freeden 2008:17).

The arrival of a new Third Way, as a 'normative prescription of a social realm made up of diverse particularities rather than universal collective subjects of social democracy, or the atomised rights-bearing individual subjects of neoliberalism' (Walsh and Bahnisch 2000:99), sought to consolidate differing pragmatic political approaches to the questions left unanswered by ideologically formulated, social democratic, and neoliberal principles (Barrientos and Powell 2004). Unfortunately, for Third Way enthusiasts who viewed this new formulation as a radical centrist approach rather than a left or right approach, the neoliberal hegemony of the contemporary period has damaged the Third Way's credibility with regard to questions of social justice. For many the Third Way is more neoliberal than socially democratic.

Others (Meadowcroft and Pennington 2007:18) critical of Third Way inclinations towards a concept of common good, see the Third Way as nothing more than a civic republican version of social democracy. This Civic or neo-republicanism comes with its historical baggage, its nostalgic attraction acting as a veneer over liberal deficiencies (Brennan and Lomasky 2006), its theory and practice guaranteeing the position of elites (McCormick 2003), and its revisionist emphasis on equality (Castiglione 2005).

Attractively for Third Wayers, it does incorporate particularistic notions of freedom and the individual highlighting the arbitrary nature of interference and the vulnerability associated with domination. Civic Republican notions dealing with independence are almost individualistic in their tenure, and notions of 'fair opportunity to give expression their interest' (Brennan and Lomasky 2006: 239 quoting Pettit 1997) coincide with Third Way notions about opportunity and equality. In common with Third Way views on participation civic republicanism emphasises the role of the 'active critical citizen, acting politically' (Rundell 2009:96).

Critically, while laudably emphasising the opportunities for political participation, both are naïve in failing to recognise the problem of participation is one of non-participation. Notions of the common good are 'implausible' (Brennan and Lomasky 2006:234) in the complex liquid modern or reflexive world, given the diversity and individualistic tendencies of society's actors.

Concluding, Third Way and Civic Republican ideals attempt to combine moral and political equality optimistically out of an appreciation of the 'dangers of a society divided between the rich and the poor' (Dagger 2006:154). The plausibility of this as a strategy continues to be tested.

All these elements of political thought and their impact within modern liberal thought have ultimately had as their goal the prevention of further damage to the fabric of liberal democracies. Most contemporaneous political thought does so unapologetically in response to the recent hegemony of neoliberalism. In doing this modern liberal thought is no different to earlier perspectives on socialism that adopted a similar attitude. This propagation is part of a continuing evolutionary and complex process that seeks to provide realistic and pragmatic solutions to contemporary political issues.

THE ROLE OF IDEAS, AND THE INFLUENCE OF LIBERAL IDEOLOGY

In examining the nature and influence of liberal ideology on contemporary politics one is immediately drawn into a discussion on the role of ideas within society as a whole and within politics particularly. If one takes the position that politics is the pursuit of power then ideas become the 'window-dressing' (Haywood 2003:2) necessary to fuel the collective imagination in order to facilitate this. Whether as big ideas or many ideas in the mode of Isaiah Berlin, the role of ideas in political discourse transcends all aspects of political science whether as political philosophy, political ideology, or political economy. The famous quote by J.M. Keynes from his [1936] 1963:383 'General Theory...' repeated by Haywood (2003:2) is worth reusing,

> Madmen in authority, who hear voices in the air, are distilling their frenzy from some academic scribbler of a few years back.

The impact of these ideas is no longer confined to those 'madmen', and has in the mode of Hayek ([1949] 2005) reached the body of well-intentioned men, the intellectuals as second hand dealers in ideas, who rather than hear voices in the air, now hear voices on the air through media commentators at different levels of sophistication (Stoker 2006), advocating ideas for the pursuit of the good life. The man on the street for the most part has, this thesis argues, been exposed to cultural advocates of a manifestly liberal disposition, most recently of a neoliberal mind-set, who ironically from a Hayekian perspective, have infiltrated the minds of the well intentioned. The consequences of this infiltration of neoliberal ideas are of interest to this project.

This section seeks to contextualise the role of ideas and the nature and influence of liberal ideology within the wider compass of contemporary politics in order to set the scene for the discussion of neoliberalism that will take place in Chapter Six.

The question of how the micro ideational foundations that focus on freedom etc., developed into the macro processes of liberal democracy and modern liberal thought requires a critical approach to the discussion of the problems associated with ideas and the 'idealational turn' (Finlayson 2004:130). For example a critical theoretical approach might address the increasingly real threat to modern-day civilisation founded on liberal principles, while remaining anchored to neoliberal policy prescription. Klaus Eder at a recent presentation in University College Cork opined that there remains an undeserved

optimism surrounding such hopes for critical thought approaches to contemporary socio-political questions.[32]

Notwithstanding his, perhaps, over pessimistic and alarmist assessment of the proximity of modern civilisation to the abyss, in the form of global climate change, peak oil etc., there remains nonetheless a question as to whether continuing reflexive change and the ideas generated by it will ultimately undermine neoliberal policy prescription. Whether this happens as part of the movement away from structure towards a reflexive modernity as identified by Ulrich Beck (1992), and developed by others such as Bauman (2000, 2007a, 2007b) or whether a rationalistic approach towards the nature and character of contemporary modernity will precipitate appropriate action remains to be seen.

The raising of such questions particularly when discussing neoliberalism refocuses attention on fundamental ideas surrounding power and dominance within contemporary liberal politics. While many of these ideas have remained central to liberal discourse throughout political thought their most recent discussion within reflexive or liquid modernity are of particular relevance here.

The question of where power lies and how domination continues is at the heart of critical approaches to the question of the role of ideas and the influence of ideology. For example, although traditional socio-political critical commentary has traditionally emphasised class struggle, this has changed emphasis significantly in the liquid modern era, whereas Sennett (2006) points out the conception of class affiliation may have changed, the nature of struggle has not. This is discussed further in Chapter Six.

Liberal ideas have historically been preoccupied with the relationship between power and domination. As part of this preoccupation contemporary liberal ideas with their focus on the nature of economic and social interest, coupled with the connections that these have with the exercise of power places the role of ideas centrally within liberal discourse (Béland 2010). Ultimately the idea of power as power exercised 'over', or power exercised 'to' achieve some goal or outcome lies at the heart of this thesis's

[32] Prof. Klaus Eder contributed to the colloquium that took place in University College Cork on 13 Nov 2009. His worry (my interpretation) lies in the nature and pace of the change occurring on a global scale, and the embedded nature of market principles that affirm outcomes beyond the capacity of world to deliver.

attempts to move discourse on liberal thought away from questions of domination and 'power over', in the mode of cold war liberalism, and neoliberal conceptualisations; towards a gentler more empowering liberalism. This *new liberalism* is less historically burdened, and yet focuses on 'power to' generate change (Morriss [2006] in Béland 2010). This requires the redefinition of power in its *new* liberal sense following Béland (2010:147) 'as the capacity to have an impact on outcomes'. While this definition still leaves the way open for domination given the influence of interest, and the unequal distribution of resources on political power, it allows for a clearer conceptualisation of the role of ideas in trying to change positively these negatively styled influences.

By accepting the potential for domination political power is redefined as the 'unequally distributed capacity to act together and affect the behaviour of others in order to shape political outcomes' (Béland 2010:147). In order to address capacity and equality in a pragmatic and realistic way, there needs to be new ideas that recognise the need to move away from structurally anchored inequalities that reinforce the status quo, and the interests of the ruling political and economic elites. For this type of change to occur a dynamic role for ideas beyond their Marxist conception as the ideas of the ruling class is important.[33]

Béland (2010:148) defines ideas as 'claims about descriptions of the world, causal relationships, or the normative legitimacy of certain actions'. In this way ideas function to allow a clearer understanding of the world and the relationships within it that affect us on a political, economic, and social level. These ideas allow us form a framework for critiquing issues of importance in need of reform. In this context one need only think about the issue of equal provision of healthcare, and social democratic ideas regarding its fulfilment. A neoliberal framework critiquing this type of social provision would focus negatively on the collective nature of the provision, seeking to shift the focus away from the idea of a collective imperative for society, instead focussing on the individual within a changed consumerist or contractual relationship (Sennett 2006). Indeed idealational frameworks allow us amend or revise previously held ideas, and convince others of the merit of our cause, and the need for them to re-evaluate their previously

[33] The idea that 'the ideas of the ruling class are in every epoch the ruling ideas' is drawn from Marx K. (1845), 'The German Ideology', http://www.marxists.org/archive/marx/works/1845/german-ideology/ch01b.htm viewed 01 Feb 2011.

held views (Legro 2000). In periods of uncertainty when institutional trust is weakened, such as those that pertain today this provides us with the opportunity to move beyond narrow rationally defined self-interest and explore broader ideas and concepts such as the notion of the 'common good'.

In this regard ideas function to create the social cohesion necessary to generate change, and following this minimise the unintended negative consequences of that change, while maximising the positive ones. The context within which these ideas have maximum impact is multi-dimensional, and displays an almost evolutionary aspect with a 'veil of ingrained beliefs, opinions and assumptions' (Haywood 2003:3) under-pinning political ideas. The importance of the awareness and control of political language (Freeden 2004), the socio economic (Szelenzi 2008), and the historical political context (Vincent 1999, Muller 2008) that provides for their narrative, all contribute to the inherent complexity within the multi-dimensional viewpoint. Together all complicate any purely rational generalisation that might provide simple explanation.

Neoliberal Ideas, Philosophy or Ideology?

The philosophical quest for best practice and not just good practice when discussing these multi-dimensional viewpoints requires that foundational belief arise from foundational ideas that provide the 'absolute starting points' (Freeden 2005:1) with which to view the world. These foundational ideas seek to provide 'immediate and epistemic justification and may constitute the basis for empirical knowledge' (Freeden 2005:1). Akin to an article of religious faith these ideas become unquestionable, and allow us to construct our belief systems. In their liberal context these foundational beliefs include notions of individual freedom, market based society, and non-domination. They provide much of the core that links together to form the liberal philosophical and ideological concepts that concern modern liberal thought. Developed as neoliberalism these concepts anchored in liberalism are developed and refined further reflecting a more fundamentalist liberal approach. Within this network of liberal ideas, liberal philosophy lacks the intensity of belief that liberal ideology enjoys, something that was recognised by Isaiah Berlin (Muller 2008). Inside the domain of liberal ideas then, the discussion of neoliberalism as a philosophy, or as an ideology takes place.

The endurance of neoliberalism in the contemporary political world is premised on is central ideas, overt assumptions and unstated and stated framing biases, all of which at

an ideological level appear strong, yet on a philosophical level come under considerable strain. The strict constructs that led political philosophy towards a liberal perspective on the world now constrain that same liberal construct. In this basis the contemporary crisis in liberalism can be characterised as philosophical in nature. For Freeden (2004:9) this necessitates the development of 'extra liberal political thinking', in order to foster a more progressive political theory (Mc Cormick 2003). This is entirely consistent with Hayek's approach, where the discussion of political philosophy ought to 'describe the field where political theory, ethics and anthropology meet' (Hayek [1960] 2006:4). The attraction of liberalism, and indeed neoliberalism lies in its appeal to the intellect and emotion, issues such as individual freedom, non-interference etc. resonate deeply within western society, for many anchoring civilisation itself (Friedman 2002, Booth 2005, Reed 2009 on Berlin 2007). It is perfectionist liberal thinking regarding autonomy and the individual in particular that has had most influence on liberal thought, becoming more fundamentalist in outlook, heralding neoliberalism. Ideology in this way offers a means to move beyond the philosophical constraints of professional thinkers towards the political concerns of social actors (Freeden 2004:9).

In theory and practice liberal thought, and the belief systems it discusses at a philosophical and ideological level are, sometimes controversially, studied or researched as sub-disciplines within political science. Here the problematic link between belief, theory, daily life and political conduct is explored where 'texts, arguments and discourses obtain an existence of their own and are studied for the values and visions they contain' (Freeden 2004:1). For Freeden (2004:1) political thought, political theory, and their underwriting of philosophical and ideological belief systems is premised on abstract reasoning, the exercise of judgement with regard to conduct, insight, historical and contextual circumstance, analysis and change. Within these strands the conflict between philosophical and ideological reasoning and the emphasis which defines perspective can be found (Panagia 2001). This may take the form of a historical narrative concept, or indeed an individual political philosophical concept of what constitutes the good life. Neither is straightforward, both are complex, as in both a Gramscian or Hayekian sense they seek to shape political ideas at an intellectual and mass audience level.

Ideology from a philosophical perspective has come to be defined as defective philosophy for its failures to reach for the truth, rather than as this thesis agrees, a much broader and,

> ubiquitous and patterned forms of thinking about politics...clusters of ideas, beliefs, opinions values and attitudes usually held by identifiable groups, that provide directions, even plans of action for public policy making in an endeavour to uphold, justify, change or criticise the social and political arrangements of a state or political community (Freeden (2004:5).

Liberal ideology then, forms part of the composite within liberal thought, and as such is part of a wider framework that includes liberal political philosophy. Liberal ideology's success lies in its ability to ground ideological concepts. Liberal political philosophy, as with philosophy in general finds this more problematic, given its continuous search for the truth. Rather than being susceptible to the charge of inadequacy of content, liberal philosophy often just fails to convince given the inbuilt contradiction surrounding coercion. Contemporary liberal philosophy's analytical frameworks with an emphasis on procedure, abstract language, and attention to detail leads to political argument petering out, as solutions become ever more removed and unworkable in a real world political environment that demands immediate gratification (Sennett 2006, Reed 2009 on Berlin 2007). Liberal philosophy as first order thinking remains liable to failure, and where demonstration and proof fails to convince it can be catastrophic for the search for absolute truth (Freeden 2009:1). The assumption of universal values such as democracy, freedom and justice by political and economic philosophers generally, reflects liberal predispositions towards the individual (Friedman 2002).

This position, unfortunately, with its emphasis on the role of the individual places liberal philosophy first and liberal politics second. On the positive side liberal philosophy's abstraction allows for a less emotive assessment of difficult and often incommensurate questions, maximising “access to the life world” (Panagia 2001:56 quoting Habermas), and diminishing conflict at its deepest levels. This stability and suppression of emotion resonates well with political theorists (Johnson 2008 on Geertz 2000), whose sense of rationality favours a more scientific approach to the resolution of societal issues.

The broad issue for liberal thought in contemporary politics is its difficult relationship with political reality. This can be defined by is failure to identify with immediate problems, divorcing the abstract nature of academic reasoning from real world political

issues. For Vincent (1999:406) quoting Ashcraft (1975) the divergence between academic debate and political reality can best be characterised as the discussion of reality within the "frozen worlds of analysis and history". This image accurately captures the loss of dynamism or fluidity when discussing real world political situations.

The sense of dynamism or fluidity that surrounds the immediate is ironically reinforced by neoliberal ideology, and consumerism, where the principles of delayed gratification as a means to a future promise of the good life are no longer pertinent. In trying to reconcile this inadequacy within the debate, liberal philosophy strives to become liberal ideology. It does this through its merger of ideas and context, added to emotive and irrational human participation. Developing Vincent (1999) this can be characterised as,

If ... abstract liberal philosophical ideas = Liberal thought ... *and*
Liberal thought in context + human participation = liberal ideology … *then*
Abstract liberal philosophical ideas in context + human participation = liberal ideology
if one accepts that political context is usually focussed on political circumstance, and political circumstance at a given time is reflected as political reality then...
abstract liberal philosophical ideas in political circumstances at a given time + human participation reflects political reality … *then*
abstract liberal philosophical ideas in the political circumstance at a given time + human participation = liberal ideology... then
liberal ideology = abstract liberal philosophical ideas in political circumstances or context + the actions of a potentially emotive/irrational human participant reflecting political reality

Vincent's (1999:403) perspective sees ideology as a 'dimension or variable of a larger object to be studied' and as 'authentic philosophical anthropology or genuine political economy' gives rise to a view of ideology as an 'object embodying illusory values or attitudes'.

The notion of illusory value belies much of the critical argument that surrounds ideology, whether from a Marxist, or libertarian perspective. Freeden (2001:5) too, recognises the illusory potential of ideology characterising its ultimate success or failure

as the difference between those who remain objectively 'clear sighted', and those who become 'illusioned'. The clear sighted example of Margaret Thatcher and Sir Keith Joseph and the UK Conservative party are a case in point. While appreciating the resonance of the illusion of individual freedom, they recognised the need for objectivity and clear sightedness required to be successful politically. This thesis holds that as part of a broader perspective to be studied the ideological dimension encompassing illusory values requires analogously *that the wood can be seen from the trees.* In this way the objectivity associated with clear sightedness focuses on pragmatic and realistic approaches, such as the Third Way, while the illusioned focuses on the entrenchment of core concepts such as individual freedom in an almost romantic perspective.

In the neoliberal view of the social imaginary, politics, and society are caught up within this illusion which they can never transcend, leading to the continuing perpetuation of social and political illusion. Within this illusion the clear sighted aspects of ideology reconfigure in order to survive (Freeden 2001) while the illusioned ultimately perish.

Neoliberal Thought = Neoliberal Ideology

The division of liberal thought and the questions surrounding the function of liberal ideology within liberal thought, is, in common with the generality of political thought, an area that has 'gained a renewed vigour especially with respect to the question of what counts as political thinking in contemporary political life' (Panagia 2001:55). Historically citing Skinner (1998), from Vincent's (1999) perspective ideology is the same as political thought. This remains the case today, all one need do is examine the displayed synonym's for political thought on this computer's thesaurus. The same thesaurus also includes philosophy as a displayed synonym for political thought. Building from this liberal ideology can be viewed as liberal thought, with the same synonymy.

The criteria for long term assessment of any ideology's success hinges on its practicability, adherence, and sensitivity towards the contextual situations that define its boundaries. An ideology's attractiveness lies in its functioning as a logical arbiter that takes account of the culturally significant meanings, both overt and hidden within political reality. This is what makes it as much a product of social actors as 'professional thinkers' (Freeden 2004:9), including in its remit almost all political actors including

public servants, political parties, journalists etc. Hayek casts all these as intellectuals and assigns a particular emphasis to them and their actions. This is discussed further in Chapter Seven. In doing so ideology falls foul of the charge of lacking academic rigour through its 'projection of motivational assumptions' (Hay 2007:9), and emotional inputs that infect arguments constructed on a rationally scientific framework. Freeden (1999:411) characterises this as 'ideolophobia', and refutes this as doing nothing to break down the perception that there remains some distance between academic abstraction and political reality. The power of neoliberal ideology lies within its continuing 'performative capacity' (Freeden 2009:5), that is its ability to continue to resonate within changing contexts, something which ideologists argue liberal political philosophy does not.

This flexibility is one of the key features of neoliberal ideology highlighting its 'typicality, influence, contextual creativity, common language communicability' (Freeden 2001:5). It illustrates the conflict generally within modern liberal thought, between liberal philosophy and ideology. This is particularly acute where politics is understood as a collective process that seeks to emphasise 'the interrelationship of the norm, the mass, and the general with the abnormal, the unusual, the marginal and the unique' (Freeden 2001:6). In that situation the rationality, logic and abstraction of liberal philosophy's search for *absolute truth* fails to describe adequately the nature of politics in the same readily accessible way as liberal ideology. In doing so it fails to achieve the standard that politics demands of ideology, namely, its influence on the mass public, its influence on political groupings, and its control over the political language used in day to day contemporary politics. Something that neoliberalism has been remarkably successful at achieving.

The End of Ideology?

The success of neoliberalism occurred against the backdrop of the 'end of ideology' following the collapse of the iron curtain and the Berlin Wall. Under this 'end of ideology' thesis revolutionary ideas no longer reflected the relevancy of social experience. The 'gates of universal spiritual seduction' were now fully open (Unger 1987:57). The ideological impetus that once gave political actors the strength to do this, which is the transformative strength of politics, no longer applied in the post 1989 world. The logic of '1989 and after' (Giddens 2000:50) accepted liberalism as the survivor of

ideological evolution. After a honeymoon period this logic determined that the old conflicts between left and right had been eclipsed by issues and problems that could no longer be understood through earlier left/right topographies. These topographies now replaced with a liberal perspective on the world (Gaus 2000), facilitated the subsequent 're-emergence of ideology' following its 'death' in the early 1990s (Leclau 1996:201). In this instance it was neoliberalism that survived to re-emerge and colonise the 'totality of the social field' (Leclau 1996:201).

For those whose perspective focussed on the totalitarian aspects of Cold War ideology, the hegemony of neoliberalism, and the de-contestation of political language that associated itself with this brand of liberalism diminished ideology's analytic value. The frameworks that supported the analysis of totalised ideology, and the closed society necessary to support it were consigned to the history of political thought. The rigorous critique of this change whether viewed from the end of ideology perspective (Bell or Fukuyama – see Scott 2003) as the victory of liberal democratic politics, or from the Marxist perspective as the loss of illusion as a result of the growth of rational science, saw traditional certainty displaced by 'disenchantment' (Rasmussen 2009:1121) for many in today's liquid modern society (Sennett 2006, Bauman 2008a).

The stability and convergence of political views as a result of the end of ideology heralded a political life that draws on the trend toward depoliticization and one-dimensionalism discussed by Marcuse (1964) and later by Held (2006:188). The more radical post-Marxist critique argues that the illusion of *loss of illusion* somehow diminishes ideologies continued role within political thought, ultimately perpetuating the distortion of consciousness (Vincent 1999). From this perspective, for neoliberal ideology to continue its role as an 'object embodying illusory values or attitudes' (Vincent 1999:403) contemporary frameworks have to be constructed that link belief, theory and daily life with political conduct grounded in neoliberalism.

The construction of just such a contemporary framework resonated with the sense of the immediate conveyed by neoliberal ideology in the 1980s and 1990s. These frameworks linked abstract conceptualizations of individual freedom, markets, and non-interference to events such as the economic stagnation and recession of the 1980s, and people such as Margaret Thatcher and the 'modernising right'. This phrase 'modernising right' is borrowed and adjusted from Giddens (2000:27) notion of the 'modernising left'.

In this way positivist liberal thought became neoliberal ideology, establishing itself as the big idea for this time.

Following the collapse of Cold War ideological differences the political reality allowed liberal thought as triumphant neoliberal thought, and neoliberal ideology, develop as a mass production, mass consumption good throughout the Western world. Neoliberal ideology as a concept was broad enough, and lacked enough preciseness to enhance its popular group flavour with its ideological fellow travellers from the *Chicago School* of economics displaying sufficient 'Wittgensteinian family resemblances' (Freeden 1999:412) to appeal across a broad spectrum of groups. The *Chicago School* is taken here to be the broad movement within economics and other related fields that favoured rational choice as the basis for economic and subsequently social interaction. This influence crossed over into theories such as New Public Management, Public and Rational choice theories (Hay 2007:97).

Ideology viewed in this way differed from the historically conceived 'totalised ideology', although arguably it retained a similar trait in its endorsement of a particular world-view, by remaining in theory, an open system of thought. In contradistinction to more pluralist liberal notions of the ideal *modus vivendi*, the rational consensus surrounding neoliberalism reflected an idealised liberal *modus vivendi* that was universalist in outlook (Grey 2004). Triumphant neoliberal ideology reflected the Faustian ideal of full and unlimited development for all, even to the point of self destruction (Keohane and Kuhling (2003).

The group flavour of neoliberal ideology was enhanced through its common sense approach (Peters 1983), and reflected the contention that neoliberal reform was a necessary act of modernisation and progress (Giddens 2000). Reform was presented as an essential component of neoliberalism, reflecting the claim that 'there is no alternative' (Cammack 2004:151, Bauman 2007b:65) to the re-alignment and re-definition of social values. This approach was Gramscian in its construct, it appealed less to common sense, and more to sense held in common, a significant difference. This reinforced the post Marxist contention of illusion and false consciousness.

The post Marxist analysis also argues that class and the prominence of the ruling class monopolises mainstream ideas within society. Given the embourgeoisement of contemporary society, neoliberal ideology could easily become the 'ruling intellectual force' (Grey 2002). Liberalism as the salient set of beliefs allowed the construction of a

neoliberal hegemony which at its core focussed on liberty and individuality at a cultural and intellectual level (Freeden 2005). It is ironic that this hegemony once established within a liquid modern environment saw the middle class, cast adrift, and traditional institutional reference points decline throughout the 1990s (Sennett 2006). Other alternatives could have been chosen, however the emergence of neoliberal thought, built on such a 'contingent foundation' conferred on it the status of a 'super-concept' (Freeden 2005:4). As such it enjoyed 'a protected and reinforced site to anchor a set of regulatory propositions about the social world' (Freeden 2005:5). This established neoliberalism as the dominant stream of liberal ideology, fully emerging in the post-Cold War period.

Neoliberal Ideology Triumphant

In conjunction with this analysis of the collapse of totalised ideology, and the spectre of the end of ideology, post-Cold War liberal outlooks opined that emergent world was unlikely to be as ideologically fundamentalist as the one that had passed. The move from the mystical and almost spiritual notions of liberal freedom to a more rationally ordered neoliberal world was not smooth.

After the shock of globalised neoliberal economic prescription in the late 1980s and early 1990s the crisis of identity that emerged within society (Bauman 2000, 2008a, 2008b, Sennett 2006, Stoker 2006, Harvey 2007b), whether actual or perceived, as an unintended consequence of the newly established hegemony, presented a more fundamentalist approach than had been imagined. This fundamentalism grounded in liberalism became 'associated with inflexibility, dogmatism and authoritarianism' (Haywood 2003:295), and shared many of the characteristics of the new religious fundamentalism. This included the secularisation so to speak of political life, in this context meaning the decline in institutional life. It also includes the reappraisal of identity, which for example meant the undermining the traditional sense of individual identity in an increasingly diverse, globalised and cosmopolitan world, despite having individualism at its core (Stoker 2006). The resultant asymmetries further disembedded the cultural and structural norms that surrounded the individual, increasing the spiral of crisis linked to identity further downward.

This was not a particularly philosophical position; rather it was in ideological terms 'a style of political thought rather than a substantive collection of political ideas and values' (Haywood 2003:295). In some cases it was necessary to appropriate the language and

constructs within political thought in order to develop neoliberal concepts (Cammack 2004). In most it was developed through the de-contestation of previously contested political concepts. Ideological de-contestation allowed for the control of political language, giving a more precise definition to contested meanings (Freeden 2004) while the use of 'enforced de-contestation' allowed neoliberal perspectives to be idealised, simplifying their meaning, obscuring detail and limiting challenges (Freeden 2009:4). This limited the extent to which discourses could be framed. Broad liberal notions such as non-interference give rise to an expectation that the individual will, to a greater or lesser extent, become self-sufficient. Neoliberalism in its endorsement of the atomised individual manipulated further the cultural constraints that limit action, further narrowing the terms of reference for the discourse that follows.

The discursive language surrounding neoliberal ideology reinforced the mutual dependence that was shared among other key fundamental concepts such as liberty, and equality (Freeden 2005). As part of neoliberal ideology these fundamental concepts were too complex to be viewed in isolation, their value acknowledged throughout. The power of these and other neoliberal concepts such as individualism, and their 'performative capacity' (Freeden 2009:5) had been instrumental in the collapse of socialism, or so the story was marketed to those within the target group. The collapse and failure of socialist ideology had been as a result ultimately of the underestimation of the target audience, a marketing failure. Neoliberalism's successful 'reception and consumption' (Freeden 2009:5) as an ideology rested on its capacity to perform and its communicability to its target audience. It built on the notion of ideological community and a shared appreciation that there were 'fundamental cultural and linguistic understandings without which social co-existence is impossible' (Freeden 1999:413). This ideological community supported later localised interpretation and overlap within neoliberalism, in spite of earlier efforts to fix it conceptually (Ganev 2005, Harvey 2007). Embracing the 'chaos of freedom' (Seldon 1998:117) was persuasive, its efficacy further enhancing its popularity.

It is from this ideological community that broad agreement and a primarily liberal predisposition was channelled into political action, despite the complexities within the shared understandings of language. Neoliberal ideology through its broad appeal to citizens (Charles 1983), and its resonance within the mass media became part of the political narrative. Habermas (2006:414) in his discussion of 'considered opinion' and

mediated communication characterises the role of the mass media as driven by its own opinion driven dynamic. He is critical of the degeneration of the public discourse caused by a mass media that has become nothing more than 'public ignorance literature' (Habermas 2006:420).

Despite this criticism the successful colonisation of the public sphere by neoliberal ideas has not been diminished.

Wrap Up

Neoliberal ideology has become in a J.S. Millsian sense the truth at a particular point in time (Freeden 2004). It sought to determine the policies pursued by society focussing primarily on the place of the individual and individualism as a doctrinaire part of its approach to individual needs and understanding. Crucial here too, was the role of foundational ideas and de-contestation of the political concepts that framed discourses. The pursuit of the mythical utopian future, and the flexible coherence that allowed changes in the neoliberal 'order of battle' accommodated the pragmatism required by political necessity.

A recent comparative analysis by Van Der Meer *et al.* (2009) appears to bear out the contention that the framing of discourses impacts on participation, and on the consequent political action. In this way neoliberal framing of discourses too, can impact on participation and consequent political action shaping society as we learn and progress. The influence of external factors such as economic well-being and the levels of disaffection within society impact positively on the levels of participation (Van der Meer 2009). The level of participation then, importantly, impacting on governmental policy and output. In this sense political action in the form of governmental policy output is premised on a rational sense of survival, remaining conscious of the height of the stakes when determining policy. In this way contested government policy areas are de-contested, further narrowing the scope of political action and its impact on an already formed market society.

Where the de-contestation of language cannot be achieved the policy areas are removed from directly accountable political institutions, into other structures that cannot be held to account directly to citizens. For example the de-politicisation of health by passing political responsibility to public or quasi-public bodies and officials, reduces the many divisive decisions regarding public health to technical argument. This facilitates

the denial of political responsibility for policy choice, while reserving the right to appoint institutional officials (Hay 2007). This formalised process of displacement and de-politicisation being characteristic of neoliberal reform.

Here for Marxists the illusion of ideological closure and the distortion of freedom associated with this have been accommodated through neoliberalism's penetration of the social field (Leclau 1999). The illusion of market oriented freedom has been achieved within the context of contemporary political cultures predisposition towards liberalism. In this way the impenetrable nature of society has been distorted. The relative freedoms enjoyed under this liberal awning, satiate, and like Fukuyama's (1992:311) dog's life, citizens are content to indulge the illusion that the good life has been achieved.

The illusion that this end of ideology perspective assumes is the absolute success of liberal doctrines, and therefore ultimately the loss of illusion. It presupposes that society has moved towards a neoliberal political understanding as part of a rational consensus. Neoliberal political policy becomes less dogmatic, less likely to fail, where it does flexible coherence allows subtle change and adaptation to context as a matter of contingency (Stoker 2006). This adaptation signalling the success of neoliberal ideology, its long term impact, its ability to realise goals, its sense of the immediate, its ability to reconfigure as part of its organic nature, and its shaping of society and how we learn.

Neoliberal ideology with its traditionally anchored political, economic and technological characteristics has as part of the search for truth and progress in society emerged from the recent social and economic conflict relatively intact, affirming the inspiration for political activity amongst its critics. Despite arguments that ideology as a species has come to an end with the loss of illusion brought about by rational approaches, there remains the question of value free space, and whether this is itself an illusion. Bearing this in mind one might counter that the search for a mythical future promising the good life is one that drives progress itself. If the measure of success is the pursuit of an ideological strategy that avoids the social, economic and political destruction wrought by dogmatism, then neoliberalism has not been a success. However neoliberalism's progress and evolution over time, and its survival despite its reconfiguration and indeterminacy is uniquely characteristic of liquid modernity. As an 'attempt to make sense' (Andersson 2006:432), of economic and social change neoliberal ideology provides a cogent explanation of the underlying structure of contemporary politics.

THE IMPACT OF CONTEMPORARY POLITICAL CULTURE

Political culture is a controversial theme within contemporary politics. The problem of definition and role are a source of contention among many of the academic writers (Formisano 2001:394). Indeed across all the social sciences the role of culture and its immeasurable character forms much of the literature itself.

The amorphous nature of the concept and the difficulties associated with such a formless conception presents its own difficulties when discussing the role of culture in the development of liberal democratic politics and liberal thought (Formisano 2001). The conflict and division within political science, and the use of the concept of political culture as a 'catch word' left as a 'deliberately vague conditioning concept' (Formisano 2001:394), has unfortunately, facilitated the exploitation of the concept of political culture as “vague” only to be used where other discrete forms of analysis have failed to provide explanation. This has been particularly true where concepts of hegemony (Hay 2007), power (Grey 2004), and elites (Pettit in Fishkin and Laslett eds. 2003) are concerned.

The rise to prominence in the 1950s and 1960s of the idea of cultural influence as a factor generally in the social scientific fields was mirrored in the political science discipline. Formisano (2001:396) emphasises that even at this early stage leading academics in the field such as Almond accepted that concepts involving values, national character, and cultural ethos were 'unstable and overlapping'.

Verba (1965:516 quoted in Formasino (2001:399), pointed to political culture’s subjective nature when stating that political culture 'refers not to what is happening in the world of politics but to what people believe about these happenings', identifying the non-objective and interpretative nature of the concept.

From an historical perspective the movement during the 1960s towards a more holistic scientific approach was reflected in the continued debate within social science regarding universalist theories of knowledge. Critically these theories were mostly premised on the idea that conceptions like political culture had a distinctly Eurocentric or Anglo-American modelled genealogy, situated within a firmly rooted post enlightenment idea of the progress of knowledge. This model became associated with emergent revolutionary notions such as liberty and equality and later democracy. Scott (2003:92) from an anthropological perspective argues that this bias has permeated all

aspects of the theory of knowledge, effectively 'westernising' it, and by being so widely acknowledged and uncontested, has ultimately become hegemonic.

This acknowledged political culture has developed since enlightenment as a part of the critique of absolute reason. It acts as a counterweight, while emphasising the 'epistemological privilege of local knowledge' (Scott 2003:93). As a result contemporary political theorists feel obliged or compelled to take account of culture and its influence, when reflecting on the emergent notions of liberalism and democracy. Culture, as Scott (2003:95) states has 'ended up becoming a preoccupation for political theorists'.

From a contemporary anthropological perspective political culture includes behavioural as well as psychological aspects. In this perspective cultures are understood to be 'overlapping, interactive and internally negotiated ...not simply geographically' situated (Scott 2003:100). For Scott (2003) following Benedict (1946) the idea of moving away from the historical political geography and the Anglo and Eurocentric cultural imperialism of the past, means developing newer conceptions of political culture. These newer conceptions have created an awareness of issues within culture generally, that develop a detachment from traditional cultural values. This allows a more nuanced appraisal and flexibility when evaluating accepted cultural norms. To a great extent this has been facilitated by the contemporary move away from strict ideas of a collective, nation state focussed homogeneous society, towards a more individually autonomous, reflexive, supranational citizenry (Kendall *et al.* 2008). This supra-nationality has in practice, like liberalism, become reflective of an Anglo American and Eurocentric perspectives of the individual and individualistic values (Klosko 2009).

As initially stated, with the social scientific literature generally, and political science as the academic discipline within this genre remains divided on whether political culture can be considered as a causal or effectual factor in the explanation of many political phenomena, it had become a short hand expression for a mind-set or disposition that proved too elusive to capture even in a normative manner. Perhaps, as Formisano (2001:403) illustrates all that can be hoped for is that it becomes accepted as 'a collaborator' within any explanation of political events.

For political science the problem of the evaluation of political culture remains, concepts of political culture as the legacy of the historical movements of the sixties that tended towards privileging culture and structure has resulted in political culture remaining aloof from the rational desires of political boffins.

The emergence of post-modern society despite its eschewal of many traditional notions, and the movement towards an appraisal of deep structure has only served to restate the question of the extent and role of political culture within politics generally. For Formisano (2001) political culture remains a concept very much at the heart of political science if only in some cases as a means to unite the discipline in criticism. What then for contemporary political culture? In common with aspects from the rest of this thesis, the nature of contemporary politics is complex, with this in mind the role and effect of political culture too can be viewed as contributing to this complexity. Whether this contribution is generated through political culture's dynamism, through cultural agents subject to bias or with incomplete information, or simply its evolution, political culture has become more than just a 'catch word' (Formisano 2001:394) within contemporary politics.

In examining further the role and effect of political culture on modern liberal thought, there needs to be a more detailed discussion of concepts like the post-modern idea of deep structure and identity, where the notion of other is constantly to the fore. In historical accounts of political culture premised in state centric notions of self and other, identity as a concept was relatively clear cut. In the contemporary world's atomised and individualised society these concepts have become more difficult to articulate, pointing to a more complex relationship with our understanding of contemporary political culture. Notions of increased individuality emphasise the view that cultural traits have become more particular to the individual and less tied to notions of the collective. This break from the traditional view that culture was bounded within long established norms whether physical or implied shows that political culture has moved away from a historically bounded concept to become 'liquid' in the mould of Sennett (2006) and Bauman (2000, 2007a and 2007b).

The emergence of a more 'liquid' and individualised concept of political culture for Scott (2003) reflects Gutmann's appreciation of the relevance of culture generally. In the liberal tradition of the western world, political culture's relevance has historically been to mark out 'an area of damage, injury or marginalisation' (Scott 2003:94). This implies that the practice of politics ought to be concerned with fixing these types of problems. The placing of culture generally as a measure of displacement with regard to other, reflecting difference between individuals requires the involvement of institutions to broker accommodation between these conflicting perspectives. Political culture then acts

as a reflection of the means by which political differences between individuals, states, individuals and the state etc. are accommodated. For politics to remain pragmatic requires the active involvement of political institutions enabling an agreed modus vivendi. In the Anglo and Eurocentric world-view this has the characteristics of a liberal modus vivendi built on individual freedom, tolerance and consent. The role of political culture then becomes the sustainment and propagation of these characteristics, and the institutional framework necessary to maintain them. Developing further the concept of societal learning, society has learned through cultural processes to create and construct institutions to propagate these values (Delanty 2007:4).

So how then is the liquid modern liberal political culture of the Anglo and Eurocentric world to find effect within political theory?

The anthropological story holds that,

> …political theorists operated on the fallacious notion that cultures were internally homogeneous, immobile, self enclosed, seamless, and so on. On this false conception of culture were built great constitutional theories that have defined our political modernity. Indeed these constitutional theories are themselves false insofar as they depend on this erroneous conception of culture. Now at last, however we know what culture really is, namely fluid, heterogeneous, partial and so on. And therefore we can now begin to reconstruct a more adequate political theory (Scott 2003:101).

This reconstruction of political theory on the basis of the promotion of political culture within the discipline seems at first glance overambitious, although the transition to a more liquid modernity does merit a re-examination of the role and effect of political culture on neoliberal thought, and an appreciation of its impact on contemporary politics.

To do this Lyons (2006) examines and classifies the aspects and role of political culture as they occur in Ireland. Lyons's analysis is cogent, albeit that he points almost exclusively to the historically rooted notions of identity, institutional life, political life, and political values as central aspects to any assessment of political culture. For Lyons (2006) these notions are supplemented by the idea of latent values within political culture. These latent values or attitudes contribute as stabilisation mechanisms within politics over time. Following Rawls, Lyons (2006) views these attitudes as almost intuitive, with some specific values equated to core beliefs and others taking on a more individualistic guise, encouraged by increasingly rational self-interested actors. These individualised attitudes are less historically rooted within culture, and are more changeable over time.

The importance attached to these latent values in order to create stability allows the adoption of an overlapping consensus, thus the role of political culture is to become the foundation for this consensus within society. In the liquid modern era the increasingly mutable aspects of many of these values corresponds neatly to more fluid conceptualisations of contemporary politics.

In the same vein Scott (2003:102) discussing Skinner's liberation of hegemonic accounts of values from historical constraint, emphasises the freedom this allows to contemporary commentators who can now stand back from inherited intellectual commitments, or from traditional perspectives that emphasised less liberated methodologies on what, and how, we should think. This more pragmatic and realistic approach allows an understanding of the evolutionary effects and impact of political culture, and the interdependent complex relationships within modern liberal thought and contemporary politics. The nature and extent to which these more liberated methodologies actually contribute to contemporary politics remains contested. There are changes occurring, but it would be contemptible to disregard totally historicist approaches that have conditioned traditional views on the question of the influence of political culture. It would be a further mistake to insist or argue that this methodology is somehow now defunct.

If anything it contributes immeasurably and no longer in isolation, but rather as part of the collage of approaches contributing to our understanding of the complex reality of contemporary politics. As Scott (2003:103) agrees there is a history to culture, and one cannot overlook the ideological history of culture and its impact on the role ascribed for it. The methodological approach adopted in this thesis embraces this traditional constituency, while in capturing the complex nature of the relationships encountered, uses alternatives such as critical approaches, and social constructivism, to gain a clearer perspective on why political culture exercises its influence in the way that it does.

In the liquid modern age this acknowledgement of cultural transparency can be viewed positively as part of the 'progress in intellectual history' (Scott 2003:102). However the problem with cultural transparency is that it may still not provide satisfactory explanations of increasingly complex individualised relationships, and in this sense its effect may be to become opaque.

Political culture remains conceptually difficult to define, rather than stand alone as a construct its comparative use leaves it open to subjective manipulation to suit specific

theories or positions within political theory rendering its role and effect more difficult to quantify. In this regard it is often adapted towards a universalist, for example when discussing cosmopolitanism in liberal theory, or alternatively, a nativist or local approach when discussing aspects of communitarianism. Between these diametric poles, convergence remains problematical. With this in mind the various liberal democratic theoretical perspectives of themselves, can be appreciated from a political culture perspective as 'an artefact of a particular political history' (Scott 2003:96). This thesis argues that Anglo American socio-economic and political history has most recently been dominated by a neoliberal approach, and as a prominent component of contemporary politics this political cultural artefact will influence greatly the development of contemporary politics into the future (Grey 2004).This is discussed later in the section dealing with the role of the hegemon.

Contemporary efforts to understand culture's logic, then, require a *both/and*, rather than an *either/or* approach. Trying to construct an adequate definition for political culture within a *both/and* framework presents difficulties. Attempting to construct an adequate definition using an *either/or* approach, although attractive from a normative political science perspective, proves just or indeed more difficult. Using Scott (2003:97) definitions of political culture ought to embrace 'conceptions of the relation between historically constituted ways of life and organisations of political community'. This in one sense sees political culture's role as heavily influencing processes, in the manner of historical political artefacts that have come to describe "how a society and a collection of leaders and citizens chooses, and has long chosen, to approach national political decisions" (Formisano 2001:408 quoting Rotberg 1999:339). In another sense it recognises the darker side effect to contemporary political culture that describes a 'shadowy cluster of assumptions, traditions, conventions, values, modes of expression, and habits of thought and belief that underlay those visible elements' (Formasino 2001:411 following the historian Green 1996). These *both/and* Janus aspects of political culture highlight the problematic nature of specific definition.

Whatever the problem of definition, the description of political culture within the contemporary public sphere can no longer be restrained by Habermasian rationalism, it is now a 'permanent fixture in modern society – plural, anarchic, wild, unregulated and fluid with regard to space and time' (Formisano 2001:417). Moving beyond the historical, anthropologically it is now understood to be 'overlapping, interactive and

internally negotiated' (Scott 2003:100), no longer simply a case of historical definition or geography.

So what then of the importance of political culture in shaping modern neoliberal thought? Formisano (2001:405) while discussing Inglehart's view of political culture as 'durable cultural attitude' points to a role for political culture as providing the mood music for liberalism ascendancy in the Anglo American and European context. In other words without a 'durable cultural attitude' setting a mood that has remained consistent over time, the encouragement of individual freedom, and tolerance in its neoliberal format would have been less likely to have gained such a prominent position in contemporary political thought.

The extent of culture's role is not uncontested, for some like Jackman and Miller (1996) the mixture of institutionalism and rational choice have been far more influential, than a cultural disposition towards freedom and tolerance in neoliberalism's ascendancy. From their perspective the distribution of incentives through institutions, and individual desire to maximise utility together formed the basis for neoliberal development.

In contemporary politics this contested role between cultural disposition, rational choice and institutionalism is typified by the change in social democracy. Social democracy's focus on limiting the potentially damaging aspects of the market has had to be adjusted by a shifting political culture, or in the alternative view, by individual utility maximisation strategies and a less egalitarian distribution of resources through institutions. For Andersson (2006:432) this changing effect sees social democracy no longer as a force promoting moderate equality in an unfair world, but now as adapting the 'moderate promotion of inequality in the face of forces that are even more non-egalitarian'.

The alternative perspectives above provide a tangible explanation for social democracy's adjustment, however to attempt to place one as an dependent variable, and the other as an independent, or "intermediate variable" (Formasino 2001:404), ranking one over throws up the familiar definitional, and descriptive difficulties associated with political culture. Instead, an acknowledgement of the complex inter-relationships that place both together in an overlapping, interactive middle ground would be more appropriate. In that situation each factor is given due recognition for its part in the process of change. This does not diminish the role or effect of political culture as a

factor in contemporary neoliberal politics, despite the recognition of the conceptual difficulties associated with it, for example its unstable and overlapping nature.

The recognition of conflict and change between the emotive and the rational elements within political culture, are emphasised when one examines liberal democratic political culture, particularly liberal democratic constitutionalism.

Within liberal constitutions there is usually the problem of the reconciliation of difference through a pluralist approach, contrasting with the optimism that gives rise to a presumption of the continuous adoption of a *modus co-vivendi*. The accepted view is that where irreconcilable disputes arise one can assume that the constitution will defend robustly through the rule of law any potentially divisive conflict that may occur. To this end liberal constitutionalism has incorporated a recognition of the role and effect of a liberal political culture that itself grew from a 'particular political history' (Scott 2003:96). This recognition within constitutionalism fosters the aspiration that each individual ought to become capable of involvement in political life. Of course the problem remains regarding the extent to which each individual can become involved equally. To this end the temptation remains towards the introduction of elements of positive discrimination anterior to conceptions of *modus co-vivendi*. If this does not happen within the organic constitutional document and its supporting institutions themselves, the norm in the European context has seen these types of provision being adopted as part of wider universalist and institutionalist provision for example the incorporation of human rights provision and institutions at the supra national European level.

This emphasises on the role of institutions has evolved historically, creating the right environment for a liberal political culture to flourish, whether this is at a national or supra national level. It also highlights the extent to which the role and effects of political culture are interdependently linked in a chicken and egg relationship to institutions, and the rational individual, and vice versa (Jackman and Miller 1996, Formisano 2001).

The effect of the historical residues of political culture and its association with ideas of nation, fixed within geographical boundaries, or fixed by race, or ethnicity, etc., have influenced greatly conceptions within liberal political culture.

The more contemporary liquid era emphasises the need to move beyond this more traditional conceptualisation of the role of political culture towards a broader conception of what comprises the contemporary political nation; in many cases this includes notions

of a political diaspora. The globalised neoliberal era demands that this be extended to include and involve an economic diaspora.

Liberal ideas of inclusiveness predicated on the recognition and acceptance of difference places the role of liberal political culture ahead of civic republican notions of toleration in this respect (Brennan and Lomasky 2006).

The positive aspects of the effects of contemporary political culture can be contrasted with more 'shadowy' (Formasino 2001:411) contemporary developments. The negative effects of modern neoliberal thought on political culture can be seen in the hollowing out of institutions (Sennett 2006), and the increasing impact of ideological fundamentalism most commonly seen in the liberal narrative as neoliberalism (Harvey 2007a, 2007b) and neoconservativism (Fukuyama 2006). This culture of hollowing out the components of liberal democracy is something that goes much further than any critical citizen thesis might (Brown 2006). From this perspective selfish individualism has not led to a passive critical citizen, it has in fact moved beyond the passive self-interest of the atomised individual, increasingly towards an aggressive self-interested individual.

The fault for this effect lies squarely with the Neoliberalization of political culture that 'figures citizens exhaustively as rational economic actors in every sphere of life' (Brown 2006:694). This 'saturation' (Brown 2006:695), has come to affect all aspects of life, social, and institutional, and has increasingly over time removed, or transformed, traditional liberal democratic traits within political culture. For Brown (2006:696) this has facilitated neoconservativism as a fundamentalist 'emergent political rationality', succeeding, particularly in the USA, in distorting political culture to the extent that values traditionally confined to what can be regarded as theological or moral sense, have now been absorbed into values that were previously regarded to be solely political. This affirmation within political culture of neoliberal and neoconservative ideals that have almost become key tenets of faith weakens traditional liberal perspectives and reinforces continuing illiberal change within political culture.

The changing nature of contemporary political culture reflects an increasing tendency for culture generally to reflect contemporary popular culture. This is partially a result of the complex phenomenon that contributes to liquid modern political culture. As an historical artefact of a political history, contemporary political culture cannot overlook its liberal ideological history (Scott 2003). Nor can it reject the contribution of liberal attitudes and values that have contributed to its stability over time. In moving beyond its

historicist tradition it has embraced overlapping concepts that have not been geographical or ethnically defined, embracing a broader, more amorphously framed role the advocates concepts such as plurality. These developments have made it indispensable as an analytical and explanatory tool, despite its definitional challenges, when examining the impact of modern neoliberal thought on contemporary politics.

CONCLUDING REMARKS

In order to understand and contextualise contemporary politics this chapter sets out to recognise the complex nature and interdependencies associated with politics today. This can be achieved within a neorealist and neoliberal conception of the multiple channels of contact between individuals and institutional actors, and the difficulties presented by the lack of a stable hierarchy for the realisation of longer term individual goals (Thies 2004, Sennett 2006). Given that such a complex interdependency forms the background to contemporary politics, then the place of liberal thought is to facilitate a more liberal interpretation of the world (Keohane and Nye 1989). In doing this liberal thought has attempted to develop a strategy of inclusiveness that embraces the best modus vivendi possible. Of course what constitutes best continues to remain elusive, and drives modern liberal thought into the future.

Liberal thought in looking to the maintenance of a liberal political order has continually wrestled with the conflict that forms its underlying dynamic, where the desire for order, structure, and the desire to be free from the interference of order and structure, have needed re-balancing from time to time. The conflict associated with this desire for freedom, and the maintenance of order through institutions has within modern liberal thought become a conflict between classical and egalitarian liberal approaches (Hayek [1960]2006:50). The clash between notions of state enforcement of norms and the state's approach to group inequality lies at the centre of this conflict (Walzer 2002).

The increased neoliberal fundamentalism of the late 1980s and 1990s saw the 'appropriation of liberal ideals' (Freeden 2008:17), the rise of individualism, and anti-collectivist notions that attacked those very liberal institutions established as a means of protection from the inequality of the market society. This rebalancing of liberal thought moved the debate on freedom away from the rights and values associated with the equality focussed social liberalism of many European countries, to one that accepted the

inequalities of the system as intrinsic, and did not recognise the usefulness of state power in intervening in favour of collective rights that dampen down inequality.

Out of this background of conflict, modern liberal thought in the form of neoliberalism has tended to row rather than steer contemporary politics. Following its slow burning decline in the late 1990s to its anticlimactic fall from political grace in the last few years the resulting post neoliberal drift has seen modern liberal thought attempt to refocus on a more realistic politics, whilst retaining much of the cultural, economic and political baggage associated with neoliberalism.

The acceptance of this darker side of liberalism coupled with the associated problems of political legitimacy and the increased complexity of liquid modern life offer an opportunity for a more realistic return to politics. The recognition of neoliberalism as the defining political, economic and social influence of recent times recasts the historical connection between capital, labour, and the practice of politics. This reconnection has evolved in a situation where declining political institutions, and mass media populism, dominate contemporary political life.

Alongside the recognition of this hegemony, there has been an acceptance that more traditional alternatives are no longer realistic in their rationalistic assumptions. The acknowledgement of this and the acceptance of latent values within liberal culture leads to a deeper understanding of the profundity of questions that surround the political delivery of the best way of life.

Questions that focus on the *Pareto* notions of optimality and superiority form much of the essence of this political delivery. Certainly in the recent past liberal thought has drifted away from the traditional notions of tolerance and equality that equated to *Pareto superior* outcomes where no-one need be any worse off. Instead the focus has almost exclusively been on fundamentalist maximisation strategies that emphasise *Pareto optimality*. Ironically this idea when framed within an individualistic consumerist framework seems to remain ignorant of the wider political and social ramifications of its focus. Rather than remaining fixated on the idea of the best possible outcome, pareto optimality, there ought to be less focus on the achievement of the impossible, and more on achieving the possible. *Pareto superiority* has a striking political resonance in this regard. Neorealism in its discussion of questions of power and morality, ambition, aggressive and competitive structures, and anarchic tendencies offers a conceptual basis for just such an earthy return to politics.

Arising from the inadequacy of outcomes through the liquid modern era the questions of the civic nature of liberalism have come to the fore. The use of this recently acquired knowledge as a pragmatic tool with which to attempt 'to return to liberal practice with fewer illusions' (Grey 2004:139) is leading to a reassessment of the individual within the political, economic and social spheres. The complex nature of these relationships underpins the fact that no one universal political philosophy or theory has emerged to adequately address many of the divisive aspects of these relationships. Indeed the absorption of moral values as political values in recent times presents an increasing threat to the essence of liberal thought.

Notions of restraint and the dangers of unfettered freedom anchor the civic element of liberal thought today. This is partially as a result of the pragmatic realisation that neoliberalism and social democracy present perhaps the most acceptable compromise for contemporary politics (Kotz 2009). The engagement of active critical citizens whose sense of political identity and culture includes an acceptance of individual autonomy, the reflexivity of liquid modern life and the power of latent values presents the best opportunity for the development of a modern liberal philosophical basis to contemporary politics.

Within this framework liberal thought ought to provide for a strategy to determine the future desired state. For some the 'Third way' ought to have filled the centrist intellectual vacuum. The Third Way recognition of the dangers of extreme political positions, whilst acknowledging the consensus around the role of the market and the state (Giddens 2000, Walsh and Bahnisch 2000, Weltman 2003) presents an attractive compromise to reach the future desired state.

However, critics point to its use as a tactic, rather than a new approach (Fudge and Williams 2006). For others the residue of neoliberal capitalism following its collapse is likely to give rise to a 'new form of capitalism or to a transition beyond capitalism' (Kotz 2009:316). With this in mind a less socially and politically divisive form of liberalism is likely. Two such opportunities include the regeneration of social or civic liberalism.

This could retain individuals as the central actors of politics, with the intention not to diminish any further the role of collective institutions in contemporary politics. The role of institutions in the 'search for wealth and power' (Thies 2004:163 quoting Keohane 1984:18) remains important, however changing the emphasis away from the historically

institutionalist perspective, embraces the latent value on individual autonomy, and the key pursuits of power and wealth so crucially associated with it.

Contemporary politics ought to allow local, variable, and renegotiable settlement through institutions that work well and where solutions arrived at in this way tend to be perceived as more legitimate. Political settlements need to strike a balance among contending ideals and interests creating order through mitigation of random outcomes.

The following chapters of this thesis will address these ideals, and interests in their contemporary political situation.

6. NEOLIBERALISM

> For any system of thought to become dominant, it requires the articulation of fundamental concepts that become so deeply embedded in common-sense understandings that they are taken for granted and beyond question (Harvey 2007:24).

In introducing this chapter of the thesis I am mindful of the extent to which the term neoliberalism as descriptive tool has a wide meaning with varying emphasis across many of the social science disciplines. It is in this vein that much of the study of Neoliberalism has been characterised as a 'cottage industry' with its history, roots, and their implications and consequences explored by scholars from many distinct academic traditions (O'Connor 2010:691).

As Figure 7 below illustrates this chapter focuses on the period of neoliberalism's journey from its introductory phase in the 1970s and 1980s, to its stabilization phase and onto its period of consolidation during the late 1980s and early 1990s. This period was characterised by huge political, social and economic change including the period of the Thatcher government in the UK, whose ideological position was influenced by neoliberal thinking. This was discussed in Chapter One where as part of the ideational turn, change occurs as a function of the wider context leading to policy change (Doyle and Hogan 2008).

It also is the period through which neoliberalism moved into the mainstream, establishing itself as the dominant ideological narrative.

This successful invasion across the totality of the social field (Leclau 1999) has drawn its philosophical and theoretical focus from 'enlightened and civilised' (Freeden 2004:2) liberal traditions that have become increasingly constrained, and as a result poorly understood within analytical philosophical perspectives. To this end neoliberal versions of the truth of social reality have become increasingly complex to capture and describe, leading to a disjointed and sometimes unconnected understanding across the social sciences.

This truth within social reality has much in common with Gramscian notions of common sense, that is sense held in common rather than good sense, and these illusory qualities surround contemporary neoliberal discourse. This has been achieved partially through the hegemonic inflexibility of de-contested language, but also through conceptualisations that allow neoliberalism to exist at both popular, and sophisticated

levels, as ideology, as policy, and as a form of governance (O'Connor 2010:692). In this way neoliberalism has succeeded as an ideology that has become essential to the description of the nature of contemporary politics itself, offering the 'necessary basis for understanding' (Freeden 2001:6) for the current socio-political environment.

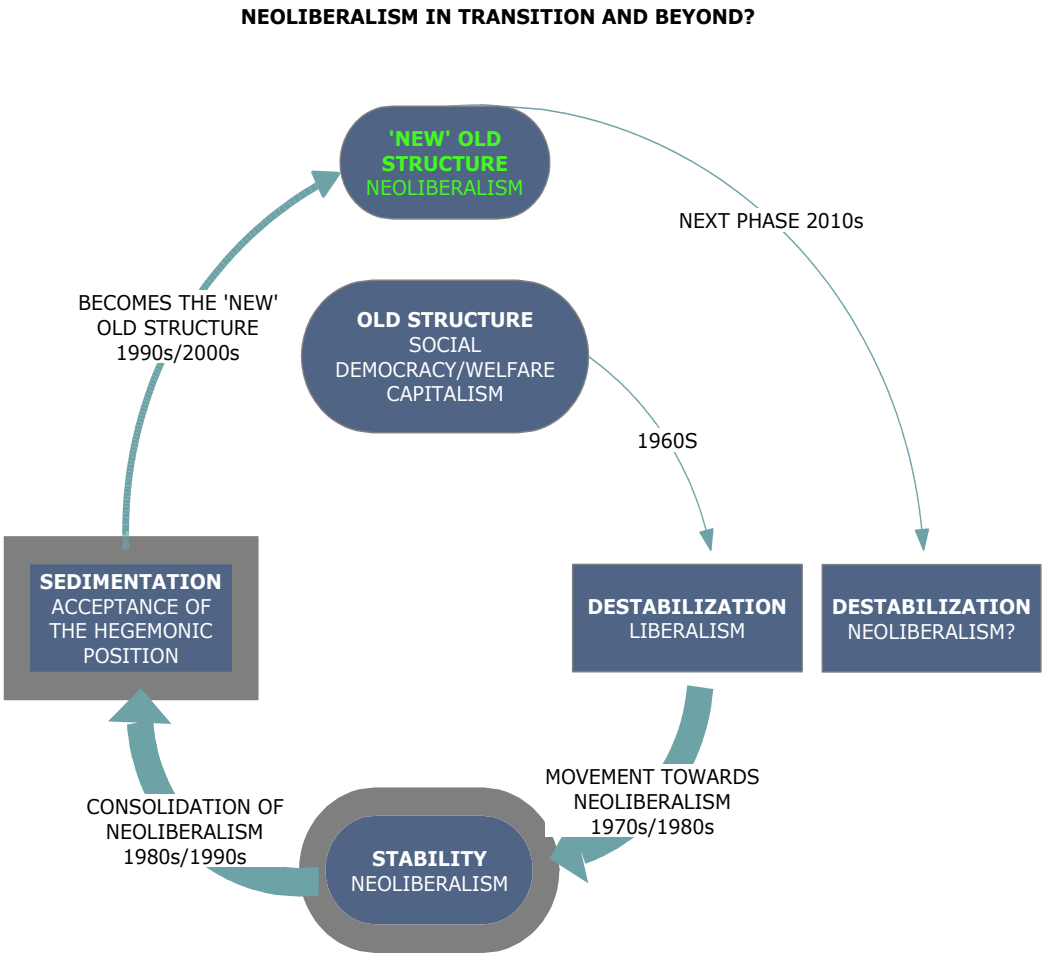


Figure 7, NEOLIBERALISM IN TRANSITION, 'The Movement Through Stability'.

On this foundation neoliberalism has successfully established a 'new socio-political matrix that frames the conditions for political transformation' (Munck 2005:60). Neoliberal thought has characterised the *free market*, as the optimal self-regulating structure upon which to anchor western society, and therefore as the most efficient and equitable means of being. This echoes Karl Polanyi's prophetic post Second World War warning that instead of the economy being embedded in social relations, there was a danger inherent in liberal democratic capitalism that social relations would become embedded in the economic system (Polanyi 2006ed:60). This historical contention

remains cogent when summarising the contemporary political narrative and discussing the position and role of political institutions as part of the economy/society dichotomy.

For example neoliberalism advocates the creation of the “competition state” (Cerney 2000:30 in Munck 2005:63), which has allowed society to be transformed into the image of the market through the commodification of public goods, and through the state’s increasingly active participation in the market as a player, rather than in its previous role as an arbiter of socio-economic conflict.

The extent of state participation within the market is further discussed in Chapter Nine which deals with the importance of the general government sector in the economy. In that chapter government participation is measured in terms of total government revenue and expenditure as a percentage of GDP. Within that context the deregulation of the market does not retain the common good as its priority, but rather the market participants themselves and their utilization of maximization strategies. In such a situation the larger market participants tend to enjoy advantages of scale that smaller operators and consumers do not, leading towards an oligopolistic market environment.

Whether one views this as a reflection of the dominant ideology and the continuing liberal pluralist struggle through institutions such as the state to achieve greater freedom and inclusion within society, or one takes the view that the state is an instrumental, or a structurally functional actor in the Gramscian sense, there remains a conflicted awareness of the role of the state in the transformation of society, and a suspicion that neoliberalism disables the state from interfering with the ‘established order of society' (Munck 2005:620).

The management of this type of conflict, and the successful transition from conceptions that have historically emphasised liberalism, towards the contemporary stress on neoliberalism have most prominently been witnessed through the alteration of people's anchor or 'reference points' in times of crisis, or change, such as those experienced during the initial period of neoliberalism’s establishment (Sennett 2006:8). During this phase neoliberalism successfully provided an alternative anchor for those adrift in a liquid modern society, proffering blame on the failure of 'big government' in a pragmatic fashion, while advocating the market as the optimal mechanism as a means to encourage individual freedom (Friedman [1962] 2002).

The second phase of neoliberalism’s expansion was underpinned by the adoption by government of policies designed to effect change within the social sphere. In this regard

the 'policy mood' (Berry *et al.* 1998:328) having been set, saw neoliberalism adjust much of its 'prickly nature', as political practicality and neoliberal fundamentalism metamorphosed through a period of left of centre government sometimes characterised as 'The Third Way' (Giddens 2000:5). This attempt to 'combine social solidarity with a dynamic economy' (Giddens 2000:5), implemented by the centre left governments of Europe such as Tony Blair and later Gordon Browne's New Labour government in the UK from 1997 to 2010, sought to recognise neoliberal market achievements, and yet address the decline in social cohesion caused by neoliberalism's freeing of the marketplace.

This evolutionary aspect of neoliberalism reflecting the pragmatic realism associated with contemporary political action.

SITUATING NEOLIBERALISM

The impact of neoliberalism according to Hay (2007:5) was to create a 'tightly delimited political sphere' that looked outside of private, economic and social activities. Given neoliberalism's nature, its suspicious, sceptical and anti-political cultural orientation it is not surprising that this was the case. This contemporary perspective unashamedly emerges from the prophetic warnings that appeared towards the latter end of the Second World War. Karl Polanyi, in 'The Great Transformation: The Political and Economic Origins of Our Times' (2001[1944]) warned that freedom had Janus-like attributes, coming in two forms, good and bad. Polanyi's observations serve as an interesting warning given the post Second World War movement towards a free society anchored exclusively on individuality and the principles of the free market and capitalism. The extent to which this was a desire on the part of the architects of post war society, or as much an evolutionary reaction to Soviet style socialism, and statist communism in general is a matter of historical conjecture, and conspiracy theory alike.

The Cold War period that followed for the Western world, with its focus on 'big ideas' (Berlin 1953), or foundational ideas (Freeden 2005), and the association among ideas such as democracy, freedom and individuality influenced at both conscious and unconscious levels. The Cold War conflict was to become not simply an exercise in the realism of state power relations, but within its international aspect, was to have a moral and almost romantic attachment to liberalism (Grant 2002, Kendall *et al.* 2008).

By virtue of this attachment to liberal thought a preoccupation with ideas of collectivism and freedom emerged. This happened within the context of a post Second World War period where the provision of democratic control was anchored in notions of representative participation, and the advocacy of institutional arrangements that were at the same time individualised and collective (Gunnigle 2004:4).

This was not a strictly liberal fundamentalist arrangement, and yet it embraced the notion of foundational belief that anchored liberalism (Freeden 2005). There was experimentation and variance throughout Europe despite ideological cleavages, for example, Austria and Belgium's consociationalism occurred within a liberalised European context. In these types of situation it was the freedom to develop alternative mechanisms of governance and democratic control that were to the fore rather than any liberal ideological dogma (Bachtiger, Sporndli, and Steiner 2000:9). This permitted the notion of a shared appreciation among individuals within society, and countenanced against any universalist approach that might threaten 'localised meanings which is both the outcome and condition of human interaction' (Freeden 1999:413). The second, and later the third wave of democratisation were partially accounted for in this way (Gleditsch and Ward 2006:915).

For liberals anchored within a classical economic and liberal mind-set, post-war variations of this sort were ostensibly misguided by memories of the 'apparent malfunctioning of the capitalist free market economy in the 1920s and 1930s' (Henderson 1998:17). For this group, any ideologically shared appreciation of fundamental cultural and linguistic understandings ought to be framed within a restricted liberal discourse (Freeden 1999:413). To this end the activities of the Mont Pelerin society sought to influence the nature of this discourse. Formed in 1947 following the Second World War with the meeting of 36 scholars from various disciplines at Mont Pelerin, Switzerland under the invite of Friedrich Hayek the group aimed, not unambitiously, to prevent the progression of arbitrary power. The significant impact of this group on the development of liberal thought has primarily been through the medium of economics. Mont Pelerin society member’s conceptualisations of the free market and

the individual have made an immense contribution to contemporary politics and economics.[34]

Gradually these ideas were to gain in prominence as the ultimate collapse of the Soviet Union and the apparent economic advancement of countries such as the UK and USA on some economic indicators continued. The use of certain indicators of economic advancement is not uncontested. Arestis and Sawyer (2005b) point to a prominent literature that indicates that the neoliberal legacy, in the UK in their example, is one of inequality within society. A discussion of this controversy takes place later in this chapter.

This socio-economic progress focussed on the re-emergence of the notion of the free market as the ultimate affirmation of individualised freedom and consequently liberal democracy. Within this emergent neoclassical economic and political synthesis any interference in the marketplace that increased marginal costs or distorted the natural process of price setting was viewed as intolerable. For example, a minimum wage interferes with the efficiency of the marketplace by distorting the natural process of price setting in the labour market, and, as such is viewed as interference in the efficient working of the labour marketplace. Such interference was unjustified and acted as a restriction on the individual to act freely within this market environment. Other such influences include over-government by authorities through market regulation and welfare provision. Seldon (2002) develops this point by highlighting the extent of government interference, as he sees it, in terms of government expenditure as a portion of national income. Here he suggests that rather than have a figure that approaches 50 per cent of GDP, a more correct figure should be one approaching 20 per cent. For the purpose of statistical analysis the importance of the general government sector in the economy may be measured in terms of total government revenue and expenditure as a percentage of GDP. The official Eurostat statistical returns for 2009 point out that in the EU-27, total government revenue in 2007 amounted to 44.9 per cent of GDP, and expenditure to 45.8 per cent of GDP; in the Euro area, the equivalent figures were 45.7

[34] Historical accounts of prominent members and the group's activities are available at http://www.montpelerin.org/home.cfm viewed 23 May 2011.

per cent and 46.3 per cent respectively.[35] These examples show that notwithstanding neoliberalism's emphasis on the market, and neoliberal's wish that institutions such as the state withdraw from market participation (Friedman [1962] 2002), the activity of the state within the market remains significant.

For advocates of neoliberal economics like Friedman, increased efficiency through greater freedom within the marketplace represented the best way to enhance freedom and democracy. This could best be achieved by increased private ownership and an increasingly non-interfering government policy. Friedman ([1962] 2002) argued that there is a strong relationship between the growth of freedom generally, and an increasingly free (liberalised) market. The Figure 8 below demonstrates this.

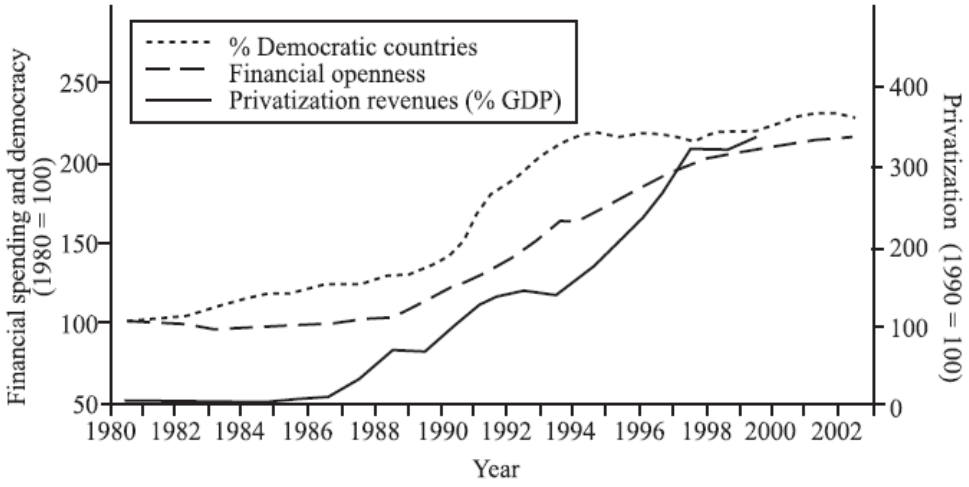


Figure 8, Political and Economic Liberalization throughout the world (Simmons *et al* 2006:793).

Using previous work by Simmons and Elkins (2004), focussing on policy diffusion and globalisation, and work done by Brune *et al.* (2004) using IMF Staff papers, the three indicators used in Figure 8, serve to illustrate the re-emergence of a neoclassical economic and liberal perspective, with its focus on individualism, property ownership, and the free market, with democracy as the default political mechanism for this expression of neoliberal capitalist freedom. This demonstrates the strong link between

[35] These figures were taken from http://epp.eurostat.ec.europa.eu/cache/ITY_OFFPUB/KS-CD-09-001/EN/KS-CD-09-001-EN.PDF viewed 28 Jan 2010.

the processes of liberalisation and democracy (freedom). The key indicators such as privatisation revenues (the increase in revenue as a result of the privatisation and reduction of publicly owned or accessible goods), and financial openness (the removal of obstacles such as government regulation e.g. capital markets) reinforce Friedman's ([1962] 2002) contention that without free markets there can be no freedom, and as a consequence democracy.

This neoliberal view contrasts with the similar notions characterised as 'bad freedom' which Polanyi (Munck 2005:61) had earlier argued against. The transformation of human society through the exploitation of advances in human and technological conditions without some level of redistribution to the wider communities affected was for Polanyi to be condemned. In this vein the economic notion of what constitutes a public good, and the emergent neoliberal political discourse that surrounded the marketization of such goods undermined post-war Fabian ideas focussed on redistribution.

As a result of this kind of reasoning, progress was associated indelibly with the extension of the mechanism of the free market. For Friedman ([1962] 2002) there could be no hiding from the inescapable truth that bottom up markets prosper. The failure of the Soviet Union supported this view. From these perspective governments only role ought to be one of national defence and the preservation 'of law and order ...enforce private contracts ...foster competitive markets' (Friedman [1962] 2002:2). In this narrative progress was ironically to be identified with a return to classical eighteenth, and nineteenth century Ricardian economic liberalism. This view of progression focussed on the historically emphasised foundational ideas within liberalism, such as freedom as non-interference, the individual, and free trade. This notion of progress was however selective in its economic and libertarian emphasis. In harking back to Smith in the eighteenth century, and more particularly Ricardo in the nineteenth century there was little recognition of the importance placed on community and the role of government by Smith himself. As Hayek ([1960] 2006:194) himself posited, for Smith the enforcement of 'ordinary rules of common law would certainly not have appeared as governmental interference'. For Hayek the most important criterion to be considered was not just the aim of the strategy, but also the methodology employed, whether the issues concerned freedom or economics.

Economically, notions of strict monetarist economic prescriptions coalesced with the rehabilitated idea of trade and currency stability historically entwined within the pre-First World War gold standard. These perspectives could only serve a privileged few, giving a qualified freedom to primarily white, Anglo-Saxons where a culture of agrarian individualism had preceded industrialisation, and a predisposition towards free markets under state protection was the norm (Grey 2002). This privileged the economic over the political with advocates like Friedman ([1962] 2002) arguing that previously held beliefs that endorsed the inter-dependant nature of the relationship between politics and economics were flawed. In Friedman's view only certain combinations of economic and political policies were possible, and economic freedom was the same as freedom broadly understood. Economic freedom promoted the growth of a free society providing the optimal means of achieving political freedom. Economic's importance lay in its 'effect on the concentration or dispersion of power' (Friedman [1962] 2002:9). Competitive capitalism separated economic power from political power, counterbalancing the threat of one from the other.

THE ROLE OF THE HEGEMON

In order to develop an appreciation of emergent neoliberalism it is necessary to discuss the role of the hegemon, the USA, in the development of neoliberal ideas within their historical context. Any historical analysis of neoliberalism is complex and multifaceted, with the role of the hegemon sometimes visible in its economic or political prescription, and sometimes invisible, using the weight of its international stature and reputation to exercise a widespread covert influence.

The transition of hegemony from the UK to the USA is characterised as a changeover from one liberal power to another, albeit of different emphasis. In such a benign transition, and later in conjunction with the collapse of the Soviet bloc the hegemony established becomes more amplified, coinciding with the lack of imagination that the end of ideology thesis proposes. As the dominant power on the planet with a larger GDP per capita than any other country in the rest of the world, and indeed the combined total for Europe, the influence of the USA extends across economics, politics, the globalised marketplace, and social policy.

Historically and philosophically Figure 9 below from Silver and Arrighi (2003:338), highlights the shift in the global political economy following the transition from British

hegemony to USA hegemony during the first half of the twentieth century. This shift illustrates the transition from one liberal power to another. In that context both liberal powers while similar in outlook remain different in philosophical emphasis. The figure demonstrates the differing philosophical focus in terms of structural relationships, and the historical context within which both hegemonic powers operated, the colonial era for the UK, and the post-First World War era for the USA.

Comparison of Hegemonic States' Relation to the Global Political Economy

	World System of Rule and Accumulation	
	United Kingdom Centered	United States Centered
Predominant structural relation	Entrepôt/complementary	Self-centered/competitive
Main instrument of reorganization	Unilateral free trade/ colonial tribute	Negotiated trade liberalization/ foreign direct investment
Main constraint on capacity to reorganize	Balance of power/ interimperialist rivalries	Social power of subordinate groups/communist and nationalist challenges

Figure 9, Comparison of Hegemonic States' Relation to Global Political Economy (Silver and Arrighi 2003:338)

With its emphasis on individualised and competitive structural relations, the attraction of access to its large market, coupled with the wealth associated with its corporations' capacity for foreign direct investment, the USA was ideally fitted for hegemonic domination. The collapse of the main constraint on its capability to reorient the global order with the fall of the Soviet Union and state communism in the 1980s had what could be characterised as a multiplier or amplification effect on its influence. As Hay (2007:98) has pointed out the initial period of neoliberalism's development coincided with this politically charged period, while its subsequent consolidation and sedimentation phase saw its concepts institutionally realised and consolidated within the political cultures of the majority of western liberal democracies.

The fall of the Berlin Wall in 1989, and the ending of the Cold War over the next two years saw 'enlightened and civilised' (Freeden 2004:2) philosophical and theoretical

focus firmly entrenched within the liberal world. This served to provide the context for a process where liberal thought altered people's anchor points over time. The triumph of a Cold War liberalism based on fear, and an understandable preoccupation with anti-Marxist sentiment, made traditional liberalism inattentive to the emerging strands of liberalism that focussed on anti-institutionalist approaches such as those advocated by Hayek and pursued politically by Reagan in the USA and Thatcher in the UK (Muller 2008).

In the emerging narrative liberalism's success was analogous to a militarist conception of victory, emphasising the enduring, assured, strong, vigorous almost masculine nature of the liberal democratic capitalist victory. Within this conceptual framework, libertarian perspectives focussed completely on the individual, sought to fill the void of the philosophically adjudged inconsequential liberalism of the Cold War period (Muller 2008). The assertion of inconsequentiality centres on Cold War liberalism's preoccupation with resistance to Soviet communism, and the export of socialism that both the Soviet Union and others advocated initially through the COMINFORM to 1956, and later through the standardising propaganda of the *World Marxist Review*. This claim by those who seek to denigrate liberalism's contribution in order to cast contemporary neoliberalism as more fit for purpose is in my view unjustified, given that pre Cold War liberalism set the scene as a minimum for the establishment of anti-institutionalist strands of liberalism. Liberalism's failure to capture the imagination of Western citizens in the immediate post-Soviet era had a significant impact on the historical liberal democracies.

Indeed the 'moral righteousness' (Muller 2008:47) of 'Cold War liberalism', allowed the emergent anti-institutionalist strands of liberalism establish hegemony. The contention was that Cold War liberalism lacked a 'compact, coherent political theory', and this allowed a post-Second World War world to be liberalised 'without liberal thinkers' (Muller 2008:47). The 'Free market orientated economic reforms, macroeconomic stabilization, liberalisation of foreign economic policies, privatisation and deregulation' (Simmons *et al.* 2006:781) that formed much of the post-Cold War neoliberal outlook had as its centre of gravity an economically biased perspective, with an anti-institutional sentiment, and individualism at its core.

This occurred against the backdrop of the collapse of state communism and the discrediting of Fabian socialism particularly in the USA if one could characterise post

Second World War social provision falling from 'New Deal' approaches as Fabian. This was followed in the UK thereafter (Epstein 2008). Fabianism here refers to the particularly British advocacy of socialism that rejected continental Marxism in favour of more gradual democratically founded marginalist socialism. Caldwell (2005:165) discusses its development in nineteenth and early twentieth century Britain. Gaus (2003:6) summed up the failure of socialism as centring on 'its inability to provide an instrumentally effective way to organize economic life', rending 'its case for the inherent immorality of the market irrelevant'. For others such as Hayek, and Friedman socialism could not work, and was 'at best, "utopian" in the pejorative sense' (Gaus 2003:6).

Although the collapse of state socialism represents an important juncture in the development of neoliberalism, there is no specific date from which the ascendancy of neoliberalism can be catalogued. As Saad-Filho and Johnson (2005:2) point out its economic aspect included 'insights from a range of sources', including Adam Smith, neoclassical economic analysis, the Austrian Schools critique of Keynesian interventionism, and the defeat and rejection of state socialism. The emergence in economic and political terms of the USA following the First World War and its undisputed hegemony in the western world following the Second World War heralded much of this change, which arguably can best be described as having pressurised the developed countries of the west to recognise in their global interrelationships an increasingly realist formulation of interstate interest and action.

Leading on from this point the importance of the USA as the hegemonic power in laying down the neoliberal assumptions implicit in the contemporary political economy cannot in my view be understated. Whether as the economic powerhouse of the global economy or the most advanced military and technological power of the twentieth century the USA has politically, militarily and economically dominated the global landscape.

Figure 10 below indicates the values for GDP per capita (Current US $) since 1960. The data illustrates the huge difference in GDP per capita between the USA and the rest of the world, and the significant gap between the USA and the EU.

In terms of wealth measurement it provides an indicator of the strength of the USA as an economic power compared with the rest of the world, including the EU. The figure shows that the USA generated on average an excess of over 25 per cent more GNP per capita, year on year, than the EU over the fifty year period.

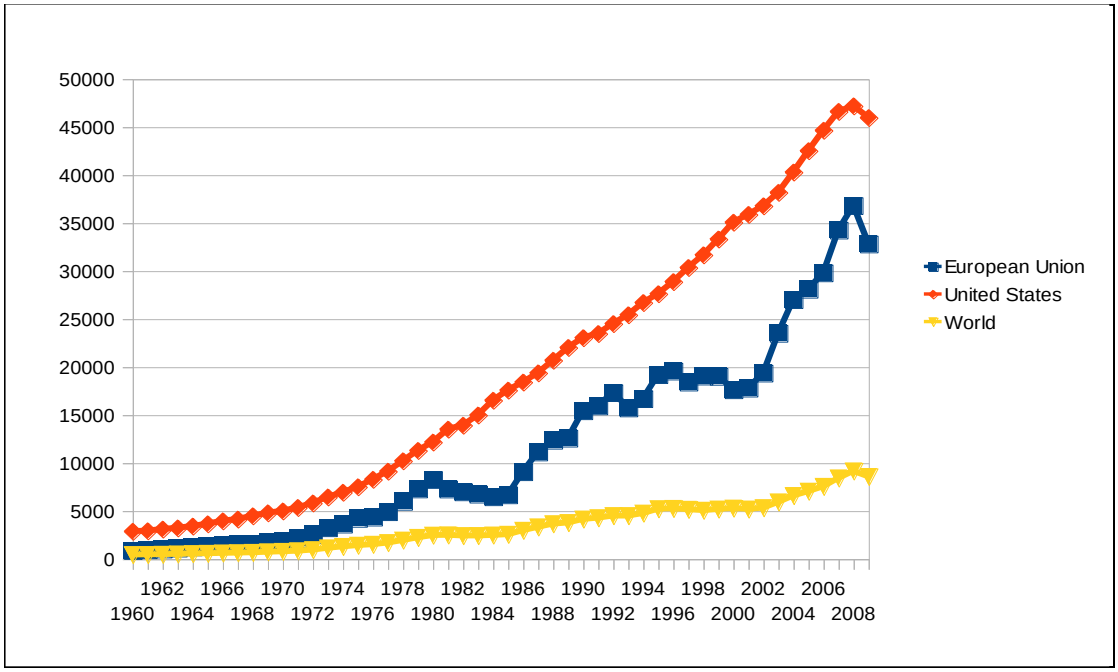


Figure 10, GDP per Capita (Current US $), taken from World Bank, World Bank Development Indicators, updated 21 December 2010.

Figure 11, below, shows recent defence expenditure taken from the Report of the European Defence Agency, 'European – USA Defence Expenditure 2009, dated 21 December 2010. This highlights the levels of defence expenditure in the USA as a portion of GDP, and compares European Defence Agency members' levels of defence expenditure. What is of significance to this thesis is the level to which the hegemonic power invests in military expenditure as a proportion of its national product compared to European Defence Agency members. In 2009 this was almost 2.6 times greater indicating that in the area of military domination, and the ability to coerce in the traditional liberal sense the USA remains absolutely ascendant.

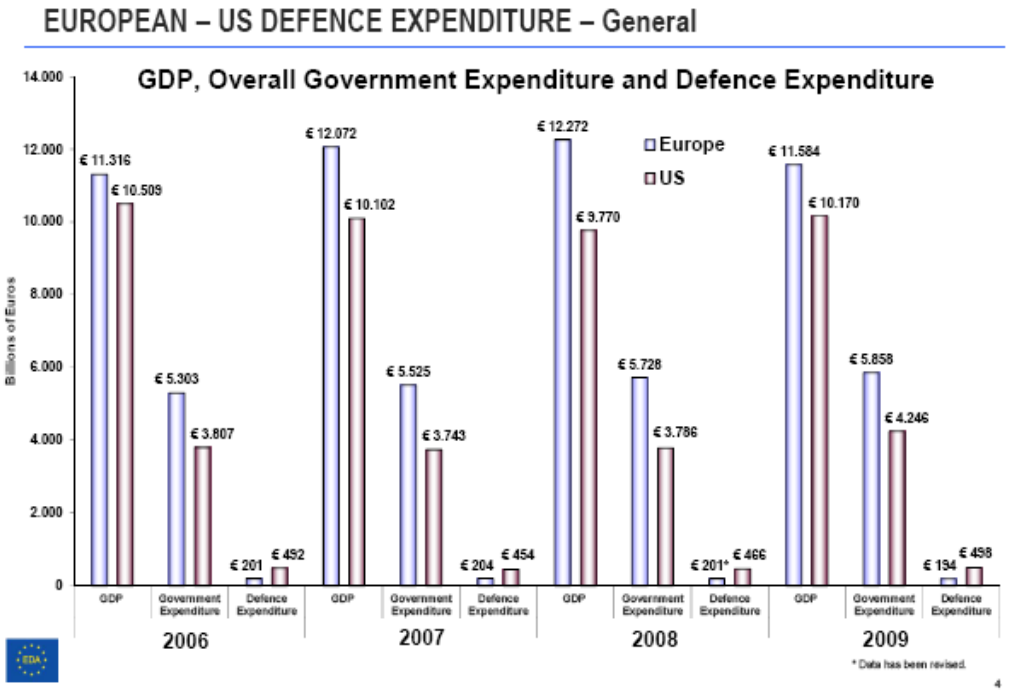


Figure 11, Report of the European Defence Agency, 'European – USA Defence Expenditure 2009, dated 21 December 2010.

In terms of its domination of trade and innovation with a consequential impact on future direction Table 4 below indicates the expenditure on research and development in the EU and USA over the last decade or so. It is clear from the data that the USA is hegemonic too, in terms of its expenditure on new technologies, and patent development.

	2001	2002	2003	2004	2005	2006	2007	2008
USA	2.72	2.62	2.61	2.54	2.57	2.61	2.66	2.77
EU 27)	1.76	1.76	1.75	1.73	1.74	1.76	1.77	1.81

Table 4, Gross domestic expenditure on R&D as a percentage of GDP[36]

[36] Table,4 Taken from Main Science and Technology Indicators, OECD Science, Technology and R&D Statistics, http://dx.doi.org/10.1787/2075843X-2010-table1

These factors combined reinforce the contention that the USA retains a dominant position on the world stage as the hegemon, despite commentaries that propose that this position is now in decline, or at least under threat (Harvey 2007a). Under this hegemony the neoliberalism endorsed by the USA and the UK, influenced the emerging post-Soviet countries (Ganev 2005), and the established liberal democracies (Henderson 2001). Ganev (2005:345) critically points to the academic analysis of post-communism in which he describes the 'conventional wisdom' associated with neoliberalism, as the idea that 'bad ideas-triumph over reality'; while Henderson (2001:xvi), an advocate, describes the dangers of reactionary elements against continuing liberalization as part of a 'new millennium collectivism' seeking to dislodge neoliberal attainment.

Other critics of this hegemony have linked the activities of organisations based in the USA, known under the umbrella term as the Washington consensus (Munck 2005), the USA hegemonic position on the world stage, the pursuit of neoliberalism as ideology, policy prescription, and as a form of governance (O'Connor 2010) as the primary drivers of neoliberal expansion. This will be discussed in greater detail in the next section and Chapter Nine.

THE ECONOMIC CONTEXT

In terms of the economic context this repackaging of liberal ideas changed the nature of the relationship between the state, the individual, and society, with the economy and capital as it emerged from the failure of the world economic system in the 1970s. The USA moved rapidly towards a policy of inflation and monetary control. This was characterised by deregulation, privatization, and the liberation of the financial sector from governmental control. The UK under the Thatcher conservative government advocated similar policy changes and in many respects led the field amongst the well-established liberal democracies.

The table below illustrates the geography of economic reform in relation to the spread of economic liberalisation across the world during the period under review. Its importance, in conjunction with the other research undertaken by Henderson (2001:59-69) is that it illustrates clearly the trend towards economic and concomitantly the political drift towards neoliberalism.

The timespan under review in the table suggests that the pace of Neoliberalization has not been even or quick with some Latin American countries counter reforming against

Neoliberalization, Argentina perhaps being the best example of a country adopting a neoliberal path followed by a counter reform programme following its experiences of boom and financial bust between 1973 and 2000 (Frieden 2006). As the table strongly demonstrates any suggestion that there needs to be a rolling back of neoliberalism, must recognise the time this is likely to take, given its prevalence, and that prospects for a widespread radical or revolutionary reversal are unlikely (Friedman 2002).

Country Grouping	Reforming	Intermediate	Counter-reforming	Total
Core OECD	23			23
Asian	13	1		14
Non – OECD Europe	11	5		16
Latin America	15	4	4	23
Sub Total	**62**	**10**	**4**	**76**
African Continent &Middle East	15	15	8	38
Total	**77**	**25**	**12**	**114**

Table 5, '1975–95: The Geography of Economic Reform' (Henderson 2001:61).[37]

Henderson (2001) draws on evidence from the report of the 'Economic Freedom of the World 1997: Annual Report' to discuss the movement towards the liberalization of economic relations. The report used is compiled in conjunction with the Fraser Institute, Vancouver. This organisation is in the style of other similar think-tanks, and non-partisan research and educational organizations across the globe focussed on 'a free and prosperous world through choice, markets and responsibility'. It is linked to Friedman, one of the founders of the Economic Freedom of the World organisation.

Accepting the premise that neoliberalism has weakened the nature of institutions (Bourdieu 1998, Sennett 2005, Harvey 2007a, etc.), neoliberalism's focus on the gains for individuals and society in absolute terms present quite an attractive impression. Within the OECD group of countries, those of a neoliberal disposition saw increases in GDP, with people reporting a higher evaluation of their life as a whole combined with an almost uniform optimism for the future.[38] Within this group the leading neoliberal

[37] Table 5, '1975–95: The Geography of Economic Reform', taken from Henderson (2001:61) 'The Changing Fortunes of Economic Liberalism', original source J. Gwartney and R. Lawson, Economic Freedom of the World, 1997: Annual Report.

[38] OECD refers to the members of the Organisation for Economic Cooperation in Europe.

countries, saw people reporting various positive and negative experiences significantly above the OECD average in terms of positive experiences, while they were significantly below the OECD average for negative experiences.[39] The leading countries in question include Ireland, the UK, New Zealand, the USA, Canada, and the other pre-Maastricht EU members.

Figure12 below highlights the percentage of people reporting a high evaluation of their life as a whole, and optimism for the future. The respondent countries discussed above all fall on the right had side of the table above the OECD average.

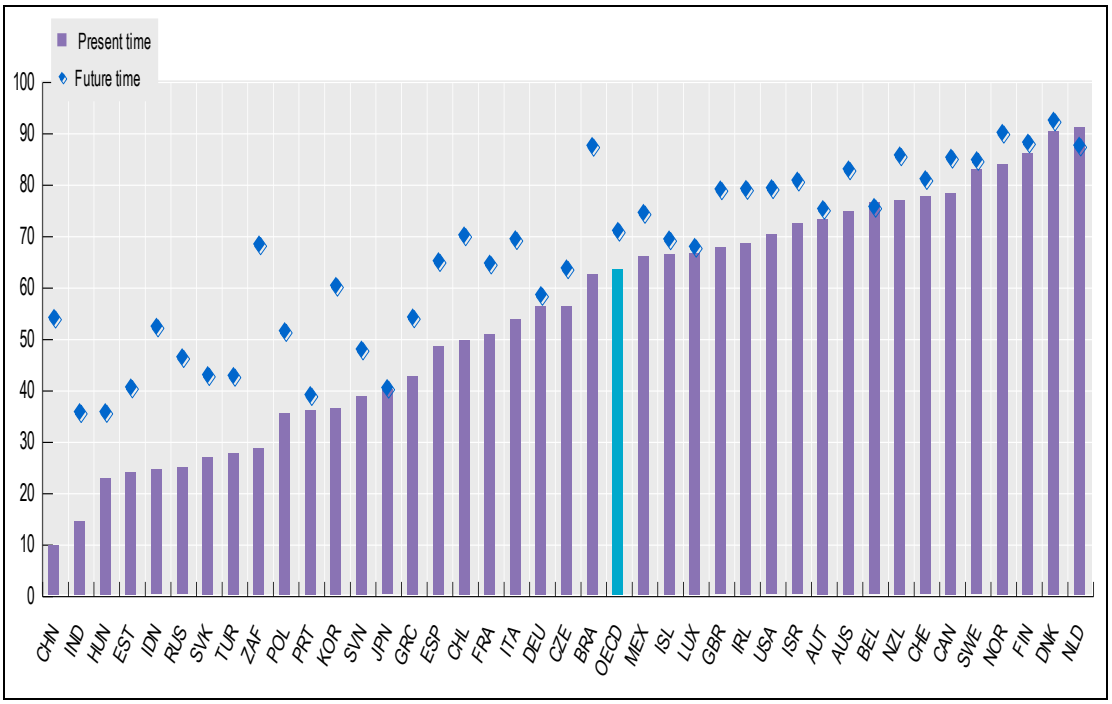


Figure 12, People reporting high evaluation of their life as a whole, as a percentage of respondents 2009.[40]

These countries all share a liberal, and more recently neoliberal outlook, although it is difficult to directly link their optimism or positivity to neoliberal policy prescription. Perhaps Harvey's (2007:37) summation that 'neoliberalism confers rights and freedoms on those whose incomes, leisure and security need no enhancing' applies in the sense

[39] Source OECD Fact book 2009.
[40] Source OECD Fact book 2010: Economic, Environmental and Social Statistics - ISBN 92-64-08356-1 - © OECD 2010

that these countries can afford to remain positive given the benefits they have come to enjoy under neoliberalism.

While not simplistically arguing that these positives are as a result of neoliberalism, it is interesting to note that those countries that have a developed tradition as liberal democracies and since the mid-1980s have adopted neoliberal policy objectives tend to be relatively uniform in both the scale and outcome of positive change over the period from 1984 to 2008. Positive change indicators are calculated on subjective well supported by life satisfaction measure, that is a cognitive evaluation of life as a whole using indicators such as being treated with respect, and autonomy with regard to leisure time, in contrast with indicators such as feeling some form of pain, or feeling depressed.[41]

Unfortunately, in many cases this trend is also true when it comes to measures of negative change such as poverty gaps, and income distribution. Gains in living standards, declines in mortality rates, flattering levels of economic performance etc., presented a positive image of neoliberalism as a framework for economic social and political progress, particularly through the 1990s (Layard 2005).

Today the detail associated with these claims is the subject of a much wider debate. For some (Pusey 2003, Sennett 2006) this may be as much a symptom of false consciousness, as an endorsement of the marketization of society. Whether this belief in success has proved to be correct today appears less concrete and more illusory as Hiri (2007) demonstrates. Table 6 below, with extracts taken from Hiri (2007:336), highlights the Average Annual Growth rates between 1960–2003; focussing on GDP as a measure of national economic production. The table although positive in directional trend, agreeing with Henderson's (2001) conclusions, illustrates the modest and inconsistent growth figures for GDP averaged over the period. As Hiri (2007:338) contends, the figures illustrate that neoliberalism's economic focus on inflation control and monetary stability does not generate significant national economic production

[41] A comprehensive explanation is available at http://www.oecd-ilibrary.org/sites/factbook-2010-en/11/03/02/index.html?contentType=/ns/Chapter,/ns/StatisticalPublication&itemId=/content/chapter/factbook-2010-91-en&containerItemId=/content/serial/18147364&accessItemIds=&mimeType=text/html viewed 24 May 2011.

growth despite increasingly free capital markets when compared with the Keynesian 1960s.

	Average 1960-69	Average 1970-79	Average 1980-89	Average 1990-99	Average 2000-03	Iu N
Australia	5.41	3.17	3.37	3.37	3.13	?
Canada		4.22	2.98	2.44	3.13	?
France	5.56	3.72	2.37	1.76	1.9	?
Germany		2.93	1.87	2.21	0.95	?
Italy	5.77	3.83	2.42	1.5	1.38	?
Japan	10.44	5.29	3.72	1.71	1.38	?
United Kingdom	2.9	2.43	2.39	2.1	2.43	?
USA	4.27	3.38	3.04	3.12	2.38	?

Table 6, Average Annual Growth Rates, 1960 – 2003 (Hiri 2007:336)[42]

(IuN is the abbreviation for Improvement under Neoliberalism)

Henderson (1998:113) earlier pointed out that economic policy prior to the mid-1970s had arguably, within many of the OECD group of countries, been influenced by Keynesian thought, and was characterised by 'anti-liberal or étatiste' sentiment. This sentiment did not allow for sufficient redundancy in the design of public policy, in this case economics policy to offset the dangers posed by the economic crises during the 1970s (Parsons 2005:15). In discussing the OECD, Henderson (1998) focuses on the core group of 24 countries between the 1970s and 1994. This group included 19 European countries, the EU15 along with Iceland, Norway, Switzerland, Turkey, the USA, Canada, Japan, Australia, and New Zealand. Although recognising the differing historical perspectives amongst economic historians of the time, Henderson's (1998:50) analysis correctly points to the subjective nature of this type of policy appraisal while endorsing the view that the balance between liberalism and interventionism changed 'significantly...and across frontiers' during that time. Those of a liberal perspective recognised the need to maintain the momentum of economic liberalisation that emerging

[42] Average Annual Growth Rates, 1960 – 2003, extracts taken from Hiri (2007:336) and sourced originally by the author from UNstats 2006.

liberal policies required. Thus policies fostering less trade restriction, followed by currency convertibility, and later single currency facilitated the increased movement of capital that continued economic liberalisation required.

Table 7 extracted from Hiri (2007:334) below illustrates the increased openness of economies to global market forces. Economists use the measure of openness as a descriptor of market liberalization. The calculations are made following the base measures for calculating trade openness by economists, imports plus exports divided by GDP. While overall the trend has been towards increased liberalization (openness to global market forces), this had become the rule except for a few notable exceptions throughout the period reviewed. While Hiri (2007) correctly takes the view that Neoliberalization cannot be the only factor considered here, and that this was at least as much a part of a global trend as specifically a result of the phenomena of Neoliberalization it is worthy to note that the rate at which openness grows, increases significantly during the period of Neoliberalization indicating a symbiotic relationship.

So it can be inferred that while there are several causal factors of influence here, for example traditional isolationist, or self-sufficient economic policies, colonial relationships etc., during the period while Neoliberalization occurred there was an increased openness in global trade, and the rate of this increase was significantly increased as a result of neoliberal economic policies.

	Average 1950-59	Average 1960-69	Average 1970-79	Average 1980-89	Average 1990-99	Average 2000 -03	Increased Openness
Australia	19.38	21.48	23.26	26.6	37.96	44.59	Y
Canada	32.78	35.49	45.68	48.73	70.51	81.94	Y
France	14.94	18.24	27.6	32.64	43.22	56.37	Y
Germany			29.57	36.91	50.03	68.98	Y
Italy	11.5	19.44	28.42	32.57	45.74	54.62	Y
Japan	5.04	7.72	11.8	14.04	16.86	20.38	Y
United Kingdom	22.06	24.68	31.82	36.95	47.17	58.83	Y
USA	6.76	8.44	11.21	13.67	20.31	25.5	Y

Table 7, Openness of Economies to Global Market Forces, 1960 – 2003.[43]

[43] Openness of Economies to Global Market Forces, 1960 – 2003, extracts taken from Hiri (2007:334) and sourced originally by the author from Penn World Tables 2006.

Similarly with regard to the privatization of public enterprises the UK's progress is the subject of OECD comment 'since 1979 the government privatised almost 50 major businesses...accruing net proceeds of almost £60 billion by the end of the fiscal year 1995' (OECD 1995:91). These businesses included British Coal, and London Bus. Contrastingly during the same period state intervention through the extension of public ownership of business by nationalisation or semi-state ownership mechanisms, increasing public expenditure and taxation in relation to GDP also occurred. However the trend towards liberalization far outstripped the extension of state ownership, and where state intervention in the market did occur, it was seen as necessary in order to develop emerging markets and facilitate future liberal reforms. The nature of UK government involvement in capital expenditure, too changed, with policy in 1995 firmly entwined with private finance options generating a forecast of £5 billion in co-financed capital projects (OECD 1995:91). The OECD (1995:91) adjudged the UK to be a 'pacesetter with respect to microeconomic reform'.

Crucial to these 'liberalising' policy changes domestically, and of influence internationally was the election of Margaret Thatcher in the UK, and Ronald Reagan in the USA. Both regimes have been characterised as being right wing in the traditional sense, both drawing their influences from anti-Keynesian, noninterventionist economic prescriptions. Thatcher cited the influence of Hayek in her imagining of society in her 1979 telegram of thanks, Reagan to a lesser extent noted Hayek's input, but was more an adherent of the *Chicago School* and the policies advocated by Friedman, particularly as an advocate to others such as the governments of Latin and central America who sought to pursue economic liberalization. Ironically Reagan's economic pragmatism led to huge increases in state spending particularly on defence (Silver and Arrighi 2003:345).

As already discussed in the section on the role of the hegemon the sheer scale of the USA, its economic dominance and its political ascendancy in the post-Cold War world, coupled with the UK's situation with the City of London as the second largest financial centre in the world after New York placed both uniquely as conduits for the dissemination of neoliberal ideology. Only Tokyo rivalled these centres in the 1980s and 1990s. Described by O'Connell and Ó'Tuama (1995:129) as 'Nodal super cities' these cities have managed to exploit their competitive advantages through technology and their symbiotic relationship with each other, whereby an estimated 84 per cent of global capitalisation moved between each (Sassen 1991 in O'Connell and Ó'Tuama 1995:129).

Today according to the Global Financial Centres Index only New York and London remain as Global Financial Centres.

In terms of leadership style and notwithstanding the controversial public perceptions, both Thatcher and Reagan would come to exemplify the resurgence of neoliberalism. For Palley (2005:33) their leadership provided an 'aggressive populist conservatism' that despite the pragmatic recognition of the contrast between symbolic ideological or political claim, and operational ideological political practice, created the conditions for the disciplining of socialist tendencies. Thatcher focused on individualism, private property, personal responsibility and family values, while Reagan focussed on economic deregulation and the liberation of finance (Harvey 2007). Both were seen as providing redemption from the 'crisis ridden welfare capitalism and the heightened class antagonism in capitalist heartlands' (Colas 2005:76).

Thatcher and Reagan both saw the role of the state to create and preserve an institutionalised framework appropriate to 'liberating individual entrepreneurial freedoms and skills within an institutional framework characterised by strong private property rights, free markets, and free trade' (Harvey 2007:2). To consolidate free market mechanisms both followed Hayekian principles focussed on the roll-back of statist constraints, for example labour deregulation that encouraged worker flexibility, theoretically allowing managers to manage, in practice demanding compliance from organised labour.

This set the scene for much more than just the roll back of the state, it became the roll out of new policy that firmly established the "negative unity of the dis-empowerment of government" disabling the state from interfering with the lately established order of society (Unger [1999:58] quoted in Munck 2005:62).

For critics, these leaders using a reignited nationalism on the back of foreign policy victories and the crumbling edifice of socialism, ensured that the institutions of the state were reformed to create the conditions for 'profitable capital accumulation on the part of both domestic and foreign capital' (Harvey 2007:7).

In contrast for neoliberalism's supporters these policy decisions represent the resurgence of a liberal democratic market capitalism ensuring that deregulation and privatization as key elements of policy enabled the proper functioning of markets and the creation of markets where they previously did not exist (Harvey 2007:2).

Historically the 1970s through to the 1980s was an era of structural adjustment in the social and economic fields, Jeffry Frieden characterises it as one of 'Crisis and Change' (Frieden 2006:363). The series of recessions during the period saw a slowdown in growth rates, rising unemployment, hyper-inflation, interest rate uncertainty, and currency fluctuations. Following the collapse of the Bretton Woods agreements and increasing government stimulation of the economy there was an initial period of growth. However this growth did little to mask increasing inflation. Coupled with rising prices and an over-dependency on oil, OECD countries were exposed to external price determinants that they could not fully control. When oil prices rose governments' reaction was to increase the supply of money further fuelling inflation. By the mid-1970s there was a worldwide recession whose depths paralleled, or by some measures exceeded, that previously witnessed in the 'depression' of the 1930s. The industrial unrest and business uncertainty that resulted, followed by traditional governmental responses largely advocating leftist or Keynesian policy responses that laid the foundation for the counter shock that was to follow.

Subsequent economic shocks in the late 1970s saw little change in governmental response, increased money supply; ever growing public services funded through public deficits only reinforced the growing belief that a renewal of classical economic and liberal ideas could deliver the world from discredited socialism.

The 'Volcker counter-shock' (Frieden 2005:372) as it is now known, saw its foundation in the inability of traditional government policy to counter the effects of the series of recessions in the 1970s. To meet this crisis Paul Vockler, the President Carter appointed head of the USA Federal Reserve adopted a strong anti-inflationary policy position, believing that the best way to limit price inflation was by using interest rates to manage money supply. This means of monetary policy control anchored in *Chicago School* economics, and pioneered in the USA was quickly adopted throughout the OECD. This heralded a move away from direct statist intervention towards one of non-state involvement where at all possible within the marketplace.

Volcker through his steadfast advocacy of high interest rates in order to gain control over inflation plunged the USA into further recession, decreasing 'manufacturing output and median family income by 10 per cent%, raising unemployment to nearly 11% … *but getting inflation [my emphasis]* below 4%.' (Frieden 2005:372). However, despite this socially divisive policy prescription, Vockler's consistency, pragmatism and political

savoir faire encouraged investment, strengthened financial markets and the banking sector and stabilised currencies.

The Volcker effect encouraged further structural adjustment with its strong advocacy of a strict monetarist policy. Countries adopting these policies experienced changes across the societal spectrum. The social impact of this type of policy with its knock on effect on incomes and employment rates reached their pinnacle in 1982/83 when debtor nations started to default on loans. Ironically, contrasting policy with practice this was not the case in the USA where President Reagan protected the USA banks in the 1980s, preventing their collapse in the wake of the Mexican debt default crisis in 1982. Frieden (2005:375) chronicles the crisis and the use of the International Monetary Fund (IMF) together with standardised debt repayment schedules to force debtors to adhere to targets for 'inflation, government spending, budget deficits and the like'. This impoverished a generation but perversely encouraged democracy, liberalised trade and deregulation, and integrated world markets further.

In terms of the emerging economic liberal or *anti-étatiste* sentiment, 1980s mainstream economics gradually became dominated by new classical economics and the inherent market clearing qualities of capitalism, including, for example, the re-emergence of Says Law regarding oversupply over the long term. Says Law, or in its classical sense the law of the market, holds that where demand does not equal supply the processes of the economy will bring them back into equilibrium. In practice this means that prices will adjust, usually downwards until markets clear. The equalisation processes may be rapid and powerful causing recession, however these ought to be brief because of the powerful nature of the equilibrating mechanisms active within the system. In this vein economic and social policy focussed on non-interventionist strategies, when faced with market disequilibrium. This included the contention that unemployment was now considered a result of government policy restricting the price of labour by imposing minimum wage legislation, formalising the processes of price setting in the labour market, and more generally that government macro-economic intervention was counter-productive (Lapavitsas 2005:34). As part of this contention rising unemployment created the conditions for disciplining labour, the creation of labour market flexibility had as its subtext real wage reduction, growing unemployment, and increased casualization of the workforce (Pally 2005:25).

Throughout this there remained the recognition that the state retained a role within the formulation of socio-economic policy, although the nature of this role is disputed. Certainly there was a need to recognise that states could no longer realistically expect to achieve many of their stated socio-economic goals, such as full employment, continued growth and price stability. On the other hand the seeming contradiction noted by Munck (2005:66) emphasised the state as a eunuch figure in the face of societal change. This presents in contradistinction to the practical aspects of some state interventions, for example Reagan's willingness to protect US banks in the early 1980s. Similarly in the labour market the neoliberal freedom for the individual in the conduct of her own affairs and presumably associations, lies juxtaposed against the open hostility between political advocates of neoliberalism such as Margaret Thatcher towards organised labour (Harvey 2005).

The ultimate facing down of the trades union by the Thatcher government in the UK starting with the steel strike in 1980, and subsequently the miners' strike in 1984 left those politicians inclined towards solidarity and welfare protection with a weakened commitment to pro-labour welfare policies. Given that Margaret Thatcher's government was returned with a majority of 43 seats in 1979, winning 13.7 million votes (44.9 per cent), as opposed to 11.5 million (37.8 per cent) for Labour, and 144 seats in 1983, with only 43.5 per cent of the vote it can be fairly assumed that as elected members of parliament, and members of the Conservative party, it is unlikely that their commitment to welfare, was greater than those on the left or in the centre of UK politics.[44] The shift away from the social democratic ideals of the Labour Party was most pronounced in England where Labour retained only 2 of the 110 seats in the Southern England region, close to the City of London. This weakened commitment to socialist or social democratic ideas was mirrored in other previously social democratic states such as Sweden albeit with less relish (Harvey 2005:71). This allowed for changed attitudes towards welfare, state intervention, and market function ultimately reinforcing and

[44] The 1983 election saw a decline in the overall Conservative Party vote within Great Britain, the split of the non-conservative vote between the Labour party and the Liberal/SDP combined with the electoral system ensured that Thatcher's government was returned with a landslide majority. For further detail see http://www.bbc.co.uk/news/special/politics97/background/pastelec/ge83.shtml viewed 24 May 2011.

perpetuating the cycle of neoliberal expansion in a delimited, that is across private, economic, and social fields; yet tightened, that is a more restrictive institutional political sphere (Hay 2007:5).

These changes occurred subtly in most cases and were not part of an evolutionary big bang although what was termed 'creative destruction' did form part of the process (Harvey 2007b:23). Creative destruction is the term applied to the restoration of a class system, undermining social democratic provisions that had neutralised much class inequality in Harvey's view. The process consists of the destruction of,

> prior institutional frameworks and powers (such as the supposed prior state sovereignty over political-economic affairs), but also of divisions of labour, social relations, welfare provisions, technological mixes, ways of life, attachments to the land, habits of the heart, ways of thought and the like (Harvey 2007b:23),

in order to ensure that problems associated with 'flagging capital accumulation' were resolved and that class power was restored with minimum fuss (Harvey 2007b:33, Dumenil and Levy 2005:9).

This usually occurred in the initial phase of neoliberal consolidation post mainstream acceptance. Rather, it is more accurate to say that the capitalist world 'stumbled towards neoliberalism' in a series of shocks and gyrations assisted by historical events and political and economic patronage (Harvey 2007a:13). Vockler's structural adjustments towards high interest rates and monetarist discipline causing worldwide recession did facilitate the spread of neoliberalism in spontaneous bursts. In some countries the fallout from these adjustments, and the subsequent financial crises of the 1990s especially the interventions following the debt crisis of 1995 saw what was to be termed *shock therapy* become part of the transition process, neutralising institutions that interfered with the process of Neoliberalization. Examples of *shock therapy* are particularly lucid when referring to the Neoliberalization of the former Soviet bloc in the immediate post-Cold War adjustment (Ganev 2005).

All of this was part of a process of neoliberal creep where newly influential think tanks such as the IEA, and the Adam Smith Institute, a privatised media such as that owned by magnates like Rupert Murdock whose political endorsement through his print media stable, and elected leaders such as Margaret Thatcher encouraged the idea that there was no alternative to the neoliberal consensus.

THE WASHINGTON CONSENSUS

This consensus came to be known as the 'Washington consensus' during the 1990s as the debate over economic development policy reflected the convergence of 'three institutions based in Washington D.C., the World Bank, the International Monetary Fund (IMF) and the US Treasury Department' (Saad-Filho 2005:113). These institutions reflected the neoclassical economic theory which dominated economic prescription within neoliberalism and in the execution of their activities sought democratic reform on the basis of neoliberal conceptions of the state and society. The addition of the World Trade Organisation (WTO), and the European Central Bank (ECB) to this group followed, with policy preference broadly judged as part of the same consensus. Munck (2005:60) discusses the use of the term 'Washington Consensus'. In this discussion he points to its originator J Williamson who argued subsequently, in 2002, that it was never meant to mean specific policy prescriptions, but rather practical strategic prescriptions to stabilise macroeconomic conditions while improving trade and increasing privatisation within the global economy (Williamson 2002). Williamson (2002:1) had initially proposed what became known as the Washington consensus as a means through which Latin American countries might leave behind the 'global apartheid which claimed that developing countries came from a different universe'.

Arestis (2004:252) citing Williamson (2002) emphasises the ten commandments of the Washington Consensus as, fiscal discipline, re-ordering public expenditure priorities, tax reform, liberalizing interest rates, liberalization of inward foreign direct investment, trade liberalization, a competitive exchange rate, privatization, deregulation and property rights. The impact of these commandments varied in their initial target countries with Williamson acknowledging the disappointment and anger felt by many in these countries. The contemporary discussion around their success as generalised proposals for development, including the opinion of their initial descriptor Williamson, remains divided on whether to reform, abandon, or reinforce them as a means for developing countries to catch up with OECD levels of development.

Notwithstanding this the 'Washington consensus' of the 1990s, underpinned by the historically embedded tradition of liberalism developed as a web of interaction between the supra-state, state, the individual, the economy and societal actors. Unlike the historically conceived liberal political/economic relationship, neoliberalism's innovation sought to 'disembed capital' from historical constraint (Harvey 2007a:11). Harvey goes

on to describe this as a 'series of gyrations and chaotic experiences that converged as a new orthodoxy' (2007a:13). This orthodoxy referred to the way in which institutional arrangements were adjusted in a complex manner to confer advantage to financial markets and capital mobility. The growing importance of financial markets and the close relationship they maintained with the banking and corporate sector meant that corporations became tied to the financial markets to a far greater extent than previously. Arestis, Demetriades, and Luintel (2001:16) point out that the world stock market capitalization grew from $2 trillion in 1982 to $4.7 trillion in 1986, $10 trillion in 1993, and $15.2 trillion in 1996. This impressive 15 per cent average per annum coincided with Neoliberalization especially within the financial sector, and had a positive effect on economic growth, although the banking sector's impact was felt to be of greater significance.[45]

The increasing role of confidence and perception, and the danger of capital flight presented corporations with a new series of challenges when accessing funding on international markets. The increased geographical mobility of capital under a liberalised exchange rate regime that facilitated ease of transfer required corporations to look beyond traditional sources of finance, such as share issues and direct loans or investment. Rather corporations now sought to expand their financial and economic interests outside of their traditional base, increasingly investing in non-core businesses, developing property and financial portfolios. One example of this is the tobacco and cigarette company, Imperial Tobacco. This company's non-tobacco business for a period during the 1990s significantly outweighed its tobacco product business. Later reorganisation saw the company refocus on its core tobacco business.[46]

All this was important to the creation of a good business climate and became 'so widespread and influential and so deeply intermingled with critically important aspects of life' (Saad Filho & Johnson 2005:1), that it established the hegemony and domination of neoliberal thought.

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[45] Arestis et al. (2001) found this to be the case, although they were sceptical regarding the use of cross country growth regression analysis, favouring time series analysis that is less prone to the 'irrationality' of the exchange floor.

[46] See http://www.fundinguniverse.com/company-histories/Imperial-Tobacco-Group-PLC-Company-History.html for a more detailed account.

Critically the effect of the 'Washington consensus' was that power and wealth became concentrated within elite groupings, benefiting financial interests the most (Saad Filho & Johnson 2005). Policy advocacy followed USA models, increasing privatisation and weakening social protection measures. These measures included decreasing tax rates at the higher levels, the opening of goods, capital and service markets, the acceptance of a natural rate of unemployment, and the weakening of collective associations for example the organisation of labour.

Throughout its ascendancy and similar to other ideologies there have been many additions to the collective nomenclature of neoliberalism given its performative capacity and de-contested nature. Primarily as a result of the 'liberalism of illusion' that allows advocates who are 'absolutely certain of their convictions and sure about their political prescriptions' (Muller 2008:48) the foundational ideas that surround neoliberalism, in addition to the add-ons, have remained hegemonic in contemporary political discourse. Much of what will be discussed in later sections of this thesis will be within this context.

CONCLUDING REMARKS

The fall of socialism that came about as a result of the end of the Cold War saw the old ideological enmities gone. Neoliberalism being ideologically ascendant was best positioned to assume credit for the victory, subscribing to the idea that 'the free market as the natural form of economic life which emerges spontaneously whenever the state retreats in society' (Grey 2002: xiii). Huntington (1993b:186) characterises this as a victory for the wealthy through a more persuasive and potent ideological, political and economic argument.

Others such as Bennett and Elman (2006) in their discussion of path dependency and the causal complexity associated with qualitative inquiry point to our desire to understand, if not fully explain event and theoretical interaction. In this way the rise of neoliberal hegemony broadly, or as the sum of its individual components can be usefully described as path dependent. Certainly contingent economic and political events were in a position to cause significant change. Several causal possibilities were available, neoliberalism however emerged closing alternatives and forcing constraint on political actors through the mantra of 'there is no alternative' (Bauman 2007b:65).

The closure of alternatives coupled with the constraint this placed on political actors in its turn led to the tendency towards an almost 'pathological fundamentalist logic'

(Johnson 2008:81) once the neoliberal hegemony was firmly established, compounding the end of ideology logic of some observers (Denham and Garnett 2006, Freeden 2009, Haupt 2010).

The ideological discord that had traditionally divided political thought whilst not gone was now, under this logic, becoming increasingly ambiguous. The muddied ideological perspectives critically overemphasised the homogeneity of thought and practice that now dominated the political landscape (Stoker 2006). The ending of the formalised socialist/liberalism debate allowed new concepts and ideologies to emerge, primarily as offshoots of the political neoliberalism of the age. Radical ideas seemed to lean more towards the libertarian aspects of the old ideology rather than towards ideas of collectivisation, or the common good. Issues such as freedom, equality, religious belief and ecological sustainability, the 'big ideas' of the previous era, became less relevant in the face of the victory of western liberalism over the socialist enemy. The creation of the neoliberal state saw 'big ideas' being replaced by managerial issues regarding security, welfare and quality of life (Stoker 2006:66). The role of democratically elected government changed in many respects becoming depoliticised from its earlier purpose, to provide solutions to divisive political choices (Hay 2007:91). Thus depoliticised, government was free to concentrate on steering rather than rowing at least with regard to economic and social policy. Within this environment the public service was characterised as overloaded, while politics generally was seen as overburdened with the complexity of contemporary living, leading to citizen lethargy.

The global spread of neoliberalism or rather the Neoliberalization of the Western world occurred under the influence of the hegemonic USA. The post 1973 reconfiguration of political, economic and social forces created interdependencies unlike others previously experienced (Colas 2005). Neoliberalism's alliance with capitalism initially inspired by the elite consensus originating in Washington, and imagined as enlightened self-interest by the other Western countries that adopted and adapted neoliberal aims and principles sold itself as successful throughout the world. This success curing the lethargic, overburdened politics of government through its disempowerment of government, 'disabling the state from interfering with the established order of society' (Munch 2005:65).

The triumph of this liberal economic modernity styled as neoliberalism is one which divides commentators. Grey (2002:3) likens the spread of neoliberalism to that of

communism in the sense that neoliberalism too exhibits the 'same rationalist hubris and cultural imperialism' that marked communism, and in its Western context socialism. Grey (2002) is similarly critical of local neoliberal responses using Thatcherism in the UK as an example of how context and circumstance led to neoliberal responses, categorising these responses as nothing more than a manifestation of the classical liberal illusion that sees the market as being free and self-regulating. Chapter Eight examining the advent of neoliberalism in the UK will explore this further pointing out that political pragmatism was a primary consideration of the stance adopted, with ideological focus an important but perhaps secondary consideration. Prior to that the political, economic and social vision of Fredrick Hayek will be discussed to illustrate the underlying fundamental concepts of neoliberal political thought that have become so deeply embedded in common sense understanding that they are taken for granted (Harvey 2007), underpinning the Neoliberalization of Western society throughout the 1980s,1990,s and arguably still to this day.

7. NEOLIBERAL THOUGHT - F.A. HAYEK

> "Societies course will only be changed only by a change in ideas. First you must reach the intellectuals, teachers and writers, with reasoned argument. It will be their influence on society which will prevail and the politicians will follow" (Blundell 1999:7 recounting a conversation between Hayek and Fisher in 1944).

Gaus points out that to classical liberals, markets are not simply tools for delivering the goods: they are, in Hayek's words, "perhaps the greatest discovery mankind ever made" (Gaus 2003:3) because they allow people to freely and peacefully cooperate given their diverse ends and purposes. Recognising this position, Hayek's importance in contemporary political thought lies in his articulation of the ideas, today characterised as neoliberalism, that emphasise the primacy of economic markets and the role of the individual within these markets.

In evaluating Hayek's contribution this study does not assert that he was the sole ideological architect of the neoliberalism that emerged during the 1970s and 1980s, continuing to anchor today's political and social thought. But, in the tradition of ideological movements Hayek's insights into the issues faced by late modern and subsequently liquid modern society proved prophetic, and as such resonate deeply. This is certainly true of the neoliberal phenomenon that swept the UK under Thatcher, and spread to influence many other states throughout the world (Henderson 2001).

Hayek's insight as an economist and political theorist became very important during the destabilization phase of neoliberalism's transition prior to the re-establishment of stability under neoliberalism (See Figure 13). This coincided with the destabilization of liberalism, as the old structure of social democracy, or welfare capitalism exhibited many signs of being in crisis. Historically the continuing Cold War challenged academia to find an intellectual alternative to *socialism* in Europe, while in USA there was a need to articulate the West's anti-communism. In the UK the Conservative party needed to be seen as the party of government in order to regain power after almost two decades of Labour party dominated government.

Hayek's ideas offered an alternative perspective to the status quo that was under increasing pressure by the early 1970s as the later example of Thatcher's ascent to power demonstrates. His reorientation of liberalism away from its Keynesian track and his strong counter arguments to social democracy, socialism and communism created a sense of legitimacy for pro-market ideas. His advocacy of a reduced role for the state

and greater market freedom for individuals appealed to those political actors whose sense of identity felt under threat from the collectivist onslaught.

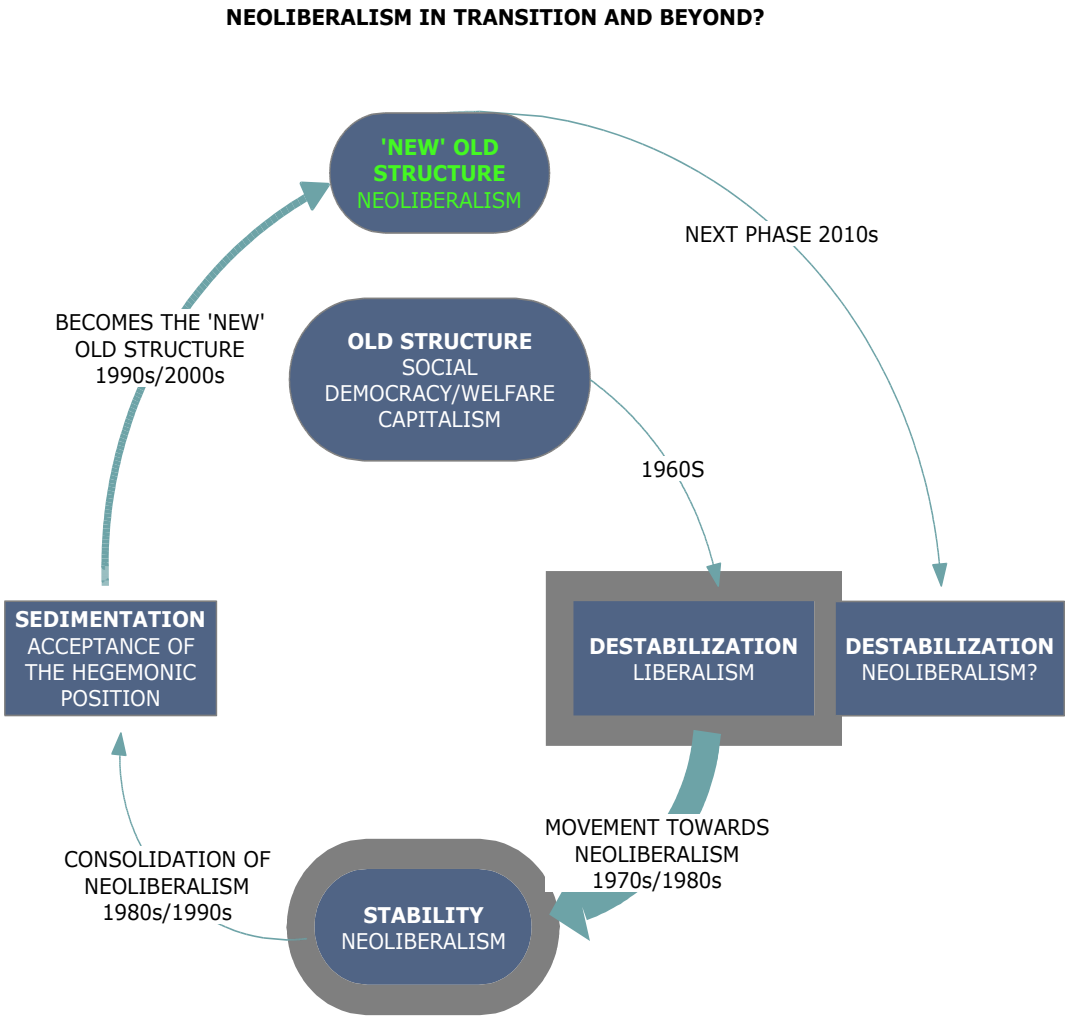


Figure 13, NEOLIBERALISM IN TRANSITION, HAYEK'S VISION

Hayek contended that traditional academic categorisations within the research of social phenomenon were unequal to the task of explanation (Caldwell 2005). Pragmatically he accepted that maximisation behaviours amongst mostly rational actors extended beyond the constraints of economics. Pre-empting the neoliberalism that was to emerge his recognition of the complexity and interconnectedness of the social field foresaw an increasingly anthropological trend within academia and wider society. While not quite the hard scientific or theoretical pursuit of a 'knowledge based critique' (Caldwell 1997:1856) of his earlier days when he sought to undermine socialism, the ideological component of Hayekian thought recognised the 'limitations of knowledge'

(Caldwell 1997:1856). Arguably Hayek's position de facto recognised the ascendancy of *homo economicus* over *homo politicus*, despite his rejection in the 1960s of the simplicity of just such a characterisation.

Hayek appreciated that the character of social actors continually changed as they reacted to environmental prompts in line with complex adaptive responses (Caldwell 1997:1884). This formed part of Hayek's complexity thesis, and in its simplistic appeal did not view ideological transference as the exclusive remit of 'professional thinkers' (Freeden 2004:9). This view incorporated social actors at all levels facilitating later popular conceptualisation of neoliberalism. Hayek deliberately orchestrated this with his publication of *'The Road to Serfdom* in *the Readers Digest* in 1945 ensuring the widest possible dissemination for this work. The purpose of this was to create an intellectual milieu for debate and discussion that moved beyond traditional university or academic confines, creating a voice for politicians, like Thatcher who sought to convince a sceptical electorate of the worthiness of their cause.

In conjunction with other thinkers whose primary specialism also lay in economics, for example Friedman, and Keynes, albeit from different positions, Hayek's ideas about the optimum expression of liberty within a free society became indelibly linked in the popular mind to ideas promoting economic ascendancy and limited government.

Hayek was keen to point out that he was a liberal in the 'old Whig' style, and not a liberal or conservative in the contemporary understanding of the word. He remained an advocate for change and found conservative 'obscurantism' to be 'most objectionable' (Hayek [1960] 2006: 349) despite conservative adoption of his ideas.

Similarly he was opposed to socialism, its advocacy of collectivisation, and its suppression of individualism. Throughout his life he remained an opponent of arbitrary power in any form, and it was in this way that his ideas became attractive across such a broad spectrum of what has become characterised as neoliberal opinion.

BIOGRAPHY

Friedrich Hayek was born in Vienna, Austria, then the capital of the Austrian–Hungarian Empire on May 8, 1899. He became famous as a Nobel laureate, economist, and laterally as a political philosopher, his life straddling careers as a soldier, scholar and public intellectual, achieving recognition in all of these. As part of the Austrian, and later Frieburg School he wrote extensively from the 1930s to the 1980s challenging the

belief in socialism as the fairest system for societal organisation, and was forthright in his opposition to centralised planning.

Like many of his generation, he served during the First World War, for which he was decorated. After completing his war service he entered the University of Vienna, where he completed degrees in 1921 and 1923. After a short period of study in the USA he returned to Austria in 1925 where he focussed on the study of monetary history and the development of a theory of the trade cycle. This period of his early academic life in Vienna is described and referenced in detail in Ebenstein (2003) and Caldwell (2004).

In the early 1930s he was appointed to the Tooke Chair of Economic Science and Statistics at the London School of Economics and Political Science, where he formulated and published his most popular work *'The Road to Serfdom'* (1944), and subsequently *'The Intellectuals and Socialism'* (1949). Although not his only publications from this period what makes them of particular interest to this project is their ideological perspective and popular resonance. He is described by Ebenstein (2001:2) as 'the great anti-Socialist' for his opposition to socialism's great project of rebuilding society, it was during the Second World War period that his trenchant political critique of socialism, developed beyond, the constraints of economically driven argument. Through the combination of his earlier methodological and economic insights Hayek like many of the thinkers of his day, including Keynes, Friedman, and Polanyi focussed on the emergent nature of the post war world. In doing so he emphasised that the future direction of a free society would have to be based in the 'general principles of a liberal order' (Turner 2007:77). Given the historical and political context of the time it is not unexpected that his liberal utopianism, or as sometimes described, 'Mont Pelerin liberalism' reflected the increasing socialist threat negatively (Turner 2007:78). To this end in 1947 at Mont Pelerin in Switzerland he was the leading initiator of a meeting of scholars opposed to the spread of arbitrary power. The group who formed the Mont Pelerin Society in 1947 contained interested parties some of whom had earlier attended a meeting in Paris in 1938. This group included Robbins, Polanyi, Popper, Friedman, Stigler etc. The now

famous and influential Mont Pelerin Society that emerged remains active to this day and counts several Nobel Prize winners among its members.[47]

Following his divorce in 1950 he moved to the University of Chicago in the USA for mostly personal and financial reasons, accepting a position on the Committee on Social Thought (Ebenstein 2001:168). There he interacted not only with economists such as Friedman, and Stigler, but across a broad range of intellectual disciplines including philosophy, and history (Ebenstein 2001:178). His philosophical perspective differed somewhat from the prevailing Anglo- American empirical approach, where he was viewed as 'not an active technical academic economist' (Ebenstein 2001:174) by those ensconced within the Economics department of the University of Chicago. They had, prior to his appointment to the Committee on Social Thought successfully objected to his proposed appointment within that department.

Maintaining an 'idealist German perspective' (Ebenstein 2001:3) he pursued his belief in the power of ideas, using his new position on the Committee on Social Thought to reflect on political and social philosophy. Throughout his tenure he led a number of seminars mainly in political philosophy examining aspects of that topic that would later form parts of his drafts of *The Constitution of Liberty* (1960). The greater freedom associated with his position allowed short periods at other universities including Harvard, Arkansas, and Virginia gaining him valuable exposure on the US scene. It also saw his increased involvement in other organisations such as the Foundation for Economic Education, the Philadelphia Society, and the Cato Institute. Despite bouts of depression his migration into the realm of social and philosophical theory, and away from technical economics, was described by Ebenstein (2001) as a period of personal fulfilment.

In the autumn of 1962 he returned to Europe taking a position in Frieburg, Germany. This was a very productive period in Hayek's career with a shift in emphasis away from abstract contemporary theory towards practical policy outcome analysis. During this period Hayek travelled widely in the Asia Pacific region including the West coast of

[47] For a more detailed insight into the activities of the Mont Pelerin society please see http://www.montpelerin.org/home.cfm

North America, and Australia. *Law, Legislation and Liberty* (published during the 1970s) was conceived, and mostly written during this period following the publication of *The Constitution of Liberty* (1960). This period saw Hayek develop his ideas surrounding shared values and a concept of society defined through law, custom and morality (Ebenstein 2001:220). Frieburg too, provided the financial security and academic longevity that consistently preoccupied Hayek. His situation as a professor in the Department of Political Economy within the Faculty of Law at Frieburg proved to be a natural home for Hayek and encouraged his publication of *Studies in Philosophy, Politics, and Economics* (1967). His involvement in the Mont Pelerin Society continued as its influence grew and spread widely throughout the world.

Once again as a result of financial and personal pressure Hayek decided to move to Salzburg Austria from 1969 until 1977. During the initial part of this period Hayek suffered with illness and depression. This was later characterised by Hayek as partially resulting from undetected cardiac episodes similar to that experienced in the early 1960s. Despite his lower expectations at Salzburg it was during this period that he was awarded the Nobel Prize for economics in 1974 alongside Professor Gunnar Myrdal. In the awarding speech Professor Erik Lundberg detailed the recognition placed by the academy on Hayek's

> …attitude towards social science research: the conviction that the major socio-economic questions of our time cannot be fully understood without an interdisciplinary broadening of the range of problems studied as well as the methodology applied (Lundberg 1974).[48]

It was for Hayek's 'pioneering work on the theory of money and economic fluctuations and for… penetrating analysis of the interdependence of economic, social and institutional phenomena' that the award was made (Lundberg 1974). This award represented something of a change by the academy that normally made the award for 'pure economics', but in this instance were prepared to acknowledge the constraints that this placed on the broader social scientific field. While the award was controversial, for

[48] The entire speech by Prof. Lundberg is available to view at http://nobelprize.org/nobel_prizes/economics/laureates/1974/presentation-speech.html.

Hayek it was, he felt, the recognition of his continuous dedication to liberal freedoms and his opposition to socialism. His recognition by the Nobel committee as a laureate gave him the financial independence he so badly wished for, rejuvenating him academically and once again bringing him to public prominence.

His re-emergence as a prominent intellectual following his Nobel success lay partially in the public perception of his historical anti-Keynesianism, and his antipathy towards inflationary government policy (Ebenstein 2001:279). Unlike other contemporaneous figures such as Friedman whose anti-government stance was far more crystalline and could be seen in his criticism of the Thatcher government's failure to deal with unemployment (Anon 2006b), Hayek's position was more anti-socialist rather than anti-governmental, nonetheless giving *anti-étatiste*, ideologically oriented politicians who wished to ascend power a potent intellectual point of reference. With the growing prominence of intellectuals of the right, such as Friedman, Hayek as a considered bedfellow did benefit from their 'brighter presence' (Ebenstein 2001:269), although his prominence as the founder of a rejuvenated intellectual movement of the right should not be understated.

It was during this period that the newly reorganised Conservative Party under Thatcher sought intellectual backing for the public policy prescriptions that it felt were necessary for rejuvenation there. While there was some limited contact with Sir Keith Joseph and Margaret Thatcher prior to the Conservative election victory in 1979 there was seldom direct contact thereafter, despite the perception that places Hayek at the centre of the Conservative revolution in the UK. In this manner he was, like Keynes who had gone before him, in the public mind an enduring figure, while not instrumental in contemporary political decision making, his presence did nonetheless give sufficient intellectual gravitas for policy decisions based loosely on the basic tenets of his political and economic thought.[49] A more detailed discussion of this takes place in the next chapter.

His inspiration of the Conservatives was second only to his inspiration of South American regimes including those of Chile and Argentina. By the late 1970s his

[49] Keynes had, unlike Hayek, been at the centre of UK policy implementation during his early career as a public servant. However in this context both are put forward as progenitors of species of political and economic thought.

increasingly libertarian perspectives similar to those of Friedman, and despite his own denials, advocated the restraint of government to those matters such as defence and law and order only, and increasingly privatised public utilities. Through the Mont Pelerin Society and the prominence of its members Hayek's vision permeated throughout much of the globe providing an alternative view to the prominence of social democracy in intellectual discourse.

In his later years his public role was characterised by increasingly frequent correspondence in the press and high profile encounters with public figures such as his meeting with President Ronald Reagan in 1983. In 1980 Hayek was one of 12 Catholic Nobel Laureates to meet Pope John Paul II to discuss the most urgent problems faced by contemporary society.

He continued his involvement with non-university institutes promoting liberal ideals, such as the Institute of Economic Affairs (IEA), and the Adam Smith Institute. Through these he maintained contact indirectly with Thatcher's government. As a prominent public intellectual interest from across the print spectrum increased as did speaking engagements and the opportunity to travel. In 1984 he received the *Order of Companion of Honour (CE),* from Queen Elizabeth II on the recommendation of Prime Minister Thatcher for 'services to the study of economics' (Ebenstein 2001:305).

After 1985 Hayek struggled with his health and old age. He continued to receive visitors and reporters although he struggled to remain academically productive. In 1992 he died.

Caldwell (2004:323) describes Hayek as a 'puzzle and a puzzler...' who 'kept running into obstacles as he tried to understand how the complex 'organism' of society worked and how best to study it'.

Within the grand liberal theoretical genus his belief in the primacy of the individual, restricted government participation, and market order became synonymously linked to broad liberal notions of freedom. This was not strictly reflective of the more restrained definition of freedom that Hayek endorsed in *The Constitution of Liberty* ([1960] 2006). These concepts of liberal freedom were later to appear, in conjunction with neoclassical economic arguments, in the 1970s and 1980s changing the liberal emphasis away from the Keynesian ascendancy.

Hayek through his willingness to 'examine critically the existing, and change it whenever necessary' (Ebenstein 2001:208) facilitated liberal thought to become characterised in the popular mind as neoliberalism.

WORKS

His extensive works can be categorised as economic, political, methodological and philosophical.[50] Hayek's earlier works focussed on economics and the role of theory and empirical work for example *'Monetary Theory and the Trade Cycle'* (1929-33), *'Monetary Nationalism and International Stability'* (1937), and *'The Pure Theory of Capital'* (1941). His most popular works include *'The Road to Serfdom'* written during the height of the Second World War, and published in 1944. It was subsequently published in an abridged version in the Readers Digest in the USA in 1945, making it widely available to a non-academic audience. Another notable political pamphlet written by Hayek was *"The Intellectuals and Socialism"* published in 1949. These works given their widespread circulation, particularly of *'The Road to Serfdom'* (1945), in its abridged format successfully moved the economic and philosophical anti-socialist argument into the wider political realm, and warned of the tendency among intellectuals to idealise socialism. These works were later followed by more philosophical works dealing with societal liberty including *'The Constitution of Liberty'* (1960), and *'Studies in Philosophy, Politics, and Economics'* (1967).

In the 1970s Hayek devoted much of his time to the completion of *'Law Legislation and Liberty'* in three distinct volumes 1973, 1976, and 1979 along with the expansion, updating and upgrading of earlier works such as the *'New Studies in Philosophy, Politics, Economics, and the History of Ideas'* (1978).[51] His final major work *'The Fatal Conceit'* (1988) sought to consolidate his political thought from previous years, and he hoped it would become his most important work.

While not exhaustive this list of notable works highlights the extensive and productive nature of Hayek's philosophical and scholarly journey. His polemic '*The*

[50] A full bibliography of Hayek's book publications etc. up until 1974 can be found at http://nobelprize.org/nobel_prizes/economics/laureates/1974/Hayek-cv.html with later works in Ebenstein's (2001:325,326) autobiography of Hayek.

[51] 'Law Legislation and Liberty: A New Statement of the Liberal Principles of Justice and Political Economy' is abbreviated to 'LLL' with each volume abbreviated 'vol…'

Road to Serfdom' (1944) is his most noted work, and along with his subsequent philosophical-political themed works are for the purposes of this thesis of most significance. Certainly '*The Road to Serfdom*' (1944) furthered Hayek's stated aim of changing 'the climate of ideas … and make the philosophical foundations of a free society once more a living intellectual issue' (Turner 2007:76). Its mass appeal through its reprint in the post- war USA edition of *The Readers Digest* in 1945 moved it into the domain of a mass audience at a time when mass public intellectual discourse was not the norm. This popularisation with those whom Hayek correctly identified in the later *'The Intellectuals and Socialism'* ([1949] 2005ed.) as part of the intellectual target audience who are qualified by virtue of the wide range of subjects on which they are prepared to talk and write resonated deeply with his assessment of the success of pre-war socialist intellectual expansion. As part of a post-war genre exploring the nature of freedom and the dangers of collectivisation that included such notable authors as Jewkes and Popper, '*The Road to Serfdom*' was for Hayek a characterisation of collectivisation and socialism that emphasised their intrinsically un-free nature. It posited that there could be no personal liberty where planners and planning controlled the means of production. It emphasised the creation of conditions favourable to progress as the alternative to planning progress (Hayek [1945] 2005). To move this 'towards a better world', private property and 'a policy of freedom for the individual', was necessary to incentivise economic productivity and personal freedom as the only '...truly progressive policy' (Hayek [1945] 2005:70).

Developing and recognising the opportunity to create an intellectually emancipated post Second World War world Hayek's essay *'The Intellectuals and Socialism'* emphasised the dangers of otherwise good men becoming enthralled with the utopian ideal of socialism (Hayek [1949] 2005 ed.). For him this was the singular greatest danger facing Western society into the future and revisited succinctly many of the points raised by '*The Road to Serfdom*'. Hayek's view did not solely focus on any moral or metaphysical distaste for socialism, but rather on the intellectual struggle between socialism and notion of the free society (Ebenstein 2001:239). This intellectual struggle primarily focussed on Hayek's contention that all knowledge could not be known or assumed to be held by one person or group, but rather resided dispersed among all within society. Claims of epistemological monopoly such as those at the heart of socialism were patently false, and for Hayek were dangerous for societal development.

Hayek's later works of socio-philosophical-politico importance such as *'The Constitution of Liberty'* (1960), *'Studies in Philosophy, Politics, and Economics'* (1967) and the tri-volume *'LLL vols 1-3'* (1973, 1976, 1979) continued on a somewhat pessimistic note, similar to other Cold War defences of liberal themes. Hayek's thinking (especially in Volume 3 of LLL (1979) continually asserted his belief in the necessary reality of government that allowed society to grow unrestrained. This belief focussed more on philosophical conceptions of the role of government rather than any particular institutional design.

Hayek's return to the field of economics in the 1970s too provided an insight into his political thought. His old anti-inflationary views differed significantly from those of Friedman, currently in vogue. His views reflected an appreciation of the necessity of government and from and economic perspective in an almost Keynesian irony endorsed governmental participation within the economy. To this end his concern lay not in the scale of the involvement in terms of expenditure as a percentage of GDP, but rather in the focus of the expenditure.

Hayek's final major work 'The Fatal Conceit' (1988) was to be the culmination of Hayekian thinking and highlighted the evolution of Hayek's thought over the intervening fifty years. The primary idea within the book focussed on the relationship between life,

> …the development of knowledge, technology, and mutual creation, and that society in which these are most developed is the best society. Moreover that the growth of trade and civilisation are one (Ebenstein 2001:312).

The Fatal Conceit' (1988) did not fulfil all of the expectations that were hoped of it, Hayek's declining health and his own concerns regarding its character coupled with his inability at that stage to complete the work diminished its impact on academic and popular reviewers. Central to his thesis lays the notion of societal selection, which is the link between economic production, societal rules and norms, morality, and their effect on societal behaviour. Unfortunately for Hayek these ideas mutated and adapted a fundamentalist inflexibility linked to a philosophical constraint that did not reflect the complexity and multidimensionality of contemporary society (Freeden 2009:2).

For critics these ideas were distinctly illiberal, implicitly advocating the promotion of a permanent underclass within society (Grey 2002). Hayekian liberalism became popularly imagined and interpreted as evolutionary in the sense of natural selection

based on individualistic survival of the fittest, rather than as Hayek had always emphasised through societal selection based on 'culturally transmitted characteristics, institutions, and practices' (Ebenstein 2001:232).

Hayek's biographer Ebenstein (2001:308) has remarked on how an increasingly libertarian theme began to characterise Hayek's later years from 1980 onwards, perhaps as a result of the resurgent interest in his views. It was this relatively late and *lite* libertarian perspective that allowed more fundamentalist contemporary libertarian views gain prominence within the neoliberal project. These *lite* views were ultimately reflected in *The Fatal Conceit'* (1988) and Hayek continued to endorse them, particularly after the collapse of the Iron Curtain and the Soviet Union as he approached the end of his life.

HAYEK'S INSIGHT

Why should one evaluate Hayek's insight? On a generalised macro philosophical level to understand the relationship between ideas and political practice in the search for a more complete theory of society and ultimately return to practice better appears noble enough (Caldwell 2005:10). But on a more pragmatic level the evaluation of Hayek's insights leads one to a better understanding of the contrasts with contemporary neoliberalism. Hayek's position as the poster-boy of the neoliberal movement particularly in the UK, and the ideological association of Hayekian liberalism with Thatcherite policy albeit flattering to deceive, nonetheless ties Hayek to the subsequent emergence and domination of neoliberal ideas.

The Hayekian acceptance of the wide variety and organic nature of society juxtaposes itself against the restricted fundamentalist interpretations of libertarianism that claim Hayekian liberal antecedence. In studying this juxtaposition the changes that occur in transference from the author to the promulgator of ideas, highlights the influence and impact of Hayek's vision. The irony associated with the vision examines what remains included in the popular viewpoint, and what gets altered as part of the on-going transformation of neoliberalism. Starkly this can be seen in the movement away from Hayek's original anti-Socialist mantra towards today's anti-capitalist one.

Blundell (Hayek 2005 ed.:98) in his introduction to the edition of Hayek's '*The Road to Serfdom with The Intellectuals and Socialism'*, attempts to summarise Hayek's insight into the role of intellectuals in the propagation of ideas. In doing so he places his own characterisation on Hayek's thought. This is a useful tool for evaluating Hayek's insight,

and contrasting it, in Chapter Nine with Hay's (2007:2) composite definition of contemporary neoliberalism. It allows the exploration of the changes and irony within today's perspective compared to Hayek's original position.

In examining Blundell in Hayek (2005ed.), Hayek's ideas around the market, his philosophical and historical perspectives, practical considerations of time, and the role of special interests in determining the success or failure of ideas points to the prominence of intellectual discourse as part of societal evolution.

Hayek criticised the romanticised nature of this intellectual discourse and the function and role of the intellectual, in spreading utopian ideas around the realisation of the best possible future. At the root of the criticism was Hayek's contention that utopianism amongst the intellectuals tended to be socialist, assuming 'perfect knowledge' (Hayek [1960] 2006) which he later characterised as their rational constructive approach (1988). Warning against such rational constructivism, Hayekian liberalism and its adherents developed neoliberal approaches to political, social and economic issues.

Using Blundell's (2005:98) synopsis of Hayekian ideas over the remainder of the chapter, the underlying foundations of neoliberalism will be examined in order to prepare for the discussion of the influence of these ideas, and the later discussion of the irony associated with them when transferring them into a pragmatic political context, in Chapter Nine.

The progress of these ideas towards a contemporary neoliberal framework that according to Hay (2007) has become increasingly identified with market and institutional interaction, the role of the state and *anti-étatiste* sentiment becomes central to later discussion. This represents a considerable evolution of the ideas of Hayek from the individualised focus that Blundell in Hayek (2005ed.) characterises, to reach the anti-étatiste sentiment echoed by Hay (2007).

1. *'Pro-market ideas had failed to remain relevant and inspiring, thus opening the door to anti-market forces'* (Blundell in Hayek 2005 ed.:98).

Given the historical and ideological context that Hayek found himself in during the inter-war years of the 1930s, and in the immediate post Second World War period, the economic and political instability that emerged as part of these circumstances, both as causal and effectual factors, placed liberal thought in the rear-guard of political discourse. As socialism grew and spread, the UK had a Labour government for the first

time, tentatively in 1924, but more significantly between 1929 and 1931 under Ramsey MacDonald, the emphasis of political liberalism remained fixated on economic issues such as free trade and the gold standard (Frieden 2006). The Great Depression following the stock market crash in 1929, and the fall away from gold heralded the opportunity for liberal thought to develop a rights based discourse, this was however overshadowed, understandably, by contemplation on the incursion of totalitarianism.

In tandem with this the political fortunes of the Liberal party in the UK, at this time still the hegemonic power albeit under threat (Silver and Arrighi 2003), were declining, radical liberal thinking such as that seen in the century before was not taking place (Gaus 2000). In that historical context although remaining economically focussed liberal pro-market ideas failed to remain relevant as core concepts like free trade retreated, while illiberal protectionism began to flourish. This is not surprising given the failure of the financial markets in the crash of 1929, and the subsequent economic depression of the 1930s. Added to this the move away from, and return to, the gold standard and the emergence of the German and Japanese war economies along planned lines all contributed to a lethargy that surrounded liberal thought.

In such an environment socialism was pre-eminent as the major counter ideology of the first half of the twentieth century. Socialism provided the standard through which alternatives were framed in much the same way that this thesis argues that neoliberalism does today. Despite its dominant position in many circles at this time, socialism failed to become hegemonic in the same way as neoliberalism has today. Critics of socialism such as Hayek focussed on the economic and structural inadequacies of socialist economic thought. In Hayek's view even market socialism, social democracy was unacceptable. For Hayek this was the beginning of a 'knowledge based critique of socialism' (Caldwell 1997:1856).

Like Keynesianism, socialism offered the comfort of limiting the vagaries of the market, promising a future free from economic care, relieving the individual of responsibility, presenting a tempting if flawed vision of the future (Hayek [1945] 2005:35). For Hayek only a market based society was capable of achieving coherence, not through the design envisaged by socialism but through the choice and freedom inherent in the market itself. The market was superior to social design as an organising mechanism. This differs from the ideas of others who although supportive of the market remained wary of its dangers. Hayek too recognised these dangers but on balance

reflected that market based competition was superior to its socialist alternative as it was more efficient, and did not 'require coercion or the arbitrary intervention of authority' (Hayek [1945] 2005:45).

Polanyi (cited in Harvey 2007a:36) who wrote 'The Great Transformation' in 1944 as the Second World War came towards its end, warned that the market makes society in its own image and that this is not society's natural form. In this view the market had been designed and evolved through government driven politics rather than market command, and as such needed to be controlled, otherwise the pre-eminence of 'bad freedom' within the market system would prevail.

The contrasting view advocated by Hayek was that it is necessary to have a free market emphasis on labour, strong state fiscal and monetary discipline in order to ensure that the market act as an efficient conduit for human endeavour. His belief was that 'market competition constitutes a discovery process' (Caldwell 1997:1865), and that through price adjustment people could be taught to align their subjective preferences. In this type of environment business knowledge is localised in a positive manner toward 'knowledge of particular circumstance' (Caldwell 1997:1866). In contradistinction, socialism with its predisposition to planning restricted the role of the market as a conduit for information, usually contained in price.

In his critique of the idea of centralised planning to replace market mechanisms, Hayek was conscious that the successful centralised planning that took place during the Second World War could not be considered normal, and therefore should not be used as an example of success by socialists or market socialists. Firstly the war economy was not profit driven, production was at full capacity, price was controlled, and not subject to the influence of the market.



Figure 14, ‘The Road to Serfdom’ in Cartoons (Blundell in Hayek 2005 ed. ed.:73).[52]

Hayek argued that the forces underpinning the economy were far too complicated and information sensitive to allow for the simplistic planning methodologies suggested by Socialists (Hayek [1945] 2005). His ideological appreciation of the real world fluidity of economic circumstances and activities directly challenged socialist contentions that careful planning could obviate the need for markets. From this perspective socialisms’ failure to address the issue of price as a store of value negated the need to exchange as no item had value. Therefore planned economies such as those envisaged under socialism could not differentiate between economic feasibility and infeasibility. Scarcity could not act as a prompt through price adjustment. Price was absolutely necessary to allow economic calculation.

[52] Illustration taken from '*The Road to Serfdom* in Cartoons' as it appeared originally in Look Magazine. Reproduced from Blundell in Hayek (2005 ed.:73).

For Hayek the failure of pro-marketers lay in their inability to counter socialist evocations of utopia that minimised individual suffering at the hands of the market. The loss of initiative required that pro-marketers reach out to those who Hayek characterised as intellectuals with counter arguments that would defeat this type of ideological illusion.

2. *'People's knowledge of history plays a much greater role in the development of their political philosophy than we normally think'* (Blundell in Hayek 2005 ed.:98).

This almost conservative critique of both liberalism and socialism by Blundell is mirrored in Hanley's (2004:327) discussion of Hayek's contemporary Isaiah Berlin, whose criticism of the monism of scientific history reflects Hayek's scepticism with regard to socialist interpretations of historical inevitability. This applied with some modification to Hayek advocates that a sense of reality rather than the purely scientific pursuit of political knowledge be included in any discussion of the role of political philosophy. This is quite apparent in Hayek's trenchant criticism of socialism in *'The Fatal Conceit'* (1988). The sense of reality discussed in relation to Berlin broadly parallels Hayek's rejection of constructive rationalism and its absolute faith in rationalist approaches to problems of political economy (Hayek 1988:52-53). Hayek appreciates that property, freedom and justice 'are not created by man's reason but a distinct second endowment conferred on him by cultural evolution' (Hayek 1988:53). It is interesting that both men were contemporaries, liberals, and both appreciate the importance of historical perspective advocating a sense of reality, yet there is little evidence of interaction between the two.

In an almost Kantian sense the danger of objective approaches that facilitate airy views of history, socialism's utopian goals that preclude moral judgement encouraging positivism, deny individual excellence (Hanley 2004:329). Hayek would not have disputed this analysis orientating the discussion onto the denial of individual freedom.

Hayek's critical view of progress differed from many of the more rose tinted or nostalgic views of societal progression, and in its frankness his perspective gives warning to those who would ignore the historical resonance contained within political philosophies.

> The need is to free ourselves from that worst form of contemporary obscurantism which tries to persuade us that what we have done in the recent

> past was all either wise or unavoidable. We shall not grow wiser before we learn that much that we have done was very foolish... (Hayek [1945] 2005:36)

This realistic summation draws attention to the nature of reasoning where pattern recognition, analogy, and metaphor play an important role in the evaluation of history. As discussed in Chapter Five, when dealing with complexity, action tends to revolve around anchor and adjust behaviours (Beinhocker 2006:171). Thus the development of an individual's political philosophy will be influenced by the available information about the past, and its patterns in order to project into the future. Recent behavioural research (Beinhocker 2006) points to the individual's use of framing biases to evaluate issues, drawing big conclusions from small or biased samples or information. This includes availability biases where people make decisions on available data or information rather than looking for the correct information. Hayek worried that similarly to Fascism, this type of societal learning could be exploited by those advocating a utopian alternative, on the basis that people having reckoned on their disappointing past might be inclined towards a radical socialist alternative future on the basis of the information available to them. This was in a neoliberal ironic sense a version of false consciousness.

This danger was manifest in the role of the intellectuals who as 'second hand dealers in ideas' feel it is their duty to 'offer new ideas to the public' (Hayek 1988:55). This influenced Hayek's argument for a 'knowledge based critique of socialism' to dampen down the potential dangers inherent in such biased reasoning (Caldwell 1997:1856). Although the reverse of this was also a possibility its success and the reversal of the socialist bias to one of neoliberal bias will be discussed in the section on the influence and irony of Hayek's vision.

3. *'Practical men and women concerned with the minutiae of today's events tend to lose sight of long-term considerations'* (Blundell in Hayek 2005 ed.:98)

This fits with Hayek's insight into the complexity associated with contemporary life. Using Hanley's (2004:328) discussion of Berlin and his assessment of daily life to echo Hayek's view,

> …no single human being can grasp the unfathomable array of factual complexity necessary for a truly comprehensive and "scientific" understanding of that "larger scheme of things" of which we are a part.

Gaus (2007) discusses Hayek's perspective on the complex nature of daily life, in relation to the following of principle, set against the need for expediency. Developing the theme of complexity in everyday life further Gaus (2007) draws attention to dangers associated with error inflation. In many situations where principles must be weighed against expediency, people concerned with the minutiae of everyday living make decisions that include errors which may result in profound change later, the complexity of the system making it impossible to understand how these errors become magnified over time and space. In this way Hayek connects the dangers of socialism and fascism. For Hayek it was obvious to those who had witnessed the movement towards 'a total conception of ideology' (Caldwell 1997:1867 referring to the work of Mannheim) that contemporaneous efforts to recreate this movement towards a socialist or social democratic utopia were erroneous. Hayek stated,

> …in democracies the majority of people still believe that socialism and freedom can be combined. They do not realise that democratic socialism, the great utopia of the last few generations is not only unachievable, but that to strive for it produces something entirely different – the very destruction of freedom itself... Hayek [1945] 2005ed: 44)

The complexity associated with the contemporary experience of everyday life focused on the present is based on a conception of modernity that has witnessed a movement away from Weberian ideas of delayed gratification and future reward. Sennett (2006) implicating neoliberalism emphasises the growing tendency for political actors to focus on the minutiae of living in the present.

Ironically, although not unsurprisingly, the contemporary weakening of institutional order under neoliberalism has diminished the capability to 'foster the conditions for this self-discipline' (Sennett 2006:78). Where people were once anchored in institutions they now find these reference points delayered, and outsourced, weakening institutional loyalty and informal trust (Sennett 2006:178). Neoliberalism through its individualist and rationalistic tendencies favours a short term strategic view, colloquially this may be characterised as 'shooting the crocodile nearest the boat first, and then worrying about the crocodiles further away'. This perspective illustrates the

> …precariousness, instability, vulnerability is the most widespread (as well as the most painfully felt) feature of contemporary life conditions...The phenomenon which all these concepts try to grasp and articulate is the combined experience of insecurity (of position, entitlements, and livelihood), of uncertainty (as to their continuing and future stability) and of unsafety (of one's body, one's self and their extensions: possessions neighbourhood, community) (Bauman 2000:161, citing Bourdieu 1997).

This leads to a myopic perspective on the world where principles become secondary to expediency. In that kind of environment a longer term strategic view that extends no further than an idealised utopian vision can be a very attractive prospect.

4. *'Be alert to special interests, especially those that, while claiming to be pro-free enterprise in general, always want to make exceptions in their own areas of expertise'* (Blundell in Hayek 2005 ed.:98).

Hayek's focus on government, institutional elites, and bureaucrats with their focus on monopolistic and oligopolistic positions comes to mind here. Attempts by these groups to correct market imperfections were Hayek believed at the heart of government interventions ultimately reinforcing monopolies and leading towards oligopoly, where none previously existed. Hayek was not against institutionally framed organisations, but was against 'exclusive, privileged, monopolistic organisations... [who]...use coercion to prevent others from trying to do better' (Hayek [1960] 2006:33). While these institutional interventions were often motivated by good intention, they are nonetheless unwelcome.

Socialist government advocacy of centralised planning and the rejection of price as the arbiter of choice within market structures placed an emphasis on strong government intervention that Hayek rejected as an attack on liberty (as non – interference) and by extension the freedom to try to do better. In planned Socialist states this unwarranted interference led to totalitarianism. In democratic states this led to oligopoly and monopoly. Where democracy was fractious due to increasing populist tendencies this too led to unaccountable totalitarian leadership, and was to be guarded against. All these interferences by special interests restricted individual freedom.

Hayek was not opposed to government but was convinced that the only way to guarantee liberty was to ensure the supremacy of law (Hayek [1960] 2006, Hayek 1982). For Hayek this ought to be the role for government. He believed that central

government control could not be efficient given the many micro processes involved in economic activity. In markets where there is imperfect information, economic indicators such as price, functioned better in an environment free of government or special interest inspired distortion. Where the state and special interests intruded actively in markets their intervention was characterised generally as excessively inflating the market distorting equilibrium, forcing further intervention, and ultimately causing the erosion of freedom leading to further collectivisation.



Figure 15, '*The Road to Serfdom'* in Cartoons (Blundell in Hayek 2005 ed.:74)[53]

Drawing from classical and neoclassical economic ideas Hayek argued that restrictions on international trade and the movement of goods, capital, and labour were counter-productive to societal economic development, and that government's role was

[53] Illustration taken from '*The Road to Serfdom* in Cartoons' as it appeared originally in Look Magazine. Reproduced from Blundell in Hayek (2005ed.:74).

to advocate economic integration and ensure that any restrictions ought to be minimal, once again limiting the power of special interests. Hayek appears from this to be a firm advocate of globalisation, one of the pillars of future neoliberal thought. Certainly Hayek would have viewed the positive impacts of globalisation as an endorsement of his position, although the political pragmatism associated with the negative distortion of globalised relationships, much criticised in the literature (Saad-Filho 2005a, 2005b, Ganev 2005), such as those agreements under the auspices of the WTO (Munch 2005), would not have appealed to his 'Whiggish' sensibilities. These included his belief in 'free growth and spontaneous evolution' (Hayek [1960] 2006:352).

5. *'The outcome of today's politics is already set, so look for leverage for tomorrow as a scholar or intellectual'* (Blundell in Hayek 2005 ed.:98), and *'The intellectual is the gatekeeper of ideas'* (Blundell in Hayek 2005 ed.:98)

Taking these points together, Hayek worried that the socialist inclination of the educated was a worrying trend, and that the role of liberals was to fight a rear-guard to defend what remained of liberal values and subsequently interrupt the collectivist/intellectual linkage into the future.

Hayek began to fight this rear-guard in 1938 with the meeting in Paris of what was to act as a precursor to the Mont Pelerin Society founded in 1947. His use of the Mont Pelerin Society from that date as a vehicle for the development of neoliberal ideas along with his recognition and emphasis on the role of think tanks such as the IEA in London, the Foundation for Economic Education, the Philadelphia Society, and the Cato Institute in the USA, saw Hayek develop a strategy for liberal ascendancy into the future. Hayek's view of think-tanks was that their role ought not to be on developing big ideas but rather increasing understanding and insight from a liberal perspective. Think-tanks would act as middlemen not as producers or retailers (Blundell 2007) between the intellectual discourse and political pragmatism. Parsons (1995 ed.:161) characterises this as 'an important development in the study of agendas and problem construction'. Hayek and his adherents would argue that the success of this policy was borne out by the fall of socialism in 1989. Indeed *'The Fatal Conceit'* (1988), although pre-dating the eventual collapse of the Soviet Bloc was very much in that mould.

Hayek (2005 ed.) outlined his views on the nature of scholars and the role of the intellectual in society clearly in 'The Intellectuals and Socialism'. When discussing the

role and function of intellectuals Hayek remarked that the role neither required nor needed expert or original thinking. The intellectual need not be intelligent but on the basis of educational attainment did need an ability to write and speak on a wide range of subjects. The role of public intellectuals was crucial to the advocacy of ideas; socialism through its emphasis on propaganda had recognised and fostered these qualities, and that role. For a reversal of this colonisation of the intellectual field by socialism, and to promote the liberal cause of the future this was important. The discussion in the next chapter of the Conservative, Centre for Policy Studies attempts to counter Galbraith's lecture tour to the UK illustrates this.

Hayek (1988:54) concedes as part of *'The Fatal Conceit'* that socialism has for much longer been accepted by intellectuals rather than the working class, and that intelligence tends to be overvalued especially by the intelligentsia who encouraged by their superior reason, and their tendency to favour their own ability to design and co-ordinate society seek to centralise and control planning. Intellectuals 'decide what we hear, in what form we are to hear it and from what angle it is to be presented. They decide who will be heard and who will not' (Blundell 2007:60). It is therefore on the intellectual battleground that the war of ideas would be fought and won, and while the political idealational battles of the immediate post Second World War were seen to be lost in the main to socialism, or social democratic ideas, these setbacks could be offset over time through strategic engagement with the elites and the general public across the Western *zeitgeist*.

Examining the strategic engagement with intellectuals over the second half of the twentieth century, the educational background of western leaders is an interesting reflection of that engagement and the role that education and intellectual influence played in determining the nature of Western society.

The table below illustrates the educational background of the leaders of the Western World. Hira (2007) does not use the full spectrum of OECD countries as preferred in this thesis when describing the Western World; however the table is useful for illustrative purposes as it includes Australia, USA, Canada, The UK, Russia, France, Germany, and Italy. These countries provide an excellent study in Neoliberalization since the 1980s, and from a Hayekian perspective are the world leaders in terms of liberal ideational theorising, historical, economic and social, and pragmatic political implementation of liberal ideas (Saad Filho and Johnson eds. 2005). The table catalogues the liberal

orientation of educational background and its changing emphasis across the various stages of neoliberalism's development. By liberal educational orientation I mean an educational orientation rooted in the liberal arts, focussing on the development of rational thought and intellectual capability. While specialization obviously occurs and is accounted for in the table categories, all of the dominant categorizations reflect this liberal basis.

Education	1960	1970	1980	1990	2000	2005	Total
Law	3	2	2	5	6	6	24
Military	4	1	1	0	0	0	6
Economics, business, engineering	1	3	6	1	1	1	13
Political science, public administration	1	3	3	2	0	1	10
Medicine	0	0	0	0	0	0	0
Other	0	4	1	1	0	0	6
None	0	1	0	0	1	0	2
Sum	9	14	13	9	8	8	61
Education	1960 (%)	1970 (%)	1980 (%)	1990 (%)	2000 (%)	2005 (%)	Total (%)
Law	33	14	15	56	75	75	39
Military	44	7	8	0	0	0	10
Economics, business, engineering	11	21	46	11	13	13	21
Political science, public administration	11	21	23	22	0	13	16
Medicine	0	0	0	0	0	0	0
Other	0	29	8	11	0	0	10
None	0	7	0	0	13	0	3

Table 8, The Educational Background of Western Leaders (Hira 2007:333)

In using the table as an illustration the first notable point is the decline and complete disappearance of those of a military educated background by the 1970s. The number of those leaders from a, economics, business, and engineering background increases in the run up to the 1980s, spiking in the 1980s when neoliberal hegemony was firmly established, and returning to a consistent (13 per cent) level since the 1990s, although averaging 21 per cent overall.

Looking at the numbers of leaders with law backgrounds one sees a growing trend towards domination in line with the development of a legalistic species of liberalism. If

one looks more closely at the time since the 1980s up to 2005 those from a law background are more numerous. From a Hayekian perspective this is the natural liberal order establishing itself (Hayek [1960] 2006).

The use of the table above also bears some relationship to Blundell's next point in the sense that in order to create the ideal climate for 'pro market people' it is important that those in leadership roles reflect a pro market bias (Hayek 2005ed:98). Although the table above does not breakdown further the categories into their functional aspect, that is for example within the law category, those whose background is in practising law and those who teach law, it does I believe allow the drawing of inferences from general observation regarding the likelihood of a pro market orientation. In reality Berlusconi the Italian premier is from a business background, Blair the former UK Prime Minister was from a law background etc.

6. *'The best pro-market people become businessmen, engineers, doctors and so on; the best anti-market people become intellectuals and scholars'* (Blundell in Hayek 2005 ed.:98)

This is a sweepingly generalised point typical of the predisposition of think-tank writers such as Blundell. Such generalisations do not serve intellectual debate well however eye-catching they may be as a quasi-political economy commentary. Disregarding its obvious flaws for the purpose of discussing Hayek's insight the statement can be reconfigured to read that the best advocates of the market people tend to be businessmen, engineers doctors and so on, while intellectuals and scholars tend to be the most critical of the market in their outlook. Even in this format one could answer well they might.

However, looking at the place and function of the individual in society provides insight into their fondness for the market or otherwise. From a Hayekian perspective the predisposition of the individual within society is predicated by the belief that societal relationships are complex. As such any projects that seek to construct society along collectivist lines as socialism does are historically counter-intuitive to individualistic tendencies towards freedom. Counter-intuitive in this sense is drawn from Hayek's argument that property, freedom and justice 'are not created by man's reason, but are a distinct second endowment conferred on him by cultural evolution' (Hayek 1988:53). For Hayek individuals cannot conceptualise the levels of complexity within the myriad

of interacting relationships, therefore it was dangerous to assume that society could simply be re-engineered along collectivist lines. This belief was vindicated in Hayek's mind by the collapse of the Soviet Bloc. The predisposition of intellectuals as 'second hand dealers in ideas' to rationalistic interpretations of the world leads them to the conclusion that the 'conventional' market led society is illusory, presenting them with an imperative to change it (Hayek 1988:54-55).

This predisposition was not shared by pro marketers whose pragmatism is reflected in their reliance on the market society for survival. This over-shadows any idealistic notions they might have surrounding the re-engineering of society along collective lines.

Coupled with this pro-marketers hold that market functions such as price and profit gave individuals information that they can in turn use to govern production more efficiently than socialist planning or in Hayek's understanding constructive rationalism might (Beinhocker 2006:422). This information was something that autonomous individuals could exploit generating economic activity that enriched society further.

Hayek was supportive of the idea that the market created a kind of spontaneous order where individuals interact and exchange freely without interference from a centralising force such as government. In such an environment as long as the parties do not harm one another they ought to be free to continue their exchange. In this situation the rule of law as established replaces the rule of men allowing order and progress. This climate of progress is anchored within liberal ideas of freedom. Thus the socialist faith in planners' ability to predict the direction of consumption was disputed by Hayek as an 'abrogation of consumer sovereignty' (Caldwell 1997:1865). The idea that central planners could take on and replace the individual entrepreneur was viewed as improbable given the risk aversion that central planning required.

In *'The Fatal Conceit'* (1988) Hayek is critical of the historical resistance by intellectuals, manifest in socialism, to what he classified as several property and morality. Hayek sees this as being part of the historical tradition since Rousseau. The idealism of intellectuals and scholars whose anti-market sentiment and imperative for change favoured utopian conceptions of society was for Hayek akin to idealists whose

> …hurry and impatience, whose indignation about particular evils so often blinds him to the harm and injustice that the realisation of his plans is likely to produce' (Hayek [1960] 2005:7).

This was something Hayek could not endorse.

7. *'Be Utopian and believe in the power of ideas'*. (Blundell in Hayek 2005 ed.:98)

While not doubting Blundell's contention surrounding ideas, the idea of Hayek as a utopian in the sense that Hayek understood this, is a very precarious assertion. However, Caldwell (1997) and Ebenstein (2003) have come to the same conclusion in their discussions, requiring clarification here. For Hayek the problem of 'utopian constructions', lay in their assumption of perfect knowledge, a distinctly rational constructivist approach which Hayek spent the majority of his academic life criticising (Hayek [1960] 2006:22). Speculating, it is a reflection that towards the end of his life, Hayek, having been fated as the philosophical saviour of his day by a neoliberal ascendancy, that this romanticised notion of Hayek the utopian became popular. For Ebenstein (2003:40), Hayek was a utopian philosopher who advocated a 'universal order of peace' seeking one society with a shared standard of living based on fixed laws that guaranteed liberty. Caldwell (1997:1856) states that in *'The Road to Serfdom*', Hayek provided a political critique to socialism defending liberalism and describing an 'alternative liberal utopia'.

In my view any attempts to class Hayek as utopian are erroneous, as a political philosopher Hayek in *'The Constitution of Liberty'* defined the relationships that ought to exist within a free society. As stated earlier, the key to a free society was one where the market dominated, and individuals protected by law operated without interference. In such an individualised society there could be no collective utopia, only a series of individual utopia's, unlikely, using Hayekian logic, given the complexity associated with de-conflicting competing intentions, and the scale of such a task. Any tendencies within liberalism towards utopianism were fundamentally weakened by pluralism; making collective ends implausible (Freeden 2008:22). Thus the creation of an objective definition of what a liberal, in the sense that Hayek understood it, utopia might look like was impossible (Booth 2005:35).

The power of ideas with the defeat of socialism during the late 1980s and the emergent end of ideology thesis became an endorsement of the voracity of liberal claims. This very powerful thesis encouraged liberal interpretations based on rational explanations of social and economic phenomenon. Liberal ways of planning focussed on consensus, presupposing agreement in a de-contested atmosphere, offering a bulwark against future crises. Critiques of neoliberalism argue that neoliberalism 'is unrealistic',

in its expectation of liberal outcomes, and that this has caused damage to the socio-political fabric of society. This criticism however felt misses the point, since neoliberalism in its purist Hayekian sense does not purport so much to 'describe the world as it is, but rather the world as it should be' (Clarke 2005:58).

THE INFLUENCE OF THE INSIGHT

Noble sentiment aside the influence of Hayek's insight merits discussion in terms of its practical application and influence. The setting of the 'policy mood' (Berry et al 1998:228) is tempered by the realisation that what appears of significance today need not have the same impact on contemporaries of that time. The illusory quality of historical generalization places Hayek's political thought at the centre of Neoliberalization (Blundell 2007). As Muller (2008:49) points out,

> …while we can broadly say that political thinking probably changed profoundly as a result of such events, which thoughts in particular changed, and in what sequence is often impossible to ascertain.

A discussion of the impact of Hayek's vision in a practical example will be developed in the next chapter with its analysis of the introduction of neoliberalism to the Conservative Party under Thatcher. This practical example will highlight some of the difficulties associated with symbolic ideology, idealational analysis and the operationalization of ideas (Berry et al. 1998). In that example the emphasis will be on how little Hayek actually overtly influenced political actions.

Notwithstanding this, the remainder of this section discusses briefly, the influence of Hayek's insight, and its impact on emergent neoliberal thought at the macro level focussing on the relationships between the market, capitalism and the individual. The discussion of how these relationships have evolved and impacted on contemporary neoliberal society will form the final chapter of the thesis.

Firstly, dealing with the institutional aspect of the market, capitalism, the individual and neoliberalism, where liberalism had previously focussed on the big idea of individual freedom writ large, the change in emphasis towards the market and freedom for the individual within the market, under the influence of Hayek's vision saw liberalism become more economically fundamentalist in its outlook.

Fundamentalism in this sense may be defined from the perspective of ideology

> ...as a particular investment of emotional intensity, or fervour, into its core beliefs, rendering them virtually immune to challenge (Freeden 2005:8).

The immunity from challenge that follows combines an intensity of commitment with dogmatic core beliefs that dominate life, keeping alternatives at arm's length (Freeden 2005).

This fundamentalist neoliberal economic outlook arose as a result of the philosophical constraint imposed by the victory of western liberal democratic thought over socialism. In an ironic sense this manifested itself as over-influencing concepts of freedom particularly in the market environment. The demise of socialism gave less scope for the reflection of the complexity and multidimensionality of the public perspective (Johnson 2008).

> Fundamentalism appears, then, as a defensive retreat into the frozen contents of conventional lifeworlds that makes its appearance in the fault-lines of a rationalizing tradition that has allowed itself to become identified with a ruthlessly exploitative instrumentality. Fundamentalism appears as a pathological response to distorted trajectories (Johnson 2008:82).

Although not publicly critical of the emergent liberalised economic ascendancy, this was not the complete picture that Hayek had imagined, advocating a wider social aspect for his ideas (Hayek [1960] 2006). Indeed it did not reflect the optimism of the early populist advocates of neoliberalism such as Peters (1983).

Neoliberal fundamentalism proposed the notion that in the shadow of socialism, within the political economy, government and politics could not be allowed to become as powerful an economic force as the market. This led to market fundamentalism which advocated ultimately, the dictatorship of the market. The problem for neoliberal fundamentalists here is that from their perspective the market pivots on the notion that rational choice forming the basis for decisions within the market place which are reflected within the political sphere. This is problematic given that it assumes that full information is available to all, that the market is capable of covering the complete range of human activity, and that generally there is price taking, with little or no externalities impacting significantly on market activity. Hayek's view was that this was impossible given the complexity and localised knowledge within markets.

This institutional problem is not dissimilar to issues associated with market activity at the individual level. Here individual activity within the market is related to the changing nature, function and view of the individual within neoliberal thought. The changed

perspective sees the individual as a consumer, or *homo economicus*, become sovereign within the market, where price teaches people to adjust their preferences. This contrasts with previous liberal historical or culturally based ideals that romanticised individual freedom in exclusively political coercive terms, rather than adopting a broader view of coercion that embraced economic and social aspects more coherently. This was a result of the Cold War liberalism of the post Second World War world that focussed almost exclusively on ideas of political coercion (Grant 2002, Hillary 2004).

The perspective that advocates the individual as *homo economicus*, a position critical to fundamentalist neoliberal analysis, did not sit comfortably with Hayek. Caldwell (1997:1884) describes Hayek as ridiculing the idea. For Hayek the idea fell short of the 'complex, adaptive, self-organising neural order', unique to humans that allows 'differences in perceptions and beliefs among people' (Caldwell 1997:1884). The simplistic stereotypical *homo economicus* who relies exclusively on rationality when formulating choice was not, from Hayek's perspective plausible. As a conceptualisation it failed to recognise the asymmetries of information amongst individuals that exist within markets, and the imperfect nature of individual knowledge. Hayek's *'The Fatal Conceit'* (1988) emphasises this in its acknowledgement of the inability of people to know all that is possible. In much the same way that Keynesianism was adapted within political thought, non-fundamentalist approaches to neoliberalism required that 'political agents are obliged to form expectations about the future. But the formation of expectations is never entirely rational, and always involves purely psychological impulses' (Lapavitsas 2005:32).

Secondly at an institutional level the focus on the financial markets as part of a more globalised approach to financial capitalism in conjunction with an idealistic intellectual trend towards rationality allowed capitalism, individuality and globalization move to the centre stage of liberal thought. Having been 'embedded' (Harvey 2007:11) in a politically liberal sense; capitalism became viewed as the best way to separate economic power from political power, one offsetting the other. Harvey (2007:11) credits neoliberalism with successfully dis-embedding capital from the constraints of the 'web of social and political constraints and a regulatory environment that sometimes restrained but in other instances lead the way in economic and industrial strategy'.

During the 1980's neoclassical economics had reinforced the idea that capitalism was best because of its inherent market clearing qualities (Friedman [1962] 2002). Within

Hayekian thought there is a recognition of the need for an active state, although Friedman ([1960] 2002) dampens down this endorsement of state intervention in the market. Moving beyond Hayekian thought, practically then within neoliberal capitalism there is recognition of the need for a role for the state, however the states expectations with regard to its role needed to be disciplined. The state's role became more realistic from the markets perspective, rowing back, letting the market clear. In other words capital needed to be dis-embedded from the regulatory constraints imposed by the state through its institutions. This was particularly visible in the financial sector where the de-regulation of capital movement facilitated further globalization, and bypassed regulatory frameworks designed to prevent global financial crises such as those witnessed in South America and Mexico in the 1980's. The emergence of 'nodal super cities' as central to the global 'production, processing and consumption of capital', has through technology facilitated the bypassing of regulation in the interest of any particular state (O'Connell and Ó'Tuama (1995:129-130).

Figure 15 below highlights the growth of financial trading generally in the USA, the UK, the World and the EU. It shows the extent to which the USA and the UK led the way in the expansion of financial markets during the consolidation phase of neoliberalism. Looking at the total value of stocks traded, total value as a percentage of GDP, it is clear that the rate of trading in UK and the USA within a deregulated financial sector was greater than the EU average, and the World average. What is more important is the difference in the rate of that growth, and indeed the difference between the peaks and troughs between the USA, the UK and the other less stable markets which can be seen from the graph. While the positions of the USA and the UK with regard to their historical positions having the financial hubs of New York, Chicago and the City of London located within them, may have given them a comparative advantage this cannot fully explain their expanding position as global financial leaders. In the case of the UK the OECD (1995:91) commentary that refers to that country, clearly points to the neoliberal policy of macro-economic reform. This was discussed in detail in the 'Economic Context' section of Chapter Six.

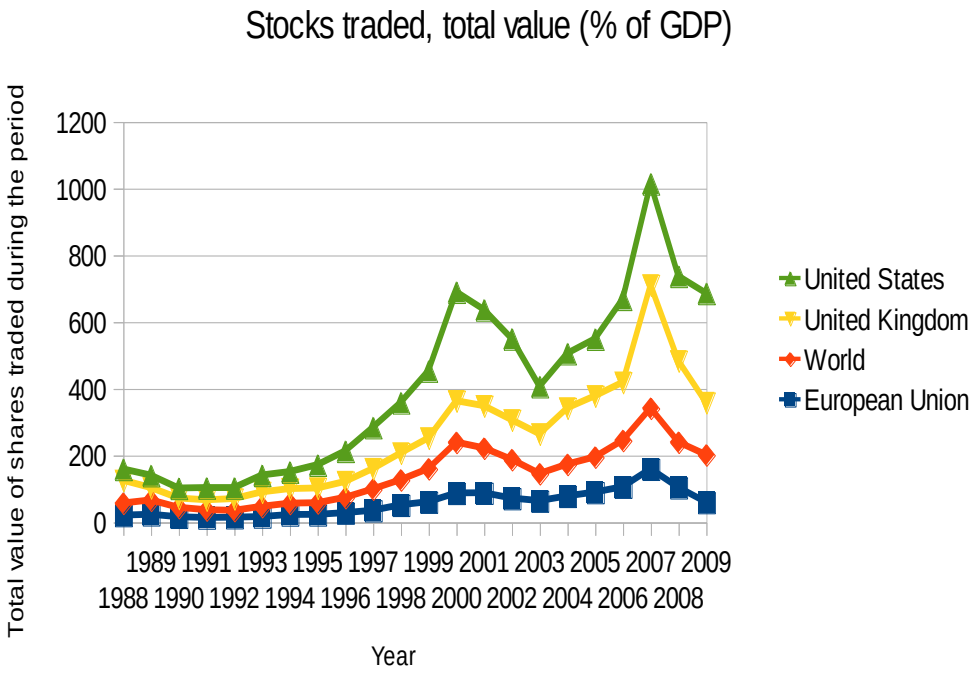


Figure 16, Stocks traded, total value (% of GDP)[54]

At the individual level the process of market globalisation, required an alteration to the way in which people conceive and evaluate ideas, transforming countries and corporations. As discussed earlier, people anchored in political and economic institutions were cast adrift in the 1990s, as these institutions in choosing neoliberal principles adopted an increasingly short term view, weakening previously secure reference points (Pusey 2003, Sennett 2006). The adoption of such a *McKinsey world view* that is views propagated by USA business schools, that nation states are chronically weak and that globalisation and the rise in global corporatism has exacerbated these structural weaknesses places individuals in a precarious position (Grey 2002).

[54] Figure 15 - Stocks traded, total value (% of GDP), Stocks traded refers to the total value of shares traded during the period. This indicator complements the market capitalization ratio by showing whether market size is matched by trading. Data downloaded from World Bank, originally sourced from Standards and Poors Global Equity Indices, http://data.worldbank.org/indicator/CM.MKT.TRAD.GD.ZS/countries/1W-EU-GB-US?display=graph viewed 10 Mar 2011.

While the game as Sennett (2006:16) characterises it was still the same the parameters changed, and while 'change apologists' argue the optimistic viewpoint characterising change as a welcome movement to a 'fresh page', critics pointed to the weakening of nation states in light of the movement towards cities centred on economic circumstance (Grey 2002).

The positive aspect of this movement focussed on the idea that globalisation and the knowledge economy 'became conceptualised as particularly befitting British values of learning, creativity, flexibility, and entrepreneurship' (Andersson 2006:444). Hayekian sentiment endorses this Orwellian notion of British genius (Blundell in Hayek (2005 ed.), Turner 2007). This view emphasised the enabling mechanisms that assist countries to develop, alleviating poverty and improving social conditions, increasing life expectancy (Frieden 2006). While the negative aspects of globalization for individuals in the developed world was the trend towards relocation of manufacturing away from traditional, and now more expensive places to developing regions where the costs, particularly labour, associated with production are lower.

The process of market globalization at the individual level was seen as potentially a leveller, dis-embedding cultural and structural norms, facilitating globalisation from below (Giddens 2000). This idea characterised as *e-bayization*, sees all individuals having access to the globalised market where they can exchange outside of formalised market structures. This romanticised, idealised fallacy taking no account of the actual nature of the globalised market where the volumes of trade taking place amongst developed nations eclipses often by up to six or ten times if we look at the USA the value of the developing nation state itself, measured as GDP.

Rather than being illusory, this in the Hayekian sense reflects the un-knowableness of information given the complexity and sophistication contained within the market. While Hayek had a deep appreciation of this, it has not impacted or influenced neoliberalism in a risk adverse or cautious manner to adopt a more precautionary principled approach.

Thirdly the changes effecting capitalism and its relationship with the market and the individual have been characterised as a movement from an organised relationship with production and labour towards a post-Fordist 'disorganised capital' (Sennett 2006:18). This is as a result of the movement away from production towards a services and information based economy.

Of concern when discussing capitalism and the individual is the idea that neoliberalism represents the restoration of class albeit along different lines to previously encountered traditional definitions. In such a set up new members are admitted but significant numbers of the traditional upper or bourgeois class are retained. In this manner the restoration of the class system has been characterised by its critics as the revenge of the upper class for the diminution of class through social democracy (Sennett 2006).[55] From a Hayekian perspective this restoration of class is not something that is discussed specifically in the same way as Marx's ideas of the ruling class play such a prominent role in Socialist thought. While recognising a role and purpose for the rich within society Hayekian thought does not seek to address issues of class, or class relations as a general proposition; this is as a result of its opposition to Socialism with its preoccupation with class (Hayek 2005ed.:40). In Hayekian logic the creation and development of a rights and responsibilities based, market orientated culture ought not to raise the issue of class (Hayek [1960] 2006). Hayek does however recognise the role for the 'rich' as part of 'the Common Sense of Progress' (Hayek [1960] 2006:40). In this conceptualization the rich are viewed as necessary in order to drive progress, in the sense that they enjoy the luxury of today, which will become the necessity of tomorrow, a rising tide metaphor.

As Kotz (2009:310) points out the rising inequality of the neoliberal era can be demonstrated through the emerging gap in incomes between rich and poor in the USA. During the period 1979 – 2004, the top 5 per cent of earners in the USA saw their proportion of income distribution rise from 15.3 per cent to 20.9 per cent. In contrast the poorest 20 per cent saw their share of income fall from 5.5 per cent to 4 per cent.

While this type of statistical analysis informs much of the critical perspective on neoliberalism its relevance here serves only to point out the potentially destabilizing influence on societal order, and progress of an overly influential idea acting as an apologia for increasing anti-liberal, inequality. Rather than acting as a demonstration of

[55] Notions of class are discussed in Chapter Five and are drawn from Marx K. (1845), 'The German Ideology', http://www.marxists.org/archive/marx/works/1845/german-ideology/ch01b.htm viewed 01 Feb 2011.

the fundamental weakness of neoliberalism and resultant endorsement of collectivist tendencies, the over-emphasis of Hayek's vision regarding the individual, markets and capitalism in this imagery has the rising tide destabilising the boat to a potentially dangerous extent, leading to the possibility of its being swamped.

Capitalism in Hayekian thought is viewed as an organism that grows, changes, and reproduces, as part of these requirements there has to be a relationship with business and those who conduct it. This relationship is reflected as a business bias in policy (Tsolakis 2010). In terms of the impact of these ideas once again there has been an overemphasis on their implementation, stretching beyond Hayekian proportionality. This is as a result of over enthusiasm on the part of those who stand to benefit most from this type of reasoning. Certainly the practical examples used by critics to highlight the growing division between those who have and those who have not within neoliberal society are powerful indices of capitalisms expansion during the period of Neoliberalization.

Hayek falls between two stools in terms of his contemporary resonance. While critical of old approaches he does not quite measure up to contemporary information sensitive approaches. His brand of Austrian neoclassical economics and his political insights have influenced indirectly, being described by Caldwell (1997:1857) as having the 'vision rather than the scientific proposition'. His ideas stressing the need to anchor the market within other institutions such as a democratic polity with strong legal protections for the individual and private property ought to have generated sufficient safeguards for the individual prior to the redevelopment and re-sculpturing they received from pragmatic politicians to suit particular situations and contexts (Hayek [1960]2005).

However contemporary neoliberal perspectives based on the insights of Hayek have for Arthur Seldon seen the advocacy of a 'libertarian chaos of freedom', as a counter measure to the 'over-government of socialism and social democracy', leading ultimately to a 'loss of freedom and lagging living standards' (Seldon 1998:117).

CONCLUDING REMARKS

The political philosophy of Hayek is not uncontroversial. As his biographer Caldwell (1997:1871) points out there are indications of a number of different ethical and political philosophies mixed together leading to a lack of coherence. Whether he provided a cogent, finished political philosophy is also disputed. Caldwell (1997:1871) does feel that he made

> …an impressive attempt to construct an integrated system of social philosophy, one that blends insights from such diverse fields as economics, political philosophy, ethics, jurisprudence, and intellectual history.

Hayek recognised the complex nature of society. He advocated a more integrative approach to the study of complex social and political phenomenon, he recognised that the field of economics was not capable of offering the complete understanding that many of its exponents, and his contemporaries, such as Friedman advocated. Hayek stressed the impact of ideas rather than concentrate exclusively on concrete conditions.



Figure 17, 'The Road to Serfdom in Cartoons' Blundell in Hayek (2005 ed.:87).[56]

His work occurred in the context of the twentieth century battle between ‘classical socialism and democratic welfare state capitalism to create future societal order' (Ebenstein 2003:1). Whether his ideas opposing this were realised remains the subject of much controversy today. It is ironic that in the latter part of his life and following his death a less partisan engagement with Hayek’s work began (Griffiths 2007).

[56] Illustration taken from 'The Road to Serfdom in Cartoons' as it appeared originally in Look Magazine. Reproduced from Hayek (2005 ed.:87).

The contextual shift that occurred across the political and ideological landscapes following the collapse of statist communism and socialism in the late 1980s, allowed a rapprochement within political thought and an engagement with Hayek's thought. The freeing of political thought from its late modern constraints and influences allowed engagement by left leaning commentators such as Gamble with Hayek at the end of a period of strict ideological demarcation (Griffiths 2007).

Practically much of Hayek's broad liberal philosophical perspective became overpowered by the more fundamentalist monetarist economic emphasis of Friedman's *Chicago School* of neoclassical economic prescription. Despite this Hayek believed in the correlation between economic freedom and political and civil freedom. Both Hayek and Friedman conceived of the free market as the natural form of economic life, despite the shortcomings of this position discussed earlier. Hayek was more circumspect in this regard, the broadness of his academic range placing him on less fundamentalist, and in an ironic sense liberal ground.

From a critical perspective the questions of importance that emerged as neoliberalism established itself centred on institutional relationships with the individual, with the market, and with capitalism. This included the marketization of the state including the disposal of state assets and the privatization of public goods (Arestis and Sawyer 2005b) and the reinforcement of the structurally contradictory position of the state and business (Offe and Ronge 1997).

Grey (2002: ix) has argued that the global free market remains a 'utopian political project', and that neoliberal assumptions that the market is 'the natural form of economic life... (*were*)...tested to destruction in Yeltsin's Russia' (Grey 2002: xiii). This changed neoliberal perspectives resulting in contemporary neoliberalism dropping its assertion around the complete roll back of the state, renewing ideas around the states function as the constant re-maker of the market (Munck 2005).

Historically for its adherents the advocacy of a 'libertarian chaos of freedom' (Seldon 1998:117) to counter the intrusions of social democratic and socialist planning was the only means to restore freedom and ensure increased living standards across society. This hardnosed approach was characterised by a confrontational and aggressive intrusion into social provision measures in Western liberal democracies. This was manifested in the hostile approaches taken to institutions, which were in the neoliberal view necessary,

given institutional constructs that were functionalist, and self-aggrandising. These matters will be discussed further in Chapter Nine.

The question arises, was this intrusion to be welcomed? (Held 2006) Whether from the context of an overloaded public sector, or a public sector suffering a crisis of legitimacy the advocates of neoliberalism would argue in the affirmative (Peters 1983).

8. NEOLIBERALISM INTRODUCED - MARGARET THATCHER, KEITH JOSEPH AND THE UNITED KINGDOM CONSERVATIVE PARTY IN THE MID 1970s.

Having regard to the growth and ascension of neoliberalism the appropriateness of the UK, and the Conservative Party example, incorporates the modern origins of the concept of liberty, alongside the pragmatic nature of politics. Historically, the British and French liberal traditions conceived prior to, and developed in the 1840s, by for example J.S Mill, Comte and Saint-Simone differed in their focus on social order (Hayek [1960] 2006:50, Hayek 2005 ed.:47). The transition that occurred in the UK around this time was more spontaneous and less coercive in a violent revolutionary sense than the changes that occurred in France, focusing on jurisprudential approaches. The French approach focussed much more on the organisational and governmental aspects of social order (Hayek [1960] 2006:50). In this way the British approach was more gradual characterised by spontaneity and a lack of coercion, while French approaches were more rationalist and deliberative aimed at a collective purpose. For Hayek the British perspective was more correct focussing on cumulative growth rather than rebirth.

This pragmatic tradition was encouraged from an early stage amongst Conservatives, having been established by the Tory Prime Minister William Pitt the Younger in the late eighteenth century, and integrated into the modernised Conservative Party in 1832. Today this same tradition is claimed by its liquid modern descendants such as David Cameron, the current UK Prime Minister, and Conservative Party leader, through the lineage of previous Conservative Party leaders such as Margaret Thatcher.

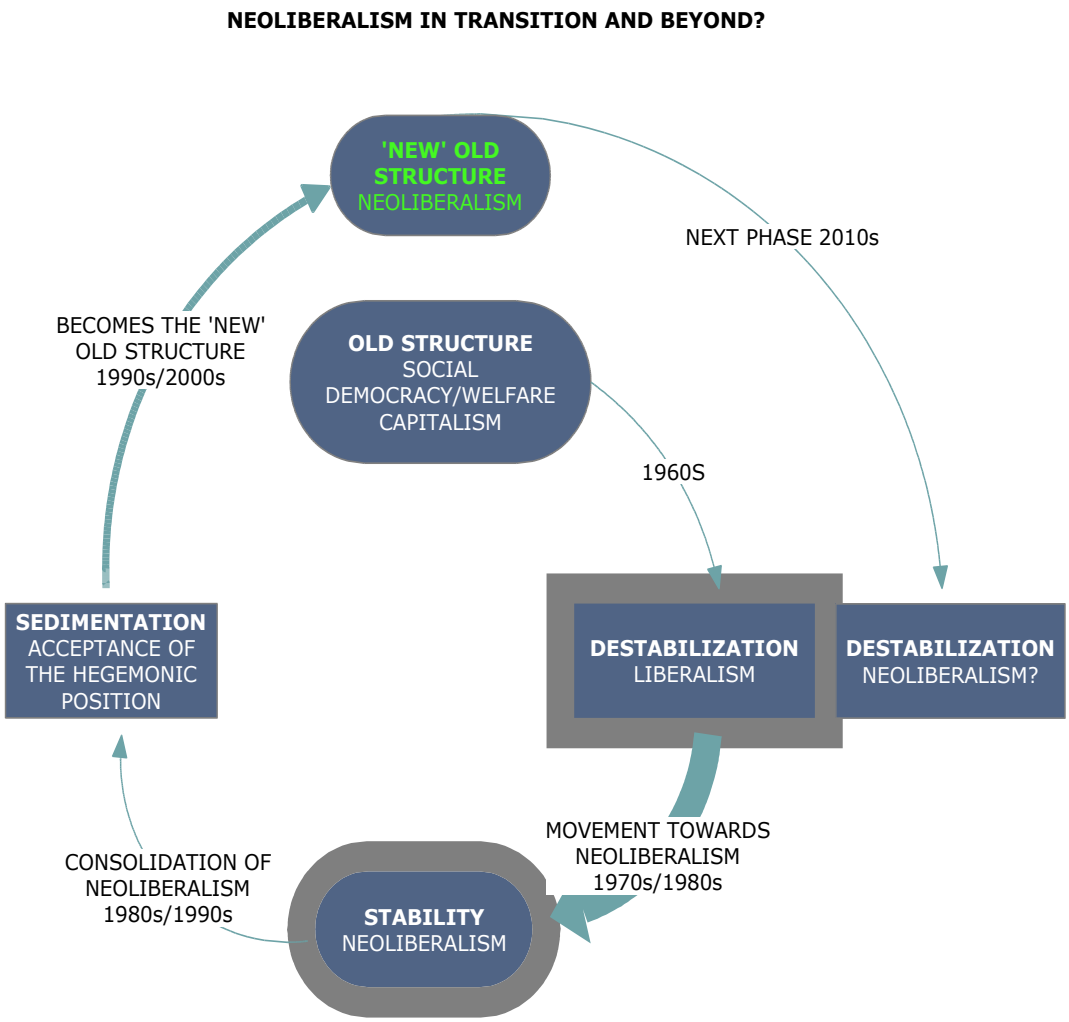


Figure 18, NEOLIBERALISM IN TRANSITION - THE UK EXAMPLE

During the 1970s traditional liberalism was destabilized through a series of economic, social and political upheavals. These were discussed earlier in Chapter Six. At that point in time neoliberalism was pre-hegemonic in terms of its subsequent domination of political and liberal thought as figure 18 above illustrates. The Conservative Party example used at this point sets the scene for the later discussion of 'Contemporary Neoliberalism' and the irony within contemporary neoliberal politics between neoliberal thought and political action. This is particularly evident when discussing Hayekian neoliberal prescriptions, and today's neoliberal political reality.

The assent to power of Margaret Thatcher and the UK Conservative Party under her leadership began in 1975. As UK, Prime Minister from 1979 until 1990 she followed a

carefully orchestrated and well executed programme of liberalization, which had its policy antecedents in the Labour and Conservative governments of the early 1970s.

Margaret Thatcher won her first election as Conservative Party leader in 1979 with a parliamentary majority of 43 seats on 44.9 per cent of the vote. Her re-election for a second term as Prime Minister in 1983 gave her a parliamentary majority of 144 seats on 43.5 per cent of the vote. She was returned to office for a third term in 1987 with a working majority of 100 on 42.3 per cent of the vote. Key to this assent was the reorienting of conservative and anti-socialist/social democratic sentiment towards economic and social liberalism. While initially this movement was not enthusiastically welcomed by all, for example the Conservative Party's own, and Thatcher and Joseph founded, internal think-tank, the Centre for Policy Studies (CPS), it was to become over the next few years accepted as a central tenet of Margaret Thatcher's premiership.

Aside from Thatcher and Joseph, key to this development were strategically placed individuals and 'think tanks' such as Lord Ralph Harris, Director General of the Institute of Economic Affairs (IEA) who became key in the development of Thatcherite neoliberalism as a political response to socialism and social democracy. Harris is described in his obituary as being at the epicentre of free market thinking for three decades, informing and often inspiring, Margaret Thatcher and Sir Keith Joseph (Anon: The Times 2006a). Another such person of influence was Arthur Seldon, who was described in his obituary as an old fashioned liberal, whose interest primarily lay in the rolling back of the state (Anon: The Times 2005).

The influence of strategically placed individuals such as these, the resolution of internal party division and the ideological consensus achieved under Thatcher prior to the Conservative Party election win in 1979 created the momentum for the Neoliberalization of British, and subsequently the rest of Western society, albeit subject to the practical realities of contemporary politics.

The remainder of this section will briefly sketch the background and context of British politics and political figures during the formative 1970s, discussing the internal party debate surrounding the ideological basis for Thatcher’s conservatism, the external ideological conflict, and the influence of Hayek on conservative politics in the UK, leading to the establishment of the neoliberal hegemony.

BIOGRAPHICAL SKETCH, SIR KEITH JOSEPH & MARGARET THATCHER

A short biographical note on the chief protagonists at this point serves to place in context the political background and experience of the key leaders of the change in Conservative Party policy from 1973 onwards.

Sir Keith Joseph was born in 1918, the son of a construction company owner and later Lord Mayor of London. He was educated at Oxford, graduated in law, and saw war service in Italy during the Second World War. He became MP for North Leeds in 1955, and represented the constituency until 1986. His ministerial career first began in the 1960s, under the Conservative Prime Minister Harold MacMillan, holding a junior post at the Ministry of Housing and Local Government. His political stature developed during the long periods of Conservative opposition, with portfolios in the areas of Social Services, Labour, and Trade. He served as Secretary of State for Social Services with responsibility for the Department of Health and Social Security from 1970 to 1974 and as a key ally of Margaret Thatcher became Secretary of State for Industry minister from 1979 to 1981. In this role he faced down organised labour in the large state run heavy industry sector, such as the steel and rail industries. He finished his House of Commons career as Secretary of State for Education and Science serving from 1981 to 1986, moving to the Lords in 1986 (Biffen 1994).

Margaret Thatcher was born in 1925, the daughter of a greengrocer, was Oxford educated, and became a barrister in 1954. She was elected MP for Finchley in North London in 1959, and represented the constituency until 1992. She gained her initial experience as a junior minister under the Conservative Prime Minister Harold MacMillan as Parliamentary Undersecretary at the Ministry of Pensions and National Insurance during the early 1960s. In opposition as a member of the Shadow Cabinet she held various portfolios including Opposition Spokesman on Housing and Land, Treasury Spokesman, Fuel Spokesman, Transport spokesman and later Education spokesman.

She became Secretary of State for Education and Science under the Conservative Prime Minister Ted Heath between 1970 and 1974, and following the fall of the Conservative government successfully challenged Heath's leadership of the party in 1975. She became Prime Minister in 1979 and was returned as British Prime Minister on

two further consecutive occasions, in 1983, and 1987, serving a total of 11 years and 209 days, a record unprecedented in modern times (bbc.co.UK/history:2009).

BACKGROUND

As discussed earlier in Chapter Six, the Western world in the first half of the 1970s was struck by a series of economic shocks that triggered political reaction. These shocks included the collapse of the Bretton Woods Agreements, a slowdown of economic growth, rising unemployment, and a global recession fuelled by the Arab-Israeli war in 1973, and subsequent oil crisis.

The UK at the start of the 1970s was characterised by large state monopolies in public services, communications, natural resources, health care, and heavy and light manufacturing that had been created largely by the socialist/social democratic Labour administrations that followed the Second World War.[57] Against this backdrop, internationally and in the UK the struggle for ideological survival between Socialism/Social Democracy and Capitalism was taking place (Sinha 2005). The socialist/social democratic or Fabian advocacy of continued state monopoly over transport, natural resources etc., and the role played within society by the powerful labour movement created a friction and dynamic within socialism/social democracy between what was perceived to be narrow interests and the national agenda.

Contrastingly the advocacy of individual choice within a market society, with minimal government intervention in the economy, traditionally Whig or Liberal beliefs, and a belief in strong government in the non-economic domain alongside an increasing cult of the nation, traditionally Tory or conservative beliefs emerged as the counter ideology to the socialist/social democratic agenda (Sinha 2005:64). This counter ideology became embodied in the Conservative Party from the early 1970s onwards.

Prior to Thatcher's premiership the socialist/social democratic governments of the Labour party were in power in the UK from 1964 until 1970 and again from 1974 until 1979. With Harold Wilson as Prime Minister these governments were economically less

[57] The terms socialism and social democracy are linked together in this chapter on the basis that both terms are used interchangeably in the materials reviewed discussing this period. Much of the political rhetoric referring to the Labour Party and Labour government policy of the time categorises both as socialist. However given the contemporary usage of such a designation, and the potentially divisive nature of such categorizations it is felt that linking the two is more appropriate.

radical than previous socialist/social democratic governments, although the Wilson government is remembered for having devalued the pound sterling in 1967. Difficulties too arose in relations with former British colonies, although the Labour government did manage to resist USA encouragement to take part in the Vietnam War. The socialist/social democratic periods in government including the period from 1974 to 1979 were marred by industrial relations problems. These eventually led to public disappointment and electoral defeat to Margaret Thatcher and the Conservatives in 1979.

INTERNAL PARTY WRANGLING & RESOLUTION

The first election of 1974 proved to be the downfall for Ted Heath after ill-fated attempts to create a Conservative and Liberal alliance and the abandoned pursuit of the goal towards national government. This was followed by further failure under Heath in the later 1974 election, where with Heath still at the helm, the Conservatives failed to displace the Labour government. Old loyalties to Heath, such as those of Quentin Hogg (Lord Hailsham), became strained from October 1974 as the old guard now sought a fresh focus for the party leadership.

In 1975 Margaret Thatcher became the leader of the Conservative Party with strong backing from Sir Keith Joseph. In doing so she was selected ahead of others, including Sir Keith Joseph, who was viewed by some within the Conservative Party establishment, as overly critical of both himself and the Conservative party following the Conservatives failure to regain power. Indeed Joseph, following his speeches as part of the CPS in 1974 and 1975 alienated himself from many of the party establishment being described unkindly in Hailsham's diary entry of Tuesday, 12 Nov 1974 as '...the only dull Jew I know'.[58]

Thatcher's election as leader was not so much a shift to the right by conservatives but a rejection of Heath. Despite her selection as party leader there were still some doubts amongst the party old guard as to her ability, or rather suitability. Whether this was just a

[58] The entry in Halsham's diary appears to be a quote from Carrington. See http://www.margaretthatcher.org/document/E9A559C5D9084853A72F8592929D01F9.pdf viewed 02 Jun 2011.

difficulty with change generally, or having regard to the earlier comment a more deeply felt dislike for non-establishment types is impossible to say for sure. What is certain is that these doubts were gone following the election victory of 1979.

Returning, the Conservative Party in opposition from 1974 to 1979 and the period immediately prior to this; the Conservatives struggled to reorient the party and reconnect with the British voting public. Several interest groups within the party sought to set the policy agenda.

For example in 1970 following Sir Edward Heath's brainstorming policy session at the Selsdon Hotel there was pressure within conservatism to pursue a more classically liberal economic approach. The group that emerged, known as the Selsdon Group strongly advocated the pursuit of economic liberalism and free trade. In their policy statement first released after they formalised the groups' position in 1973, they stated that,

> We want the Conservative Party to devote itself to the cause of personal freedom and to embrace economic and social policies which extend the boundaries of personal choice. We want the Government to abandon its present ragbag of authoritarian collectivist policies which have so often been discredited in the past... The common theme that runs through this policy statement is our conviction, as Classical Liberals, that only a policy of economic freedom can give the individual the degree of choice and independence essential to his dignity. We do not for a moment believe that the search for efficiency is the be-all and end-all of economic policy. The fundamental purpose of our economic liberalism is the protection of individual rights and the widening of opportunities... (Ridley *et al.* 1973)

This group remains active within conservatism today tracing their philosophical genealogy from Burke, Peel, Salisbury, Churchill, and Thatcher.[59]

Meanwhile, the central advocates of neoliberal principles within the Conservative Party were Margaret Thatcher and Sir Keith Joseph. Whilst reorganising the Conservative Party following the defeat to the Labour Party in the election of 1974, they founded the Centre for Policy Studies (CPS). This internal think-tank was dedicated to discussing the nature of conservatism and evangelising non-socialist opinion, with particular focus on the conservative party members whose fundamental political principles were felt to be under threat (Biffen 1994). Joseph enjoyed being at its

[59] See www.selsdongroup.co.United Kingdom for further details.

intellectual core, while Thatcher developed her own intuitive political style. Others involved in its genesis included Alfred Sherman, a journalist friend of Keith Joseph described in the archive account of the setting up of the CPS as 'having so great an influence over the development of the CPS that it was difficult to separate the man from the institution' (Thatcher Foundation 2011).

Initially the CPS was unimpressed at calls to adopt a 'credo', with Sherman, publicly stating his contention that the CPS should remain aloof from ideological buttonholing,

> …my view is that we would be better off without a credo...it is bound to do us more harm than good' (1974:1), and later 'A credo restating verities and addressed by the nature of things to be covered has not been called for, and would not necessarily satisfy anyone (Sherman 1974:2).

This scepticism was reinforced by Sherman, who worried about the effect of any such 'credo' on supporters and contributors stating,

> We are Tories first, (economic) liberals only second. The economic liberalism put forward in the credo as though it were a verity independent of time and circumstance means something only when one makes many other assumptions regarding man: the individual, family, nation, ethics, mores, eschatology, values, climate of opinion, education, taxation, social obligations, psychology, and a good deal more ... We shall be judged at the outset - and not always without prejudice - by what we produce. If our first publications and activities show patent relevance and originality, and carry conviction, then our path will be easier. If, by contrast, we carry a standard liberal-economic credo which could have been written at almost any time this century, and indeed has been better written by the great and moderately great say Hayek, von Mises, Acton (IEA) - we shall start off on the wrong foot. Our critics will jump on it, our friends will be embarrassed. We shall be written off as another Aims of Industry (Sherman 1974:2).

The radical stance of the CPS as elucidated by Joseph in a series of introductory speeches between June and September, 1974, at Upminster, Leith, and Preston was the subject of much comment in the press and amongst intellectuals leading to a one on one meeting with the Prime Minister. Margaret Thatcher's support was always prominent but her political pragmatism forced her to adopt a more circumspect position. This was apparent following the Grunwich incident where ruling Labour party ministers backed the establishment of closed shop union membership in a small business. Resistance lead to mass protests and violence, which became the subject of a judicial inquiry. The CPS criticism of the judge, Lord Justice Scarman, and the report that followed drew Margaret Thatcher's ire.

Thatcher recognised in a politically pragmatic way the need to temper ideological position, rather than alienate establishment figures, whose sympathies she might later need to exploit as part of her approach to politics. This was to characterise her brand of politics throughout her Prime Ministerial career.[60]

Following on from this incident Sir Keith Joseph as head of the CPS and under Thatcher's leadership of the party now the head of conservative party policy sought to lay out a vision for future Conservative Party government, that provided a pragmatic approach to providing an alternative approach to socialist/social democratic policies (Blundell 2007).

As Thatcher asserted her authority following the Conservative Party leadership contest the CPS moved towards the centre of the Conservative Party thinking, becoming firm advocates of Neoliberalization, known then as 'social market economy' (Biffen 1994). The concept of social market economy fell ideationally from the evolving West German economic model and the idea of *ordo-liberalism* (Grey 2002, Thatcher Foundation 2010).

This movement towards the centre of the Conservative Party was not without some friction with the internal party Conservative Research Department (CRD) whose focus had been Conservative Party policy formulation. With Keith Joseph appointed as head of policy in the party by 1976, controlling both the CPS and the CRD this conflict was dampened down, although resentment remained under the surface throughout the 1970s.

The vision laid out by Sir Keith Joseph in 1975 sought to appeal across a broad spectrum of public opinion in line with CPS advocacy of the modification of the climate of public opinion (Sherman1974:4). The vision interestingly from a contemporary perspective incorporates much neoliberal aspiration if a little short on detail, as is the nature of these types of statements. In many respects the subsequent evocation by Peters (1983) of 'A Neoliberal Manifesto' in the USA is similar to this earlier Conservative party vision, highlighting the universality, and innocuous nature of neoliberalism's initial ideological appeal. This is discussed earlier in greater detail in Chapter Five.

[60] See www.margaretthatcher.org/archive/cps2.asp viewed 14 February 2011 for a complete account.

A vision. The sort of government we want to be and the sort of society we seek.

The kind of society we should offer our supporters is pluralistic, libertarian, and law-abiding, based on choice, continuity and compassion. Our vision is embodied in social market policies, which recognise economic life as something organic but largely autonomous. By working with economic forces, cushioning the sharp edges of change, facilitating adaptation to medium and longer-term trends, government can increase control over our economic and social environment. But if we try to run the economy from Whitehall we finish by disrupting it and embroiling the country in insoluble conflicts. We need all the allies with whom we can find common ground. The majority of working people, no less than professional and business people, teachers and academics, share our fundamental aims and values; they want stability, decency, mutual tolerance and observance of the law. They share what some intellectuals disparagingly call 'middle class suburban values' - a desire to enjoy economic independence, to be well thought of, patriotism.

We shall not be able to change everything at once, not in the run-up to the next election, not in our political life-times for that matter. What is important is that we should show a way forward, away from the discredited policies and failed illusions, and that we tackle first things first. In that sense we need radical approaches, which will ask why, and judge ideas in the light of their results.

Figure 19, Sir Keith Joseph's Vision (1975)[61]

The internal party wrangling which had been part of the beginning of Margaret Thatcher's leadership was resolved with the introduction of the policy position "The Right Approach" published on 04 October 1976, advocating individual choice within a market society, minimal government intervention in the economy, and strong government in non-economic areas (Sinha 2005:164). The main aims of the document were,

> To enable the country to live within its means, through the reduction and control of public expenditure and the re-building of a healthy and thriving mixed economy in which taxes can be lower and profits can fulfil their proper function.

[61] See http://www.margaretthatcher.org/document/5E1CFBF3BD79435382A93D46335A15B1.pdf viewed 09 Feb 2011.

> To strengthen Parliament and the rule of law, reducing the scale and powers of bureaucracy and providing better protection for the rights of the individual.
> To extend ownership, so that many more of our citizens have a stake in the community.
> To encourage self-help and family life, while making it possible for the strong to help the weak effectively.
> To improve educational standards, and to ensure that merit and initiative are encouraged and adequately rewarded.
> To maintain Britain's security and interests, and to in- crease her influence abroad, not least through a whole-hearted contribution to the development of the European Community.' (Conservative Party 1976:9)

Through this statement of policy aims, covering major party policy areas including the economy, employment, industry, monetary policy, public expenditure, taxation, education, Europe, and foreign policy Thatcher's vision for the future government of the UK was laid out. The document aimed to return to practical common sense and restore 'hope, confidence, to a disillusioned British public', no longer blinkered by socialist/social democratic ideology (Conservative Party 1976:7). In this way it reflected the pragmatism of Thatcher, and her party, in refusing to become hostages to ideological fortune, echoing universalist and social democratic sentiment and rhetoric. This is somewhat ironic given the contemporary historical critique and nostalgia for the Thatcher years.

The ideological conflict, both national and international that Thatcher's conservatism reflected through her endorsement of right wing perspectives was seen as part of the winning of hearts and minds that her appeal to common sense in 'The Right Approach...' necessitated. Although the Labour government of James Callaghan in 1976 had signalled a movement away from Keynesian macroeconomic policy especially with regard to employment, for the Conservative Party, and increasingly voters in the UK, the Labour Party's economic and fiscal policies would become synonymous with inflation and inflationary pressures (Arestis and Sawyer 2005b:204/205).

Thatcher successfully exploited the international drift towards monetarism upon assuming power, concurrently adopting a strict monetarist strategy in the medium term. This became a key objective of macroeconomic policy in most OECD countries from 1980 onwards, and was discussed in greater detail in Chapter Six.

Thatcher had prior to this recognised the ideological conflict reflected in such a policy approach, and used the ideological argument to best reflect her political

pragmatism. In Thatcher's speech to the Conservative Party conference in Brighton in 1976 she recognised this ideological end of days, carefully appealing to a broad spectrum of opinion, playing on their fears and aspirations for the future.

> 'I appeal to all those men and women of goodwill who do not want a Marxist future for themselves or their children or their children's children. This is not just a fight about national solvency. It is a fight about the very foundations of the social order. It is a crusade not merely to put a temporary brake on Socialism, but to stop its onward march once and for all. To do that we must reach out not only to the minds but to the hearts and feelings and to the deepest instincts of our people.' (Thatcher 1976).

Beyond the strategic, the fighting of the ideological battle at the operational level is reflected in the correspondence of 16 Sept 1976 between Sir Geoffrey Howe another key figure during this time, and his Conservative party colleague Sir Keith Joseph. The correspondence focuses on the activities of J.K Galbraith, the Canadian–American economist and Keynesian economic advocate, who was planning to give a series of lectures throughout the UK during 1976. Thatcherite neoliberalism or later social liberal democracy as a counter ideology to the more traditional social democratic and Keynesian beliefs of Galbraith required that Galbraith's ideas be confronted. Galbraith's advocacy of a new socialism which opposed the privatisation of public goods, and endorsed the use of price control to reduce inequality was the very antithesis of Thatcherite economic and political doctrine as espoused in the conservative party policy document "The Right Approach" published on 04 October 1976. The correspondence between Sir Geoffrey Howe and Sir Keith Joseph discusses the confrontational approach to be adopted, and its earlier discussion with 'Willie', William Whitelaw. It is interesting to note the sentiment expressed in the letter, including the fear of setback given the momentum that the Conservatives were trying to build as they prepared to launch their policy document 'The Right Approach...'. It is also interesting to note the intellectuals that were being mooted to counter Galbraith, and the recognition that there needed to be a vigorous opponent, that would project the best possible face of conservatism.

I have read your very important letter to Willie about the Galbraith lectures, and entirely agree with your analysis of the serious impact of such an extended performance if it is not robustly balanced. I saw Galbraith when he was here in the summer and gathered that he had been spending a great deal of time with the BBC in preparing and recording these lectures.

The only additional suggestions I can make to your list of possible repliers would be Milton Friedman himself, or Professor Friedrich Hayek (perhaps now too old). I fancy that Peter Bauer's style would be too exotic to match Galbraith's plausibility. Is it impossible to consider Ralph Harris, the Director of the IEA? Galbraith deserves such a robust opponent; he has the energy and enthusiasm and is always regarded (rightly) by Conservative audiences as a colourful and impressive lecturer.

I am copying this letter to Willie, Margaret, Peter, Angus, and Chris Patten.

Figure 20, Letter from Sir Geoffrey Howe to Sir Keith Joseph on 16 Sept 1976.[62]

Within this strategic and operational context the reality and pragmatism of political machination takes place, the early 1970s for the Conservative Party in the UK was no different. The resolution, or rather containment of diverse opinion in order to focus party objectives towards the realisation of electoral goals and the radical changing of British society required a unifying leadership figure, this was immediately available through Margaret Thatcher. It also required an ideological basis with which to present the social market economy. For Sir Keith Joseph, Frederick Hayek provided the intellectual bridge necessary to reconcile liberal economic and social views and conservative tradition.

THE INFLUENCE OF HAYEK

In looking at the influence of ideologists such as Hayek on the genesis of Neoliberalization in Conservative Party thinking it is interesting to note from research in Margaret Thatcher's archive there are a limited number of references to Hayek in the mid-1970s, and less in the period post 1979. In fact Margaret Thatcher's first meeting

[62] See http://www.margaretthatcher.org/document/111246 viewed 18 Mar 2009. This letter was sent prior to the establishment of Conservative rule and the establishment of neoliberal hegemony.

with Hayek when she was Prime Minister occurred in the 1980s at the Institute of Economic Affairs in London when she was introduced by Ralph Harris (Harris and Seldon 2001:53). This is despite the public perception, and in reality Hayek remained an abstract figure who in the face of a political requirement for pragmatism, provided the intellectual gravitas to underpin policy prescription. That being said Ranelagh in 'Thatcher's People' (1992) famously recounted that in 1975 Thatcher attended a meeting at which she produced a copy of Hayek's 'The Constitution of Liberty' and proclaimed "This is what we believe...".

Given this opaqueness it is not so much the transference of ideological prescription but rather the transference of ideological principle that is of significance here. Hayek himself recognised this developing the notion that the influence of the abstract thinker operates indirectly (Hayek [1960] 2006:98). For Hayek ideas pass through a process of selection and modification, trickling downwards, spreading outwards, changing their character, eventually becoming applicable to 'concrete and particular issues' (Hayek [1960] 2006:99). The transference of these principles or ideas are not limited to one ideologist but rather encompass a broader ideological movement and include, in this case others, such as Friedman, who through the *Chicago School* advocated monetarism. Indeed Thatcher met Friedman in 1978, in London, where he discussed monetarism and the freeing of exchange rate controls in detail with her (Harris and Seldon 2001:56).

The movement towards neoliberalism through the introduction of monetarism to the political mainstream initially occurred through the conservative CPS think-tank. A Sir Keith Joseph speech entitled 'Inflation is caused by Governments'; delivered in Preston in September 1974, with input from the economist Alan Walters placed monetarism squarely on the political agenda.

As already discussed the CPS was suspicious of Hayek, describing him as 'moderately great' (Sherman 1974:2). This suspicion did not prevent the CPS from taking a radical line with regard to its advocacy agenda. The reluctance of the CPS to attribute policy direction towards any particular thinker at this early formative stage is, in this writer's opinion, a response to the antipathy that conservatives had for the association of any species of political thought with political practice, partially as a result of conservative political culture, but also given the association of their philosophical nemesis Marx with socialism/social democracy.

This ideological attachment between Marx and socialism/social democracy, and by implication the Labour Party, was something that Thatcher was careful to point out in her 1976 address to the party conference. That address was covered across the media, print, radio and televisual at that time.

With the resolution of the internal doubts associated with Margaret Thatcher's leadership and the prospect of a return to government by the Conservative Party this perspective had changed by the late 1970s. Indeed Hayek was to be invited to speak on the fringes of the Conservative Party conference in Brighton in 1979, by the CPS, although this was later cancelled due to uncertainty surrounding the dates of the conference.[63] The irony of the CPS's initial position is further expounded when examining the think-tank's remit towards public education, and the hope expressed in the research archives by the publishing houses, Routledge and Keegan Paul, who were busily reprinting Hayek's works in the hope of a CPS led boom in sales.[64]

Having discussed the conservative antipathy towards political theorists it is no surprise that evidence of a formal relationship or association between Hayek and Margaret Thatcher and Sir Keith Joseph is wanting. However the indirect, informal or remote relationship between them merits further scrutiny. Aside from the third party testimony regarding Thatcher's pro Hayekian beliefs, such as that regaled by Ranelagh, Margaret Thatcher does acknowledge Hayek's contribution, she writes in her autobiography that,

> "...the most powerful critique of socialist planning and the socialist state which I read at this time [the late 1940s], and to which I have returned so often since [was] FA Hayek's The Road To Serfdom . . . I cannot claim to have grasped the implications of Hayek's little masterpiece at this time. It was only in the mid-1970s, when Hayek's works were right at the top of the reading list given me by Keith Joseph, that I really came to grips with the ideas he put forward..." (Griffiths 2007:190, quoting Thatcher 1995:50/51).

This acknowledgement of Hayek's influence and the description of Hayek's meeting with Margaret Thatcher by Harris (Harris and Seldon 2001:53) convey the admiration felt by Thatcher for Hayek and his ideas. Her response to Hayek's congratulations

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[63] See http://www.margaretthatcher.org/document/9FFA4DF09D4B4E5784F94C55F23EBDB0.pdf viewed 15 Feb 2011.

[64] See http://www.margaretthatcher.org/archive/cps2.asp for the complete account.

following her election victory and the commencement of her premiership in 1979 needs no further comment,

18th May 1979

I was very touched by your kind telegram. it has given me great pleasure and I am very proud to have learnt so much from you over the past few years. I hope that some of those ideas will be put into practice by my Government in the next few months. As one of your keenest supporters, I am determined that we should succeed. If we do so, your contribution to our uttimate victory will have been immense.

Thatcher's response to a congratulatory telegram from Hayek following her election victory in 1979.[65]

CONCLUDING REMARKS

Concluding, this snap shot of Neoliberalization in action reflects the struggle for ideological survival between socialism/social democracy, and in particular Keynesian economic interventionism as advocated by J.K. Galbraith, and free market capitalism anchored in liberalism as advocated by Hayek and Friedman during the mid-1970s.

Most interestingly following Freeden (2001:5) it shows how ideology through 'influence, contextual creativity, and common-language communicability' can establish itself and become stable. As the Sherman memorandum (1974) demonstrates there

[65] See http://www.margaretthatcher.org/document/2596387BBBA6428EA864BC511AF89D5D.pdf viewed 15 Feb 2011.

remained reluctance within conservatism to adopt a firm ideological position. Perhaps this scepticism was as a result of a pragmatic political approach borne out years of opposition as much as of the traditions and longevity of the party. It may also have been symptomatic of an elite led conservative political culture that shied away from ideology, preferring instead to focus on nationalism and achievement as Sherman emphasised (1974:2).

Despite this reluctance, what is clear is that Thatcher and the Conservatives were influenced, and were prepared to deploy ideology as a means, for example with policies that advocated a programme of privatization of publicly owned assets, like the steel, rail and coal industries, albeit metaphorically without wearing this ideology on their sleeve.

While Thatcher received her ideological tutoring in the form of recommended reading from Sir Keith Joseph, her movement into government saw her recognise the need to temper ideological prescription with political pragmatism. Friedman noted this in his commentary on the failures of monetarist policy in the UK under Thatcher, where unemployment remained high (Anon: The Times 2006b). Hayek too, acknowledged that his role as an abstract thinker operated indirectly on the masses, pointing out that ideas pass through a process of selection and modification before they become applicable to 'concrete and particular issues' (Hayek [1960] 2005:99)

In the same way Thatcher and the Conservatives contextual creativity saw their deployment of 'ideational resources' imparting an 'inventive and imaginative representation of social reality' (Freeden 2001:7). Thatcher's (1976) speech to the party conference highlighted earlier is clearly of this type, juxtaposing an aspirational future against a pessimistic one.

Again referring to the speech at the 1976 party conference, and the earlier policy vision outlined in 'The Right Approach' in October 1976, the language used is easily understood and emotive. This common-language communicability 'aimed at the critical social mass' (Freeden 2001:8). This is something Hayek explicitly recognised in *'The Road to Serfdom'*, which Thatcher indicated she had read more than once, and in *'The Intellectuals and Socialism'*.

Reading this material now, one cannot help but be struck at the language used, for example in 'The Right Approach' its 'common-language communicability' remains relevant today (Freeden 2001:5).

This movement towards the establishment of ideological stability set the scene during this period for the Neoliberalization of wider society in the UK and further afield. Despite the political pragmatism associated with day to day politics the underlying trend remained firmly neoliberal.

Arestis and Sawyer (2005b:206) in their commentary point to a legacy that ultimately has left the UK with one of the most unequal societies in the OECD area. In their commentary they point out that the UK has seen increasing gaps between the richest and the poorest leading towards a more divided society.

9. CONTEMPORARY NEOLIBERALISM

With the establishment of neoliberalism following its consolidation in the 1990s through what has been described as 'shock therapy' and a process of 'creative destruction' (Harvey 2007b:28, 2007a:33), the new neoliberal socio-political matrix radically altered the relationship between the old social democratic state and capital. The consequential marketization of the state through the disposal of assets, and the privatisation of public goods, for example in the UK under Margaret Thatcher and subsequently John Major and continuing under the Tony Blair Labour government bears this out. In tandem with this the state adopted a decreasingly interventionist role in market activities.

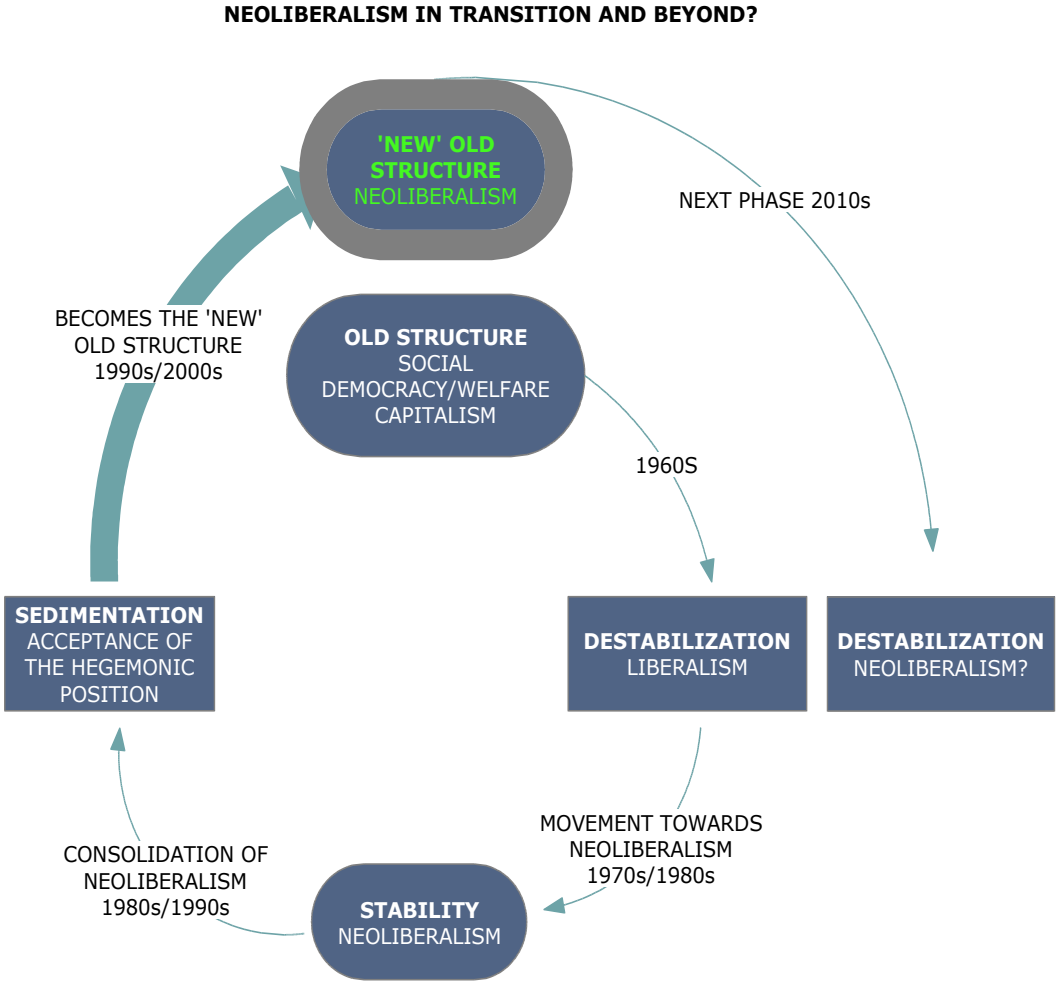


Figure 21, NEOLIBERALISM IN TRANSITION, 'becoming the 'new' old structure

As Figure 21 illustrates following sedimentation and acceptance of its hegemonic position neoliberalism began to appear as the ‘new’ old structure. Ideological relationships and conflicts were reflective of the neoliberal hegemony and structured

within neoliberal frames of understanding, for example the relationship between the state and business.

As part of this changing relationship the structurally contradictory position of the state and business altered fundamentally during the early 1980s in comparison with the Keynesian anchored relationship that existed prior to neoliberalism's consolidation as part of its pre-sedimentation phase. By this I mean the ideological perspective of the state's role in relation to business had on the face moved from one of rowing the economy towards one of steering the economy. However the reality of the state's continued role while evidential was put to one side for political and ideological reasons.

In this illusory environment the state continued and increased its reliance on business for its taxes, especially following its disposal of assets, while business in turn relied on the states regulatory environment to expand and generate profit (Offe and Ronge 1997). The ideational turn away from active interventionism by the state facilitated business in the sense that the 'soft' or 'light' regulation of business allowed the adoption of novel means to increase business profit and apropos tax intake.

This novelty exhibits a positive and a negative darker side. In the neo-Marxist analysis, it is characterised as an increased sense of commodity fetishism arising from the abstract nature of neoliberal market interaction (Bauman 2007b). This commodification effect has in the mind of Harvey resulted in the 'financialization of everything' (2007a:33),

> The commodification of sexuality, culture, history, heritage, of nature as a spectacle or as a rest cure, the extraction of monopoly rents from originality, authenticity, and uniqueness... all these amount to the putting a price on things that were never actually produced as commodities. (Harvey 2007a:166)

The inculcation of neoliberal culture within society during the 1980s saw choice elevated as a primary value associated with freedom, encouraging individuals to act as part of a consumer society, rather than as producers within, or for, society. Based around popular culture the differentiated consumerism advocated under neoliberalism emphasises notions of individualised lifestyle and expression choices. Cultural socialization occurs in the context of a liberal political culture whose prejudices reinforce individualism and increasingly views the state as a threat (Dunleavy 2011). In

this way the institutional fetishism of classical liberalism zeroed in on the state and its role, permeating neoliberal political culture (Unger 1997).

The movement towards the ‘new’ old structure was also evident in the changing nature of relationships within contemporary neoliberal society. At the individual and community level, the rise in Contractarianism, described by Gauthier ([1977] 2004:40), as radical Contractarianism, characterised a neighbour as 'a man with whom I can make a mutually profitable agreement – everyone else is my enemy'. At the macro and meso levels, state, corporation and individual, change was reflected through the reassertion of the primacy of individual property rights, and the strengthening of the legal frameworks that underpin contractual relationships.

Overall during this phase contemporary neoliberalism exhibits the characteristics of a totalising ideology that is where the 'open textured' nature of liberal democracy becomes distorted, more closed, with less toleration and less civility than the previously endorsed liberal world-view (Vincent 1999:402). In this context the ideas of the ruling class have become hegemonic as the ruling intellectual force, this was emphasised in the initial phase of neoliberalism’s formation as part of the political and intellectual struggle to establish neoliberal hegemony. Contemporary Neoliberalism has come to be seen as the revenge of the upper classes given its advocacy of classical economic theory, the restructuring of economics, and especially the political economy around the freedoms associated with neoliberalism for example individual choice (Harvey 2007a).[66]

As the theology of capitalism the reformation of contemporary neoliberalism requires radical and non-radical improvement (Clarke 2005:51). The asymmetries inherent in neoliberalism, including those associated with information, points to its systematic weakness that will, according to Lapavistas (2005:37), inevitably lead towards collapse. Liberal thought and political economy looking to the maintenance of a liberal political and economic order continues to wrestle with the conflict that forms its underlying dynamic. This dynamic focuses on the desire for order and structure, in conflict with the desire to be free from the interference of order and structure, continuously needing to be re-balanced.

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[66] The restoration of a class system albeit not strictly along traditional lines (Harvey 2007a) was discussed in the sections discussing 'Complexity and Real World Outcomes' and the section discussing the 'Influence of Hayek's vision'.

As part of this conflict the role of government within neoliberalism is paradoxical. The paradox requires that the state adopt a non-interventionist role, but yet it needs to intervene in order to create a favourable business climate and ensure the continued support of its citizens (Harvey 2007a). Where support has declined, and there is substantial evidence of this (Dalton 2004), the minimum required is that citizens do not become actively disloyal or subversive.

To this end government's role has increasingly become one of preservation of law and order, the enforcement of private contracts and the fostering of competitive markets (Friedman [1962] 2002:2), contradicting at a general level the principles of freedom. A cogent example of this lies in neoliberalism's advocacy of the preservation of the financial system through deregulation and light touch corporate enforcement (Booth and Currie ed. 2003). Ironically this has become the source of societal conflict today, where the licence given to operators within the financial system has facilitated behaviour that now requires re-regulation. Gould's (2010:56) view that this recession 'has revealed an abiding truth – that the market can deliver its unmatched benefits only if governments are there when needed to make good its deficiencies and act against its excesses', is particularly insightful now. Those who object to regulation on principle, fail to see the truth in the Keynesian contention that governments are necessary to ameliorate the negative cyclical effects of the business cycle (Booth and Currie ed. 2003). Indeed Gould (2010:57) emphasises the unique responsibility that government has given its capacity to challenge these damaging effects on society where 'only governments can afford to live with long term indebtedness'.

Alternatives to the neoliberal economic orthodoxy like post-Keynesianism focus on aggregate demand and the need to maintain it through the adoption of monetary and fiscal policies that intervene to keep prices relatively constant, avoiding deflation (Palley 2005). The effect of a decline in aggregate demand is that it drives down the price of labour creating a cycle that fuels continuing decline in demand; in such a situation it is left to the politicians to intervene to mitigate the societal fallout. However given the non-interventionist culture in contemporary neoliberalism this ability has been weakened limiting intervention to welfare responses; perpetuating the paradoxical relationship referred to earlier.

Within the context of the financial sector, whose success under neoliberal hegemony is held by supporters (Henderson and Owen 2005) and critics (Harvey 2007a, 2007b) as

the ultimate expression of neoliberal freedom; the popular view of the importance of the Capital markets is examined by Arestis *et al.* (2001). They break down the components of the financial sector emphasising the importance of banks over stock markets in terms of investment as key to economic development. In doing so they point out that neoliberalism's stress on the importance of financial markets, particularly the stock market has been misguided. In this detailed examination it is not the globalised movement of capital so often glamourized in discussions of the *virtual* world of neoliberal markets that is of great importance but rather what occurs to the *virtual* money when it becomes *real* investment.

Later, Arestis (2004) points to the less than successful outcomes associated with the adoption of neoliberal policy prescriptions under the auspices of the Washington consensus, for example in Chile and Uruguay. All of these alternate views present as challenges to the established neoliberal hegemony emphasising the need for change.

Recognising the need for a less fundamentalist approach to the internalised conflict within neoliberalism, the search for alternatives and change spawned the Third Way, falling 'between free market ideology of the right and social democracy' (Arestis and Sawyer 2005:177). Economically characterised as New Keynesianism, rather than the post Keynesianism discussed earlier, this economic narrative focuses on the use of monetary and fiscal policy to correct market instability with an active and specific role for government managing the externalities that contribute to market failure. Rather than focus on aggregate demand as post Keynesianism does this approach retains many of the inherent characteristics of *Chicago School* economics. This 'softer' economic approach facilitates the practical political considerations that have been adopted in many jurisdictions. Viewed positively as strength by advocates keen to emphasise neoliberalism's flexibility, or as weakness by critics who see this as part of a dangerous tendency towards fundamentalism accepting as it does the neoliberal hegemony, the unequal application of non-core neoliberal principles has been a significant element of contemporary neoliberal politics.

Idealised critiques of contemporary neoliberalism tend to assume that societal interest is based on

> …romantic notions of the characteristics of human society, morality, religion, art, and culture – which provide higher values than the individual and elevate humanity above the animal condition of seeking immediate gratification (Clarke 2005:51).

Summarising Hayek's (1988, and 2005 ed.) view, these romantic notions fall from the concerns of well-intentioned but amateurish intellectuals whose sense of self-importance inspires them towards constructivist frameworks, threatening freedom through their inability to countenance the 'substance of what they convey' (Hayek 2005ed.:12). The conflict between ideas of self and society has traditionally informed much of post-enlightenment political thought, with the quest for higher values linked to the pursuit of utopian ideals. In Hayek's (2005ed.) critic of socialism the focus was the pursuit of a socialist utopia. In contemporary neoliberal society the same pursuit involves an anthropologically anchored popular culture which emphasises the significance of contractual relations, the need for reinvention through a process of creative destruction, and an almost religious zeal for the betterment of the human condition through accumulation.

Ironically it is the juxtaposing of the animal instincts of capitalism and the romantic idealism associated with Clarke's (2005:51) characterisation of societal interest above, that focuses academic attention on the relationships between liberalism and capitalism in their many forms, and the uneven progress achieved by human society within these reference points.

Endeavouring to minimise the downside of neoliberalism the re-invocation of foundational liberal tenets such as freedom, tolerance, justice, and equality under the guise of republicanism, whether civic (Costa 2009), neo (Pettit 2010), and communitarianism (Dagger 2004, 2006), attempts to mitigate the destructive forces unleashed by Neoliberalization that are viewed today as part of the normality of a functioning market society.[67]

This normality, accepting creative destruction, and cyclical readjustment as part of a wider almost quasi-religious outlook, views reward within the market as the result of hard work and enterprise, but sees failure as a result of idleness or incompetence (Clarke 2005).

Contemporary neoliberalism has evolved against the backdrop of conservative approaches idealising society, and socialist approaches focussed on the role of private

[67] The differentiation between 'civic' and 'neo' republicanism lies primarily in emphasis and neither is mutually exclusive. Civic republicanism is taken to focus primarily on civic virtue while neo-republicanism primarily emphasises freedom as non-domination.

property. Conservative approaches have failed to adequately represent the threat to an increasingly globalised society in an economic environment where elite networks of connection, and huge reward, are complicit in undermining traditional constructs of community, values, morality and nationalism. Socialist approaches criticising the status of private property and seeking radical redistribution have failed to acknowledge the popular support and the historical resonance of concepts of private ownership individual reward.

Contemporary neoliberalism's move beyond traditional conservative and socialist approaches reflects the reality of an acceptance that the 'unequal distribution of property is not a distortion of the formal equity of the market, but is its inevitable consequence' (Clarke 2005:53). Hegemonic neoliberalism's affirmation of unequal distribution and the market based consensus that surrounds it presupposes agreement amongst participants, however disputed by critics (Gould 2010). During times of crises requiring radical change, when this affirmation might come under threat de-contested neoliberalism stands as a bulwark.

Responses such as the Third Way, market socialism, and liberal republicanism implicitly acknowledge this, through their acceptance that there can be no formal equality within the marketplace. The response by those of the contemporary left in the current economic and social impasse has failed to weaken the continuing advocacy by ideologically entrenched commentators to return to the previous status quo following this current crisis. The contention that 'government intervention to correct past errors as merely a case of dangerous times requiring exceptional measures' (Gould 2010:56), remains uncontested.

DEFINING NEOLIBERALISM TODAY?

The ideological discord surrounding left and right that has traditionally divided political thought whilst not gone has now, under neoliberal logic, become increasingly ambiguous. Neoliberalism's hegemony dominates the political landscape (Stoker 2006) with new conceptual and ideological innovations emerging as offshoots of the neoliberalism of the age. The more radical ideas within contemporary neoliberalism lean more towards libertarian aspects of the old ideology rather than towards ideas of collectivisation, or the common good. Issues such as freedom, and equality, the *big ideas* of the previous era, are less prominent in the face of neoliberalism's domination. The neoliberal state has replaced *big ideas* with managerial issues regarding security, welfare

and quality of life (Stoker 2006:66). The role of democratically elected government has to a great extent been depoliticised (Hay 2007:91). Within this environment the public service is characterised as overloaded, while politics is seen to suffer from lethargy.

In discussing the 'nature and significance of neoliberalism as a descriptor of socio-political change in advanced capitalism', Belfrage and Ryner (2009:258) acknowledge that the ideological achievements and historical development of neoliberalism remains controversial. They point out that some scholars, whom they cite, such as Lash and Urry, as well as Gill, have argued that neoliberal hegemony characterized advanced capitalist societies by the 1980s. This manifested itself through the coercive and disciplinary force exercised by liberalised financial markets on collectivised institutions. This coercion took the form of attacks on universal welfare provision and the state policies that established these (MacGregor 2005), leading to the commodification of social relations (Sennett 2006, Harvey 2007b).

Emphasising the practical considerations for politicians within a democratic polity Belfrage and Ryner (2009:258) found that aggregate levels of social expenditure had not been diminished as much as the purist neoliberal narrative would have us imagine. Their scepticism was founded on the belief that while some aspects of welfare policy were increasingly scrutinised and threatened, the political pragmatism associated with democratically elected neoliberal regimes prevented excessively neoliberal policy implementation. They emphasise that 'one should certainly not confuse neoliberal rhetoric with results; even in the emblematic cases of the Thatcher and Reagan governments' (Belfrage and Ryner 2009:258). This is borne out in the earlier discussion of Thatcher's journey from opposition to power with the Conservative party in the UK in Chapter Eight.

This dichotomy summarises the divergence of opinion and controversy that surrounds neoliberalism and its impact on political and social relationships. While contemporary commentaries such as that by Belfrage and Ryner (2009) are interesting, they do not provide an adequate basis for a contemporary definition of neoliberalism. The juxtaposition of neoliberal concepts against historically retained, and now threatened social democratic provision does not embrace all that neoliberalism has become. The limited character of neoliberal and social democratic discourse reflects at one level positivist tendencies, and at another compatibility issues surrounding the need to explain and understand the neoliberal phenomena (Hay 2007, O'Connor 2010). While addressing

features of contemporary neoliberalism these singular approaches cannot capture the complexity of the movement towards a more pragmatic and realistic engagement between neoliberalism and the less rarefied business of daily politics.

Evaluating the popular engagement with neoliberalism one might sarcastically suggest that this is nothing more than fruitless populist engagement with a dumbed down political nomenclature, rather than a practical attempt to explain or understand a cogent ideological position. The counter claim is that neoliberal ideology has been the dynamic force pressing for a more sophisticated dialogue within contemporary politics (Owen 2001, Macado 2005, Brennan and Lomaskey 2006, Fudge and Williams 2006, Lyons 2006, Andersson 2006, Stoker 2006, Hay 2007, Kendall *et al.* 2008, Berger 2009).

This dialogue in association with the dominant political and economic ideas has narrowed the search for the good life within liberal thought. Following Grey (2004) the pragmatic and realistic dialogue that surrounds this search emphasises the need for a rational consensus towards the adoption of an ideal. Perversely from Grey's perspective ideological neoliberalism through its phased hegemony presents itself as the rational embodiment of the ideas of freedom, and proposes a methodology for the achievement of the good life using reason as the basis for this proposition. Hayek (1988:8) supported such a perspective, but clarified that the *use of reason* he imagined required that it be 'properly used', that is recognising its limitations, and the need for it to 'teach itself'.

Unlike Hayek, advocates of neoliberalism, in much the same manner of the social constructivists that Hayek was so critical of, adopted an unquestioning approach that accepted as reason the neoliberal mantra (Peters 1983), rather than adopting a wary recognition of the advantages and disadvantages of the use of reason (Hanley 2004). Critically this orthodox sense of reality fuelled the 'optimistic illusion' (Berger 2009:173) that neoliberal ideology would, in a resigned manner, create the optimal liberal society.

Given the broad conceptualisations of neoliberalism any definition worthy of the phenomena is difficult. Harvey (2007:2) posits that neoliberalism is a,

> …theory of political economic practices that proposes that human well-being can best be advanced by liberating individual entrepreneurial freedoms and skills within an institutional framework characterised by strong private property rights, free markets and free trade... [where] the role of the state is to create and preserve the institutional framework appropriate to such practices.

Similarly, Hay's (2007:97) composite definition identifies 'a set of core tenets', that include,

1. A confidence in the market as an efficient mechanism for the allocation of scarce resources.
2. A belief in the desirability of a global regime of free trade and free capital mobility.
3. A belief in the desirability, all things being equal, of a limited and non-interventionist role for the state.
4. A conception of the state as a facilitator and custodian rather than a substitute for market mechanisms.
5. A defence of individual liberty.
6. A commitment to the removal of those welfare benefits which might be seen to act as disincentives to market participation (in short, a subordination of the principles of social justice to those of perceived economic imperatives.
7. A defence of labour market flexibility and the promotion and nurturing of cost competitiveness.
8. A confidence in the use of private finance in public projects and, more generally, in the allocative efficiency of market and quasi-market mechanisms in the provision of public goods.

Table 9, Composite definition of Neoliberalism (Hay 2007:97)

Harvey's (2007) definition aids in the conceptualisation of the breath of the subject while Hay's (2007) definition attempts to categorise aspects of Neoliberalization. In order to distinguish between the ideas of Hayek as the instigator of the neoliberal movement and contemporary interpretation of those foundational beliefs for definitional and comparison purposes Hay's (2007) definition focussing on the market, the individual and institutions will lead the discussion in the next section.

A note on *think tanks*

Prior to comparison between Hayek's original thought and contemporary neoliberalism the role of think tanks as instigators of neoliberalism's populist appeal through their role in the de-contestation of language, and their beguiling account of the rewarding relationship between neoliberalism, capitalism, and globalization merits discussion. Their individual characters and political biases help to contextualise contemporary neoliberalism, allowing for a more incisive comparison and evaluation of the irony in Hayek's vision and neoliberal practice.

Featuring prominently during the 1970s at the development of neoliberalism's ideational ascendancy they emerged as alternative sources of political thought influencing the establishment of neoliberalism's hegemony. The extent to which ideas and policy issues are influenced by 'academic experts through a corporate financed network of foundations, think tanks, and policy discussion groups' was pointed out by Domhoff (2006:548). As sources of political, economic and social lobbying, and innovation, these groups moved debate away from its traditional academic and university based origins, altering the dynamic of political thought. For example, the Institute of Economic Affairs (IEA), founded as a response to the socialist intellectualism, believed to be rampant within university educated circles, changed the operational ideological context of political thought. Also included within this category is *The Centre for Policy Studies* (CPS), and the *Adam Smith Institute* (ASI). The focus on the IEA in particular is the result of its influence on leading Conservatives in the UK in the 1970s, despite its stated, albeit controversial independence, and the resultant charitable status it enjoyed viz. the more stated partisan biases of other think tanks. It held great sway during the establishment and consolidation phases of neoliberal hegemony through its contact with Sir Keith Joseph and the Thatcher government.[68]

The influence think tanks exerted as single party sympathisers particularly in the UK, and their continuing role shapes our contemporary understanding of politics. In the 1970s and 1980s the focus of those on the right such as the IEA lay firmly with neoliberal notions of economic and social reform. The implementation of these abstract

[68] For a detailed and succinct account of the continuing role for think tanks see Denham & Garnett (2006).

ideas contributed in many cases to the shock therapy and creative destruction implicitly necessary for the success of the radical neoliberal reform agenda (Harvey 2007a, 2007b). Their maturation in the intervening years and their shift in focus away from the abstract towards the practical reflected the evolving political topography, where recently under New Labour think tanks of the left too have come to prominence. These include the Institute for Public Policy Research (IPPR), Demos, and Catalyst. In their contemporary incarnations, all the think tanks have moved towards less traditional left or right descriptors as they compete for research contracts. This reflects the end of ideology thesis, and the hegemony of neoliberal market based ideas (Denham & Garnett 2006).

A note on the de-contestation of language

In conjunction with the activities of think tanks the de-contestation of language, through changed meaning and the nature of discourse itself assisted with the establishment of the neoliberal hegemony. The successful establishment of the neoliberal hegemony allowed the de-contestation of much of the language surrounding the controversial changes that occurred at this time. De-contestation blocked emotive discussion around neoliberal values, rendering them non-negotiable, and left emotive discussion on the nature of neoliberal change confined to the more reactionary fringe elements of mainstream political discourse. What followed was the imposition of a philosophical structure that in terms of its growing instrumental rationality focussed on the benefits of neoliberalism, and the place of the individual in a cost/benefit type of rationalised market biased analysis (Brown 2006, Muller 2008).

Contemporary neoliberalism accepted in its broader substantive form the notion that liberal democracy allied to capitalist market based systems were unquestionably a force for good. It did so regardless of the weaknesses surrounding democratic liberalism and capitalism's individualised emphasis, and their deficiencies with regard to the common good. Freeden (2009:112) points out that liberalism was 'never just about liberty or the independent individual', but rather served as a means to enable 'individual growth'. Thus the changed meaning of language that had once surrounded previously de-contested, social democratic concepts became more neoliberal. For example, the language of welfare, adopted a neoliberal significance that associated it with needy in a negatively burdensome sense (Sennett 2006), as opposed to impoverished or marginalised in its historical social democratic sense. A similar example, is the language associated with

reform itself which came to mean a freeing of the market by deregulation, rather than any reform based on equitable redistribution as previously contended by social democracy (Munck 2005). This occurred across the spectrum of contemporary social scientific discourse, and gained particular relevance in popular discourse at that time (Peters 1983).

Related to discussion on the de-contestation and changed meaning of language the foundational characteristics of discourse itself, when viewed as a way of seeing the world, were altered through the establishment of neoliberal hegemony. As part of a general perspective, discourse with its 'constitutive potential... within and across social practices' (Farrelly 2010:99) informs the way in which we understand society. In this vein the organisational influence and power of language can be seen by the way in which aspects of discourse 'become relatively conventionalised in social practices' (Farrelly 2010:99). Through the everyday conventions surrounding the use of language the implications of the words we use become 'opaque to the people using them and to those studying them' (Farrelly 2010:99). In this way the neoliberal discourse has overcome more radical perspectives. It has done this through its influence on the way in which we act, the way in which we project ourselves, and the way in which we represent ourselves. The *market speak* associated with neoliberal jargon has transcended the public sphere and moved across into the private sphere. The discourse on freedom is no longer confined to issues of politics or jurisprudence. It now encompassed everything from the political and jurisprudential to the once private sphere where the freedom to choose a beauty product, or a telecommunications provider, is indistinguishable from notions of freedom from interference, thus appropriating liberal ideals as part of the process of Neoliberalization.

Wrap up

Through the influence of think tanks and the de-contestation of language the appropriation of the language of liberal ideals has set the context for the last two decades and neoliberal thought's influence on contemporary politics (Freeden 2008:17). In this time 'neoliberalism successfully articulated neoclassical economic theories with a liberal individualist conception of political freedom' (Munck 2005:65), and colonised the 'totality of the social field' (Leclau 1996:201). The context within which this occurred was in its initial phase politically controversial, causing societal conflict; this was

followed by a consolidation phase that saw many neoliberal constructs institutionalised (Hay 2007). Notions of overloaded government (Held 2006), and from a Marxist perspective a crisis of legitimacy (Offe and Ronge 1997), contributed towards the success of the neoliberal message in the face of

> …people's cynicism, scepticism, and detachment from conventional politics ... [that]... failed to be offset by prevailing political circumstances and/or economic conditions, and /or the promise of future benefits by successive governments (Held 2006:198).

The relationship between neoliberalism and capitalism today continues on the basis of their underlying pragmatism. Corporate interest lies in the stability of a market led society in the medium to long term that reinforces consumerist culture, and encourages a less dynamic political realm allowing the market to solve onetime political problems. From the neoliberal and capitalist perspective this is viewed as the optimal choice. The negatives associated with capitalism and its expression through neoliberalism fall primarily within the area of financial capitalism. The speculative and predatory nature of financial capitalism as a symptom of globalization and deregulation, and the redistribution of wealth from lower to the upper strata of society continues as part of the neoliberal hegemony. This reversed previous social democratic aspirations.

Figure 22 below, taken from Kotz (2009:310), highlights the growth rate of profit and compensation (income) for the USA between 1979 and 2007. While the figures show a substantial increase in percentage terms of the growth of profits, the same cannot be said for compensation, although it does maintain a positive trend. Perhaps more interestingly as part of the same research Kotz (2009) points out that income distribution inequality rose over the same period. The top 5 per cent of households over the period 1979 – 2004 saw their incomes rise from 15.3 per cent of the national total to 20.9 per cent; while the poorest 20 per cent of society saw their incomes fall from 5.5 per cent to 4 per cent. While the poor got poorer and the rich got richer, the super-rich (0.01 per cent) received 5 per cent of total income, a huge increase on the same cohort during the 1960's, a period of 'centrist consensus' (Frieden 2006), when only 1 per cent - 1.5 per cent of total income was shared by this group.

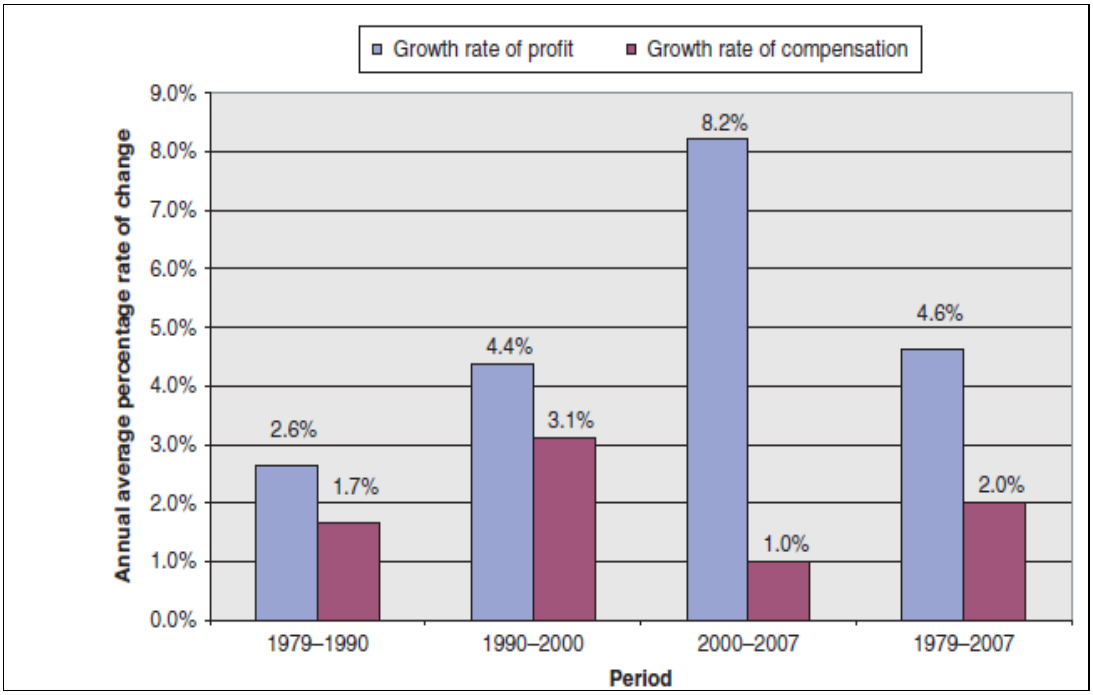


Figure 22, Growth Rates of Profit and Compensation (Kotz 2009:310)

Similarly in the UK Kondylis and Wadsworth (2007:86) point out that between 1979 and 1996 real hourly wages at the 90th percentile male distribution grew by 46 per cent while at the 10th percentile the increase was only 5 per cent. During the period the ratio of hourly pay enjoyed by those workers at the top of the scale relative to those at the bottom grew from a factor of three to four. Noting Atkinson (2003) Kondylis and Wadsworth (2007:86) suggest that real incomes for the top 1 per cent of earners grew by 'much more than 40 per cent over the same period'.

The acceptance of the hegemonic position of neoliberalism coincided with the globalisation of trade. Despite disagreement as to the terminology associated with the extent to which this was truly globalisation, or a form of regionalisation, there is a broad acceptance that developed countries sought to integrate the world economy (Frieden 2006:383).

Conventional definitions of globalisation focus on the economic, describing the tendency of political (states) and economic actors (corporations) towards international economic integration across national territorial borders. These definitions describe the phenomena of increased trade, investment and/or capital investment as crucial to the concept (Storey 2004). While adequately describing the economic elements of neoliberal expansion, the concept of globalism more accurately describes the promotion of policies

aimed at furthering this economic exchange within capitalist frameworks (Woolsey Biggart and Guillén 1999).

With neoliberalism firmly anchored within an economic and liberal conception of society, the political ideas associated with neoliberal thought – individual freedom, in a market based society, too, have become globalised.

This is particularly true of the financial sector and its activities, having come to epitomise the Neoliberalization of society. Frieden (2006:385) describes the movement stating that

> …by the late 1990s international financial activities were so entwined with domestic financial markets that for all intents and purposes there was one global financial system that included all the developed countries and many of the developing and former Communist countries.

The all-encompassing nature of this integration across the totality of the social field epitomises contemporary neoliberalism. Such pronouncements are not without equivocation however. Huntington (1993b:186) quoting Thomas Kuhn deals with the displacement of one paradigm by a newer paradigm that better explains new circumstance, pointing out that the new approach "...need not and never does explain all the facts with which it is confronted...".

With this in mind defining contemporary neoliberalism cannot be an exact process. As Neoliberalization occurred as a series of incremental changes the homogeneity of neoliberal thought continues to evolve as it completes its transitional cycle. Attempts to address the needs of the marginalised, and to facilitate social cohesion against the dangers of a political system based upon the fundamentalism of market forces within neoliberal frameworks have been attempted as part of the Third way (Fudge and Williams 2006:599). Their success or otherwise lies beyond the remit of this thesis at this time, but contributes to the next part of the neoliberal transition.

CONTRASTING THEORY AND PRACTICE – THE IRONY WITHIN HAYEK'S VISION

Neoliberalism's 'foundational belief' (Freeden 2005:1) in the efficacy of individualised markets as the optimal means to achieve consensus on the best modus vivendi, although slow to shift and develop, remains rationally coherent. This rational coherency did not evolve in an isolated manner but rather occurred across a series of co-

dependant relationships where neoliberal foundational belief's, and ideological 'arch concepts' were given practical expression throughout an increasingly market oriented society (Freeden 2005:1). This practicality was demonstrated as the need for adaptability and flexibility within markets, for example, the labour market in order to remain competitive needed to be able to retain price flexibility and adaptability in terms of specialisation and practice.

Neoliberalism's economic and political expansion across the social domain heralded the adoption of orthodox neoliberal approaches. Attempts at gradual or soft change that were less dogmatic than the neoliberal orthodoxy proved difficult, the ideological revisionism necessary for survival tending to resort back to more fundamentalist and uncritical approaches. Even today critics cite the 'The Third Way' as just such an attempt at a soft approach failing to break out of neoliberal constraints (Walsh & Bahnisch 2000:104), while acknowledging that given the hegemony of established neoliberalism it would be increasingly difficult to affect change in any other way (Griffiths 2007:190 on Gamble 1996).

These fundamentalist tendencies see complex and sophisticated political, economic, and social processes de-mystified and reduced through simplification. This has not served the quality of explanation or critique particularly well. It is this unquestioning acceptance of the contention that the rationality at the heart of neoliberalism serves as a force for good that accommodates the assertion of neoliberal fundamentalism. The 'combination of foundationalism-cum-essentialism, intensity, comprehensiveness, and urgency of action' (Freeden 2005:8), that surrounds the growth of neoliberal fundamentalism provides a 'defensive retreat' (Johnson 2008:82), for politicians when faced with choices between incommensurate values and differences in how the good life ought to be achieved.

Since first situating them, Hayek's ideas have travelled some distance. His vision of liberty, epitomised in *'The Constitution of Liberty'* ([1960] 2006), was one that was threatened by the undermining of 'the belief in liberty throughout the world' (Hayek [1960] 2006:4) during the Cold War. This belief in liberty was generalised, non-specific and non-particular to any one country or region in contrast with much of the debate that surrounded the particularity of the 'Washington consensus' and its reach. It recognised the pragmatic reality of day to day politics that could only commit to the application 'of a common philosophy to the politics of the day' (Hayek [1960] 2006:4). Hayek's emphasis

on liberty as far more than a particular value elevated its status as 'the source and condition of most moral values' (Hayek [1960] 2006:4). This alongside a recognition that a purely rational approach to everyday political problems represented an idealism that was more likely to blind the reformer 'to the harm and injustice that the realisation of his plans is likely to produce' (Hayek [1960] 2006:7), underpinned his hope that patience and humility would sustain continued progress.

Ironically within Hayek's lifetime this vision had arguably become distorted by the very neoliberal idealists whose hurry and impatience to realise their concept of a liberal world ran the risk of destroying decent society (Hayek [1960] 2006:7). The next part of this section discusses this irony using Hay's (2007:97) composite definition.

A confidence in the market as an efficient mechanism for the allocation of scarce resources

Paraphrasing Friedman ([1962] 2002) markets are defined broadly as an efficient means of allocation where economic and political actors, voluntarily, enter into arrangements to satisfy their individual wants. While this definition is true on many levels conferring the sense of advantage that markets have to offer, and the wide diversity of goods that they make available, the nature of this advantage, and the involuntariness associated with contemporary market transactions contradicts this idealistic account. For Friedman ([1962] 2002) and Hayek in the same vein, the importance of the market lies beyond its attraction as an efficient allocation mechanism. Its importance lies as an 'indispensable means toward the achievement of political freedom' (Friedman [1962] 2002:8), providing a check and balance on the dispersion and concentration of power.

The Hayekian view is rather more complex, rejecting the *homo economicus* stereotype advocated by Friedman, even ridiculing it (Caldwell 1997:1884) acknowledging that people are incapable of knowing all possible outcomes (Hayek 1988). Hayek by his very nature rejected totalitarianism, and the idea of a dictatorship of the market, even one anchored in neoliberal fundamentalism was the antithesis of his belief in freedom. He recognised the need for some intervention but the question of scale was prefaced by the requirement for coercion or arbitrariness, typical liberal concerns (Hayek [1945] 2005:45).

Linked to these ideas are concerns, often cited as conservative in nature, about the individual and the nature of individual responsibility. In Hayekian thought the elastic nature of the market best prevented unwelcome relief from individual responsibility by institutional actors. Practically for Hayek the market acted as a discovery mechanism, with price acting as a store of value, individuals within such a system accept responsibility for their actions; totalitarian systems negated or artificially affected the price mechanism, and in such cases prevented markets acting as efficiently as possible removing a sense of individual responsibility.

In the contemporary neoliberal world the sense of irony surrounding confidence in the markets as an efficient allocation mechanism would not be lost on Hayek. While Hayek appreciated the complexity of the human condition rather more than Friedman, the neoliberal emphasis on rationality and indeed the trend towards a neoliberal variation on rational constructivism is at odds with the emphasis on confidence that is so prominent in market allocation and the setting of price. Indeed one need only think of the current financial recession and the problems within financial and property markets where price as a store of value can no longer be fully relied upon. Faced with this problem which can sometimes be characterised as irrationality, or in Hayekian logic the inability to know all possible outcomes, confidence can be problematic. The advance of technology goes some way towards improving the efficiency of allocation, however without confidence this improvement is neutralised.

The continued intrusion of government in the market is a noteworthy deviation from stated neoliberal aims especially in terms of the scale of interference. Continued governmental activity within the market is an implicit recognition that unguarded confidence in the market is somewhat misplaced. While neoliberalism reformulated the role of government as steering rather than rowing the economy the reality is that government remains a key player in market activities, not just as an interested bystander. While this aspect of contemporary neoliberalism will be examined later, in this section I pursue the view that government needs to retain an active position regarding market allocation especially with regard to public goods. Despite the encouragement by Hayek ([1960] 2006), and later adherents (Seldon 2002) to transfer the control of public goods such as education and health to the market, and attempts under the Third Way to introduce compromise to the debate (Shaw 2004:64), these areas in the main remain outside the scope of the market.

On the broader ethical issue, having argued already about the need for politics to adapt a more pragmatic approach to problem solving rather than its current reticent position the prevention of a situation where the market as the most efficient allocator of resources allows freedom to become just free enterprise must be avoided (Harvey 2007:37). As the race towards a free liberal society so sought after by Hayek, flounders on the structural inequities within the market economy, the preferred mechanism for its achievement, an alternative to the coercion and arbitrariness of the market must be pursued. If this does not happen then in the manner of totalising ideologies the toleration, openness and civility of liberalism will be lost (Vincent 1999).

The allocation of scarce resources under the contemporary neoliberal market system sees those who can afford them receiving a far greater allocation of the economic pie. The discussion of Kotz (2009) and Kondylis and Wadsworth (2007) earlier in this chapter bares this out. Harvey's (2007a:37) claim that 'neoliberalism confers rights and freedoms on those whose incomes, leisure and security need no enhancing', reinforces the view that complete confidence in the market is misplaced. The re-emergence of class, with increasing gap between those upwardly mobile groups and those in the bottom percentiles has ironically arisen where the free market might have been expected to see class abandoned in favour of a singular entrepreneurial class. While class restoration in its neoliberal sense has not meant a restoration of the fortunes or misfortune of those previously caste within the traditional class system, its return maintains some of its historical trappings albeit in a more globalised and fluid environment.

In this new setting the privileged position of owners and management has changed, although not necessarily to the financial detriment of either with management enjoying the opportunity to purchase stock options, and stock value rather than traditional measures such as production value quantifying the worth of a business. The gap between capital earning interest and dividends has grown compared to production and manufacturing returns. This reorientation has been significant. Companies traditionally involved in certain specialised sectors have diversified becoming more involved in

financial as well as manufacturing outcomes, finance often offsetting manufacturing losses or weaknesses.[69]

Neoliberalism has resulted in the 'financialization of everything' (Harvey 2007:33) leading to the 'worst form of contemporary obscurantism' which in the context of confidence in the market as an efficient allocator of scarce resources means that 'we shall not grow wiser before we learn that much that we have done was very foolish' (Hayek [1945] 2005ed.:36).

A belief in the desirability of a global regime of free trade and free capital mobility

The belief in the desirability of global free trade and free capital mobility stems from an idealistic belief, encouraged by neoliberalism, that in a similar vein to the 'golden age' of the late nineteenth century and early twentieth century, economic integration and the free movement of capital, then based on the gold standard, is seen as a critical component of economic stability and predictability (Frieden 2006:17). In this way globalization in its economic sense or globalism in its political sense is held to be a transformer of corporations and countries. This enables countries to develop, alleviate poverty, and improve social conditions, increasing life expectancy and so on.

The desirability of this outcome is not controversial, however the means and inequalities that have arisen as a result are. For example, the movement of manufacturing away from traditional sites to developing regions where costs associated with production are lower is characterised by Grey (2002:57) as the uprooting of activities and relationships from their local origins and cultures to the detriment of these societies.

Neoliberalism's expansion across the totality of the social field means that globalization is no longer just a means of describing a series of unrelated economic developments. Now it is an ideological phenomenon that emphasises the co-ordinated approach of nation states, corporations, non-governmental organisations (NGOs), extra governmental organisations (EGOs), and trading blocs to world-wide trade arrangements. This phenomenon is firmly rooted to neoliberal ideology, and as a result

[69] The example of Imperial Tobacco is discussed later in this chapter.

of neoliberalism's hegemony any dissent or disagreement with its ascendancy is seen as intolerable (Martino 2009).

Despite this some commentators while acknowledging the benefits that trade in this globalised environment produces, are less positive about many of its consequences (Lowi 2001). Focussing exclusively on the almost imperialist idea that globalization is the only way that countries can progress into the future, mistakenly takes the positive aspects of this movement, those focussed on the ideal that globalisation and the knowledge economy 'conceptualised as particularly befitting British values of learning, creativity, flexibility, and entrepreneurship' (Andersson 2006:444); and intertwines them with the more vulgar aspects of what has been described earlier in this chapter as capitalism's animal instincts (Clarke 2005).[70]

Hayekian sentiment endorses this Orwellian notion of British genius (Turner 2007, Blundell in Hayek (2005 ed.), while the game of globalization as Sennett (2006:16) characterises it is still the same in many respects to the historical golden age, in terms of is benefits accruing to the rich (Harvey 2007b). However the parameters of globalization have changed significantly, and while 'change apologists' argue the optimistic viewpoint characterising change as a welcome movement to a 'fresh page' (Sennett 2006:16), critics point to the weakening of nation states and the dangers for individual citizens in light of the changing economic circumstance and the paradox associated with neoliberalism (Grey 2002).

The irony of the current situation lies in the focus on desirability, unfortunately in this case desire means the desire of Wall Street or the City of London exemplified in the preferential treatment shown in US foreign and economic policy during the 1990s, to economically compliant countries such as Mexico, through the North American Free Trade Agreement (NAFTA), and bilateral arrangements. The concomitant policy advocacy of the Washington Consensus and associated institutions such as the WTO 'consolidated the open trading system' that reinforces neoliberal policy objectives in terms of a globalised regime of free trade and free capital mobility (Frieden 2006:385).

[70] The characterization of globalization as conceptually befitting British values can be expanded in my view to incorporate Anglo-Saxon perspectives, including the USA and others as discussed earlier in the thesis.

This emphasis differs from Hayekian insights in the sense that while Hayek absolutely agreed with the principle of economic freedom, stating 'there must be freedom of economic activity ...with the right of choice' which carries the 'risk and responsibility of that right' (Hayek 2005 ed.:36), he advocates a precautionary principle, exercising economic freedom responsibly. This responsibility is not one sided, and lies with those speculators within the market as much as it behoves countries to comply with free market principles. Ironically, in a classical *laissez-faire* sense the exploitation of the immunity of the market from the restraint advocated by Hayek adversely effects the outcomes associated with free trade and free capital mobility,

> …we shall never prevent the abuse of power if we are not prepared to limit power in a way which occasionally may prevent its use for desirable purposes (Hayek 2005 ed.:36).

While this seems at first glance to be a more conservative, rather than liberal approach it is in line with historical liberal tradition recognising the utility in the achievement of the greatest good for all (Mill [1861] 2001).

As discussed earlier in Chapter Six, the reasons for this singular emphasis on the responsibilities of market participants lie in the success of neoliberalism's hegemony, assisted by the cultural predispositions of economic and political actors who frame their terms of reference within liberal ideas of individual freedom and contemporary popular culture.

The impact of a media focussed on sound-bites, and the newness of news rather than truth (Hayek 1988); the framing of daily life in terms of Darwinian survival, the appearance of dynamism associated with financial markets and services, and the large remuneration and reward associated with those involved in the financial services have long been of interest to society.

The desirability of a globalised regime of free trade and free capital mobility ironically depends on whether it becomes a real rather than imagined phenomenon. To date its regionalised effect outside of financial and capital markets renders it more in the imaginative domain than in a real context. While this remains the case the issue of reduced autonomy and capacity in the face of economic imperatives to compete, ironically diminishes individual freedom.

A belief in the desirability, all things being equal, of a limited and non-interventionist role for the state

The conceptualization of the role of the state is something that has occupied liberal thought since its eighteenth century inception. The idea of a limited and noninterventionist state is not a new one, with the notion of *laissez-faire* extending back to the court of the French king Louis XIV, his finance minister Colbert, and French businessmen. The notion of *laissez-faire* in its classical and later neo classical economic sense describes neoliberal attitudes to the state not just in economics, but across many aspects of the states remit.

However the problem arises, following Gramscian thought, that the state cannot be seen as independent of broader social events, being shaped and indeed shaping them. In that context the state cannot but be involved within society. What can at best be hoped for is that its susceptibility to social antagonisms will prevent its domination by elites. Indeed from an Open Marxist or Neo-Gramscian perspective the conflicts within society are reflected within the institutional life of the state, as state policy reflects responses to the constraints and conflicts within society generally.

In that context neoliberalism seeks to limit the state's role where possible, ensuring that it adopts a non-interventionist role. In contradistinction contemporary neoliberalism also advocates the notion of the free market as the ultimate affirmation of individualised freedom and therefore liberal democracy. As stated earlier, any interference in the marketplace that increases marginal cost, distorts the natural process of price setting is perceived as intolerable. The reduction of the influence or interference from government within the market remains a key component of the neoliberal synthesis. The question of whether this has been achieved although on the face of it simplistic is far more complex.

Certainly if one follows Seldon (2002) who targets the aspirational extent of government interference in terms of national income, neoliberalism has failed. Seldon (2002) suggests that rather than have a figure approaching half of GDP a more correct figure should be approximately approaching 20 per cent.[71] For the purpose of statistical analysis the importance of the general government sector in the economy may be

[71] These figures were taken from http://epp.eurostat.ec.europa.eu/cache/ITY_OFFPUB/KS-CD-09-001/EN/KS-CD-09-001-EN.PDF viewed 28 Jan 2010.

measured in terms of total government revenue and expenditure as a percentage of GDP. The official Eurostat (2009) statistical returns point out that in the EU-27, total government revenue in 2007 amounted to 44.9 per cent of GDP, and expenditure to 45.8 per cent of GDP; in the Euro area, the equivalent figures were 45.7 per cent and 46.3 per cent respectively.

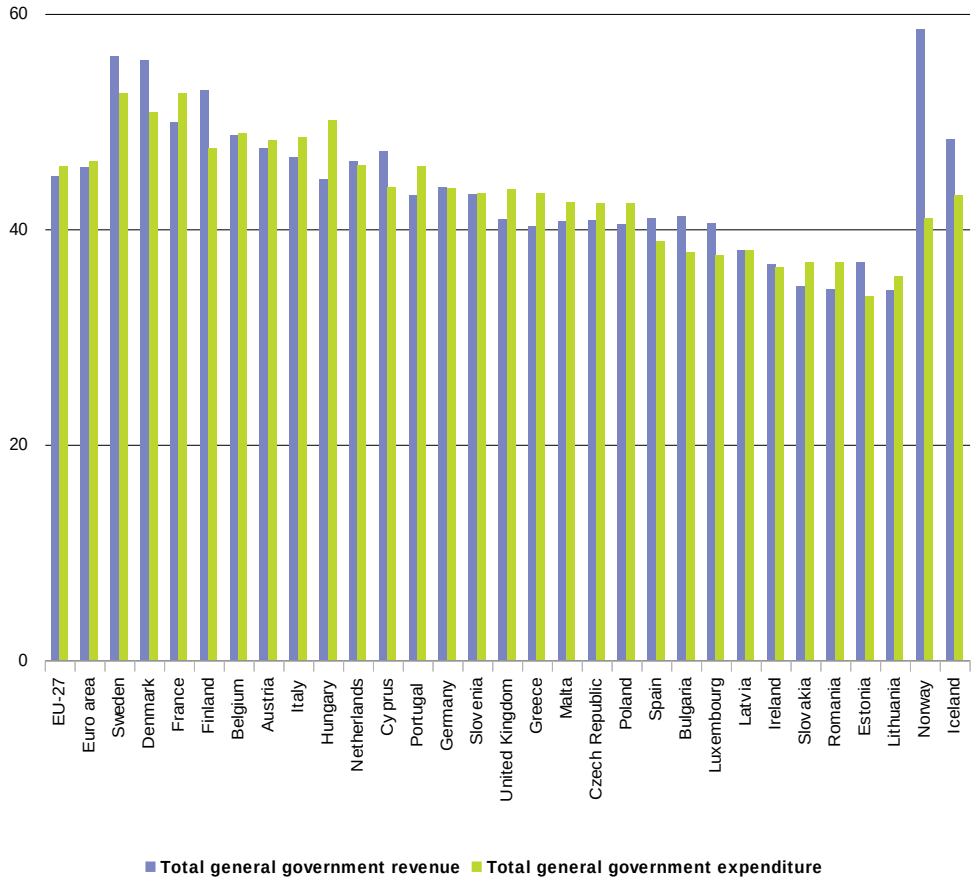


Figure 23, Government Revenue and Expenditure (%of GDP), 2007(Eurostat 2009:90)

Historically any significant reduction in government sector involvement would represent a huge change. Frieden (2006:368) points out that the between '1971 and 1983 the average industrial country's government increased spending from 33 to 42 per cent of the economy', others such as Sweden and the Netherlands did more. The Eurostat (2009) statistical report, and the figure above, displaying Government Revenue and Expenditure for 2007, clearly shows that this aspiration has not been achieved over the medium term, and that it is unlikely to be achieved into the future based on current levels of government involvement, this despite almost twenty years of neoliberal hegemony.

Hays, Ehrlich, Peinhardt (2005) discuss the linkage between trade and government expenditure, show both increasing since the Second World War. Whether this is evidence of a 'causal relationship,' or a 'politically conditioned relationship' or a 'completely spurious one', government policy is seen as effective in neutralising the negative effects of trade in the short term (Hays *et al.* 2005:475). They also point out that de-industrialization rather than globalisation is responsible for 'creating demand for government spending' (Hays *et al.* 2005:476) through transfers (welfare) and compensation, highlighting the complex nature of the question.

In such a complicated environment it is undesirable that the state be rolled back from societal intervention, running the risk of societal destabilization. The implicit recognition of the states role within contemporary neoliberalism is guardedly welcome.

Fundamentalist neoliberalism sees the state function as limited to defence and the creation of a favourable environment for market activities (Friedman [1962] 2002). Neoliberalism has failed to implement Friedman's (1962] 2002) edict regarding the scope of government, that is its limitation to the protection of the state from enemies; figure 24 below demonstrates the continuing gulf between what neoliberalism aspires to achieve in terms of the participatory functions of government, and actual levels of government expenditure.

The coercive aspect of Friedman's thesis ([1962] 2002) emphasises the role of government as the primary provider of security to the market. Given the declining trends in defence expenditure, and the rise in overall government expenditure it is not too far a leap to suggest that the preservation of law and order, the enforcement of private contracts and the fostering of competitive markets, as suggested by Friedman (2002:2) does not make up the remainder of public expenditure outlined above. Further discussion of the role of the state in terms of overload, and inefficiency is given in the next section.

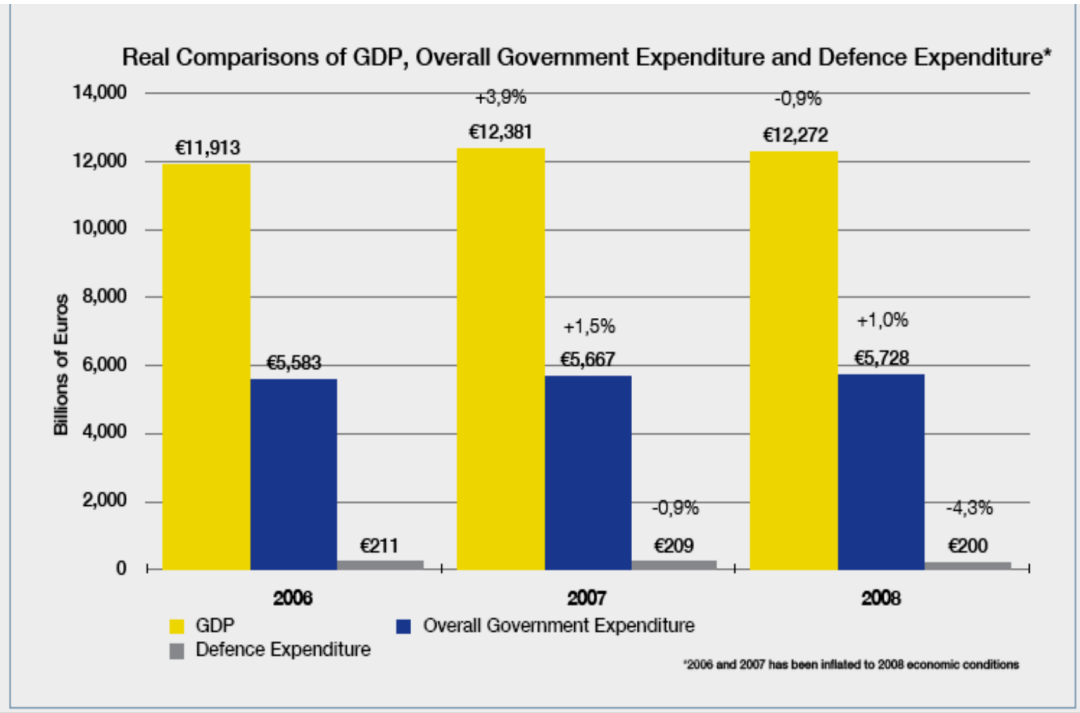


Figure 24, Real Comparisons of GDP, Overall Government Expenditure and Defence Expenditure.[72]

Hayek's ([1960] 2006:33) criticism of 'exclusive, privileged and monopolistic organisations', and the use of 'coercion to prevent others from trying to do better', informed his thesis on the role for government. It should be one of facilitating individuals, thus limiting bureaucratic reach. This idea places a duty on government to allow the individual the 'best scope so that they can plan', and should 'not be taken as a dogmatic laissez-faire attitude' (Hayek [1960] 2006:45).

Ironically from Hayek's perspective contemporary neoliberalism has failed to achieve these aims. In the contemporary neoliberal world the drift towards an elite, 'professional', and unaccountable management of the economy by unelected officials has reverberated across all governmental functions, from health (Lee and Strang 2006, Parsons 1995ed.:263); to education (Levidow 2005, Parsons 1995ed.:263); to welfare (MacGregor 2005, Parsons 1995ed.:263).

Gould's (2010:56) view discussed earlier that the market is beneficial only if government can mitigate its excess is ironically relevant.

[72] Real Comparisons of GDP, Overall Government Expenditure and Defence Expenditure, taken from The European Defence Agency, Defence Data 2008, downloaded from www.eda.europa.eu viewed 01 Feb 2010.

A conception of the state as a facilitator and custodian rather than a substitute for market mechanisms.

Any conception of the state as a facilitator, that is the instigator of an outcome, or a custodian, that is a body with responsibility for, and protector of something requires that the institution of the state be strong enough to enforce the rules and regulations necessary to ensure the functioning of the market. Concomitantly the level of power necessary for the state to act as a substitute that is act in place of the market where it is deemed necessary, whether for ideological or practical reasons, requires that the state maintain a strong position relative to other institutional actors such as the market within society. In order to facilitate the market and cause the state to roll back in areas that were once thought to require the exclusive state provision of public goods, requires a certain amount of magnanimity on the part of the state. This magnanimity does not typically fall naturally for institutional actors and requires the adoption of an ideological framework such as neoliberalism to compel this type of change. Initially, as discussed in Chapter's Five, Six and Seven and earlier in this section this requires the acceptance as common sense and truth the hegemonic ideological position. Neoliberalism and the reforms it heralded did this and were very successful as the UK example discussed in Chapter Eight illustrated.

The state's retention of power and influence forms part of the paradox of neoliberalism. Its objective that the state retains only a minimal role contrasts with the neoliberal requirement for the state to act as the enforcer of the market. This paradox is not specific to neoliberal concerns; Tsolakis (2010:389) draws attention to the erratic and *ad hoc* responsiveness of the state to what he terms the 'contradictions of capital accumulation'. He emphasises the 'dysfunctional response' as resulting from the 'instability and contested nature of the state itself' (Tsolakis 2010:389). In fact the contested nature of the state is symptomatic of the reflexive and liquid modern nature of contemporary society, discussed earlier in Chapter's Two and Five.

The paradox requires a strong state to secure the market, however in the current situation where the legitimacy of the market is no longer an issue (Gaus 2003:1); neoliberals would prefer that the state withdraw from the market (Seldon 2002). Given the large scale privatization of public goods that occurred in the 1980s and 1990s, and the use of institutional frameworks to secure free trade, in for example the EU, during

the consolidation and sedimentation phases of neoliberalism's transition, this aspiration appears on the face of it to have been achieved.

Figure 25, below outlines in revenue terms the income generated through the privatization of utilities in the OECD from 1993 to 1998, during neoliberalism's sedimentation phase (Fig20).

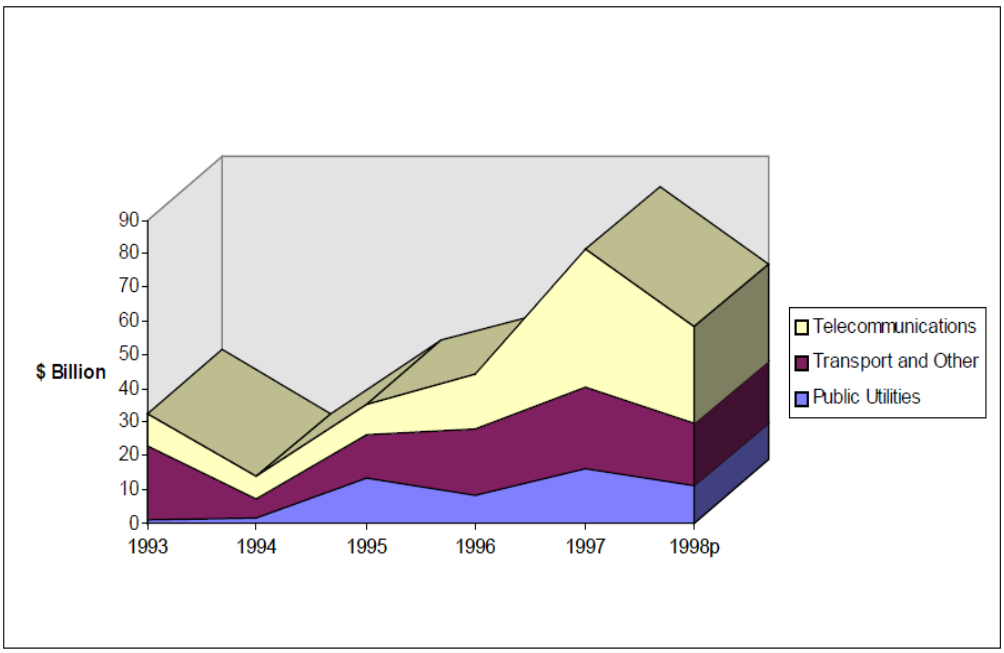


Figure 25, Utility Privatization in the OECD, 1993-1998[73]

However, given the difficulties and division associated with the privatization of public goods, and the legal ramifications associated with the use of price controls or tariffs, the continuing privatization of public goods, or the imposition of price controls and tariffs is politically sensitive. The example, in the case of privatization, of the difficulties that Labour in the UK had with the newly privatised rail network (Jupe 2009), or the Irish example of telecommunications privatization bears this out.[74]

[73] Utility Privatization in the OECD, 1993-1998, Source Nestor and Mahboobi (2009:20), Original source OECD Financial Market Trends, No 72.

[74] In the UK rail example, the earlier privatized rail network had to brought back under state control as private ownership failed to develop and improve rail infrastructure and safety, creating political difficulties for New Labour who rather than re-nationalise opted for a modified corporate entity.

The continued privatization of state assets in 2011 in response to the economic crisis in the Euro-zone is linked indelibly to the EU and IMF bailout terms in Greece and Portugal, while Ireland has deferred any such decision for political expediency reasons.

While acknowledging the practicality of the EU and IMF proposals to prevent sovereign debt default and destabilise the Euro currency further, the initial blanket debt guarantees demanded and given in the case of Ireland, indicate an ideologically fundamental neoliberal default position. While there appears to be some prospect of movement on this over the medium term the fundamental position remains the same; rather than the lenders taking losses others forced by the state and other entities are forced to repay no matter what the cost (Harvey 2007a).

Ireland's political expediency is founded on recognition that in the current economic climate it would be politically naïve to discuss a return to the former free market arrangements that allowed the banking collapse, although the state takeover of the banking sector in Ireland is not one that is countenanced in the long term.

The issue of the transfer of public goods to private ownership especially those deemed to be of sentimental, as in the case of National Trust land in the UK in 2010, or strategic as in the case of natural resources such as the gas and now oil discoveries in North Mayo, Ireland continues to be divisive. For advocates of marketization such as Martino (2009) continuing privatization is necessary for the perpetuation of the new *golden age of markets*. For critics such as Arestis and Sawyer (2005:199) new initiatives in the area of public/private partnerships (PPP) or private finance initiatives (PFI) represent the continuation of a 'more creeping form' of Neoliberalization.

Neoliberal assumptions around public provision and the public service characterise it negatively, as intolerable, requiring reform and reorientation on the market. The result of this requires that the state seek a compromise whereby it acts as the facilitator of the market. Intellectually this has been rationalised through public choice, political and bureaucratic overload theories, where political actors in the form of politicians and state institutions are the major contributors to the sense of crisis surrounding the market

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In the Irish telecommunications example the privatization of the monopoly telecommunications provider saw large decreases in share price immediately following flotation as 'carpet bagging' took place. This adversely affected members of the public who having been enticed to invest felt they had not been fairly apprised of the risks associated with the flotation, resulting in difficulties for political officeholders. This has reduced the appetite for future investment amongst individual citizens.

society. In order to solve this crisis neoliberal policy prescription, reining in the state is proclaimed as the only practicable solution (Hay 2007:107).

Public choice theory in conjunction with political and bureaucratic overload theories is presented as uncomplicated resolutions to the overbearing nature of the state and institutional politics. In a pragmatic and idealist manner, as cornerstones of neoliberal theory, their primary assumptions lie in the individual's undoubted rationality, and ability to evaluate choices taking the most beneficial course of action for himself. It offers a radical solution to the 'fat, sloppy, and smug bureaucracy' that has for neoliberals come to define the public service (Peters 1983:11). Politicians and public servants are assumes them to be self-interested and untrustworthy. Hay (2007:82) commenting on recent behaviour amongst public servants opines that much of this is self-inflicted in light of the behaviour of many of those trusted with public service, and has led to the de-politicization of governmental functions and controversial issues.

This resonates with public and business opinion in a populist way, and remains tremendously influential in its development as New Public Management.

The irony of all this from the perspective of Hayek's vision is contained in his recognition of the weakness of a 'middle way between competition and central direction' (Hayek 2005 ed.:46) despite its appeal to reasonableness. From Hayek's perspective it ought to be an in or out question, either the state is involved or it is not, preferably competition should be allowed where it can be made to function, although interestingly Hayek is silent on whether the state should operate in a competitive manner.

Hayek did worry about the state operating in a monopolistic fashion, in the context of his overall fears of totalitarianism (2005ed.), allowing the assumption that given the asymmetries of power that arise when dealing with an institution such as the state the idea of the 'competition state' as discussed by Munck (2005:63) in Chapter Six would be anathema to Hayek.

It is perhaps more true to say that much of the irony in contemporary neoliberalism's view of the state lies in the framing of the question. Rather than looking at this question from the position of the state and the market as happens in contemporary neoliberalism, in Hayekian logic the question ought to be framed more reflexively in the context of the market and the state. By de-traditionalizing the argument and re-imagining it one can accept as Hayek did a role for the state beyond that of a facilitator (Fudge and Williams 2006). The proof of this lies in the recent banking and financial crisis, had the state, not

being able to substitute for the market through its intervention by effectively nationalizing major parts of the banking sector, then under market conditions the state could have only facilitated the collapse of the entire sector with its reverberations for the remainder of society. Given the state's wider political and social perspective, political pragmatism required that ideological fundamentalism be overturned. The totalizing nature of the triumphant market necessitated state intervention, in its traditionally imagined liberal role, to counter the threat to individual freedom that a societal collapse might encourage.

A defence of individual liberty

The defence of individual liberty is not something new or specific to the contemporary political narrative. Mill discussed it in the nineteenth century noting that 'no one pretends that actions should be as free as opinions' ([1975] 1998 ed.:62). As part of the legacy of 'embedded liberalism', and historical circumstance it has a particular resonance within contemporary neoliberalism (Harvey 2007a:168).

Liberalism always placed individual liberty and its defence at its heart; however notions of social democracy and solidarity impacted greatly on the context of individual liberty in the twentieth century developing traditional concepts of equality and justice within liberal thought beyond pure questions of non-domination. Following the Cold War and the collapse of the communist threat to western liberal democratic government, questions of freedom writ large, were replaced as the emphasis moved beyond big ideas of collective and individual freedom towards more managerial issues.[75] As the Cold War era came to an end the idea of liberty or freedom had reoriented on the individual as the central focus of the neoliberal message. Thatcher's famous 1987 quote 'there is no such thing...' discussed in Chapter Two when referring to the rejection of collective ideas exemplifies this.

Problematically for contemporary neoliberalism and ironic in terms of Hayek's vision is that the traditional concept of liberty and its defence has come to resemble licence and its defence (Sennett 2006, Bauman 2007a, 2007b). Liberty in its historical Millsian sense acknowledging the need for some restraint proportional to the best overall outcome for

[75] Discussed earlier in Chapter's One, Five and Six. See also Freeden (2005), and Stoker (2006).

society, while licence accepts no such restraint (Mill([1975] 1998 ed.).This reflects the undermining of liberal fundamentals by contemporary neoliberalism, where political, social and even property rights are threatened by neoliberalism's abandon. This situation developed through the appropriation of consent, and the continuous creep of neoliberal ideas through the 1980s and 1990s, and the radical reorientation of individualism, individual liberty, and economic interest discussed in Chapter Two.

Following this reorientation, the idea that *there is no alternative (TINA)* has been to the forefront of political, business and public service minds. The assent of think tanks such as the IEA, discussed in Chapter's Two, Three, Four, and Five; alongside the influence of the Washington consensus, discussed in Chapter's Five, Six, and Seven on the culture of change that swept through countries during this period and into the 1990s was certainly a major factor.

The transition to a media dominated populist culture which was *anti-étatiste* in its orientation, saw populations exposed to international Neoliberalization, and the consumerism it advocated. Habermas (2006:420) characterised this as the rise of 'public ignorance literature', where opinion perpetuated by privately owned print, televisual and increasingly virtual media outlets presented a polarized vision of the world and the choices available in it. Given the prominence of neoliberal policy prescription through, for example, Thatcherism, then creep was inevitable falling as it did from the climate of Neoliberalization, where society learned to be neoliberal.

Within the economic context of the 1980s it was accepted that social responsibility was a luxury that was ill-afforded, the consequence of this was that solidarity was weakened, characterised as the victim of 'regression to a robber capitalism' (Brunkhorst 2002:6). Concepts of social justice and personal freedom consumed each other. The post-modern thesis that moved away from absolutes in this case ideals around the individual created the space for a consumer choice and populist culture, that ultimately led to a 'differentiated consumerism and individual libertarianism' (Harvey 2007 :42).

This movement, for neoliberals, towards a realistic liberalism focussed on consent, anchored within choice and variety, transcends the idealist notions of critical liberalism emphasised by Hayek, where consent ought not to be linked to popular compulsion or coercion. Individual liberty and the requirement for its defence is relocated and dispersed away from traditional institutions such as the state, terminally weakening the collective tendencies of its enemies on the one hand, while simultaneously weakening

the reconciliation and toleration that these institutions promoted, destabilizing liberty in the long term (Grey 2004:6).

Hayek's definition of liberty saw being free from 'the arbitrary will or coercion of another' as paramount, and should not be confused with today's civil liberty which has political connotations (Hayek [1960] 2006:11). Part of the contemporary irony is that today's species of legal liberalism seeks to reinforce neoliberal freedom on the basis of the political application of fundamental rights that espouse a certain kind of legal philosophy (Grey 2004:14). As part of his discussion Grey includes Hayek, as one of a number for whom 'political philosophy' is viewed 'as a branch of the philosophy of law' (2004:14). In doing so Grey (2004:14) offers the opinion that Hayek tacitly endorses the notion of universally applicable 'ideal constitution'. This supposition does not take full account of the complexities and scope of Hayek's ideas or his wariness of constructive rationalism that is his wariness of approaches that fail to recognise the spontaneity of human interaction. Indeed Grey could be accused of engaging in the 'fatal conceit' for such a presumption, that is the presumption that reason alone can design or create the cultural and moral basis for society (Hayek 1988:21).

Notwithstanding this Hayek like Grey recognises that the problem of an absolutist presumption of the universalist nature of rights causes difficulties because 'when universal evils clash, no theory of rights can tell us what to do' (Grey 2004:15). Contemporary neoliberalism has adopted the fatal conceit on the basis of reason, the constructive rationalism that ironically was once attached to the Socialism that Hayek so vigorously opposed, has emerged as central to neoliberal belief's that human reason alone can control future development.

On this basis there is justification for an acceptance that there may need to be some restrictions on individual freedom, contra libertarian arguments. Freedom defined broadly does not solely incorporate the concepts of freedom from, or freedom to, as conceived as 'the range of physical possibilities from which a person can choose at any given moment' (Hayek [1960] 2006:12). In this respect Hayek's emphasis on the positive aspects of individual choice or freedom lies 'not that man will always be assumed to be the best judge of his interests', but rather that we cannot be sure that there is anyone better to make that judgement (Hayek [1960] 2006:67). It is not a consumer oriented freedom that sees individuals pick from a menu of freedoms. It refers more subtly to the

ability to shape one's own course of action, with 'men' taking responsibility 'for the results of their efforts' (Hayek [1960] 2006:67).

Therein lies the difference between Hayek's view of freedom, and contemporary neoliberalism's view which looks to the variety of choice, rather than the nature of the freedom. Going further Hayek emphasises that the confusion of these so called liberties as 'different species of the same genus' is a 'dangerous nonsense' given that there can be no trading of one freedom in order to gain in another (Hayek [1960] 2006:17). For Hayek personal liberty is founded on 'self ownership' (Hayek 2005ed:15). Included within this perspective is the idea of consequence, which is that individuals have responsibilities, and that opportunity and consequence are embedded within the concept of responsibility (Hayek [1960] 2006:63).

Foretelling the contemporary identification of liberty with wealth, Hayek believed that liberty in its traditional sense had become confused with liberty as power, 'inevitably leading to the identification of liberty with wealth' (Hayek [1960] 2006:17). The implication of this is that a defence of individual liberty ironically becomes a defence of individual wealth, a more vulgar activity outside of the idealised discussion of fundamental liberal values. The role of the hegemonic power, society's ability to learn, and the effect of cultural change in encouraging this belief was discussed in Chapters Four, Five, and Six. As part of the criticism of contemporary neoliberalism, advocates and indeed its beneficiaries, focus more on the hedonism associated with some of its practitioners rather than the individual liberty Hayekian thought seeks to encourage.

Ultimately neoliberalism redefined the relationships within daily life including those that involve individual liberty. Relationships involving individual's financial, economic, and governmental interactions, similar to what had gone before, were different in the sense that the nature and context of the relationship changed. The emergence of 'virtual' and horizontal business relationships and the increased interaction of business leaders with the states apparatus created an impression of a privileged relationship between power, wealth and freedom. This damages individual freedom in the longer term. Examples of such associations include the invitees, speakers and contributors to the World Economic Forum, held at Davos, Switzerland. This group of elite actors discussing issues within contemporary society appear to outsiders as a threat to individual liberty rather than its protectors.

Other relationships were also affected, for example the relationship of political economy and economic risk. Embedded liberalism expected lenders to take losses in the traditional sense, under the new neoliberal ideal borrowers are forced by institutional intervention through the states apparatus to repay no matter what the cost. In that case individual freedom is affected negatively by the enforcement of private contracts.

Ironically today the defence of individual liberty is conceived negatively, Hayek, in contrast, was more optimistic,

> …our faith in freedom does not rest on the foreseeable results in particular circumstances but on the belief that it will, on balance, release more forces for the good than for the bad (Hayek [1960] 2006:28).

A commitment to the removal of those welfare benefits which might be seen to act as disincentives to market participation (in short, a subordination of the principles of social justice to those of perceived economic imperatives.

Much of the criticism of neoliberalism observed in the literature stems from the view that markets and the adoption of a market society has undermined the concept of solidarity and social rights that underpin welfare provision (Stevenson 2006). The pro-welfare view holds with the idea that the state acting as the strategic operational face of socially solidaristic principle, ought through the recognition of social rights vindicate through its actions and policies the requirement for social justice. This presupposition does not enjoy socialist or social democratic exclusivity, and in liberal theory comes from the notion that liberal concepts of justice require some redistribution in favour of those who are worse off as part of an action oriented liberal nationalist outlook (Dzur 2002:198-199).

Hay's (2007) composite definition in the form used above is problematic, given that the argument can be made very persuasively that a commitment to the removal of welfare benefits that act as a disincentive to market participation may have little to do with subordinating social justice to economic imperatives, and more to do with an ideological view of social rights. In fact the argument is dependent on one's understanding of social rights and where principles of social justice and ideas about economic imperative start and stop - distinctly ideological positions. From a neoliberal perspective, given limited resources, the removal of universalist ambitions and their replacement with more individually focussed welfare provision might well provide the means to ensure that a more equitable and virtuous form of social justice is achieved.

This contemporary neoliberal perspective is not isolated within critical academia, what is clear is that it has permeated institutional life too. In the foreword to the Eurostat Yearbook 2009, its Director General, Mr Walter Radermacher discusses the importance of statistics pointing to their role in assessing economic imperatives while noting 'finally...a commitment to solidarity and social justice' (2009:4). This regional institutional view demonstrates neoliberalism's interaction across the Meta, macro, and down to the micro level highlighting further its 'invasion across the totality of the social field' (Leclau 1996:201).

Prior to defining the concept of social justice some discussion of rights needs to take place. Generally rights can be categorised as falling under three distinct pillars, the Civil-Legal pillar, the Political pillar and the Social pillar. Of specific interest here is the Social rights pillar that deals with questions of whether human beings have a right to a decent life within the norms of contemporary society. From a traditional liberal perspective these rights are tied to ideas surrounding *modus vivendi*, the achievement of the best way of life. From the liquid modern perspective this has developed into *modus co-vivendi* that is a consensus on the many ways of living (Grey 2004, Bauman 2007b). This was discussed in Chapter's Two and Five.

Despite the weight of history the acceptance of social rights remains fraught with ideological supposition, ranging across the ideational space and is subjective in nature. The resultant discussion of welfare provision and ideas about economic imperatives are in the same way disputed. Henderson and Harcourt, pejoratively sees the concept defined in terms of 'perceived disparities and a long list of designated victims' (2001:33), and are sceptical of the extension of social justice through the adoption of positive rights. Their view is that such declarations while attempting to be noble are meaningless without tangible effect. Going further they posit that the adoption of policies that focus on social justice *per se* are in reality a means of introducing regulation and collectivism (Henderson and Harcourt 2001:39).

The mutual relationship between economic wealth and social rights links social justice and its progression to the imperative of economic progress and wealth. Ideologically this is explained through the composition of 'parallel concepts that are so arranged that they become mutually sustaining (Freeden 2005:2). In that way social justice is contingent on economic well-being. Using a negative word like subordination in the definition above only serves to damage the historically positive, albeit uneven,

nature of the relationship between social justice and economics (Parsons 1995ed.:610), and reinforces Hayek's warning about the idealistic collective tendencies of intellectuals as 'the second hand dealers in ideas' (Hayek [1949] 2005,1988:55).

Welfare provision has traditionally been defined in terms of three strands, those that focus on income and its guarantee, those that focus on 'social contingency', for example old age and unemployment; and those that focus on equal standards of public service delivery (MacGregor 2005:142). The changing emphasis in discussions on welfare reflects the value amplification that occurs as part of the idealational process. In this process emphasising different factors legitimises different courses of action (Béland 2009:707). As part of the contemporary neoliberal turn the social contingency aspects of welfare provision that guarantees income are more prominent within the debate.

Those opposed on principle to the idea of welfare come from distinct ideological positions, those from a more conservative tradition, and contemporary neoliberals fall within this grouping focus their perspective on the extent of social rights and the role of the state in vindicating those rights (Friedman [1962] 2002). Social democrats, accepting unequivocally social rights are more engaged with the vindication of these rights and the achievement of social justice through policy prescription (Henderson 2001).

The emotive discussion that surrounds social rights and the provision of welfare is often confused further by diverging moralistic views within the political and economic philosophies that underpin ideological perspective. Ultimately this ends up focussing attention on the personal characteristics of those accessing welfare provisions (Fudge and Williamson 2006:593). As Hay's (2007) composite definition infers, the contemporary neoliberal perspective on welfare emphasises the undermining of work incentives and the creation of poverty traps tacitly endorsing the view that those requiring welfare are lazy and work shy (MacGregor 2005). Reflecting this view the movement towards individualisation and the cultural shift under neoliberal hegemony towards individual responsibility with regard to social provision reinforces neoliberal stereotypes.

In short the decline of 'old style social democracy' is characteristic of the 'identification of the welfare state with the poor, rather than universal rights of citizenship' (Stephenson 2006:486).

Regarding the specifics of welfare provision, the figure below shows the expenditure in percentage terms on social benefits within the EU-27, for 2005, adjusted for cost of

living differences through the use of a purchasing power standard. It is interesting to note that the average paid out in social protection within the EU-27 is €6,000, while amongst the Euro Area the average is €7,000 approximately. The main contributors to social protection payments are employers whose social contribution payments account for 38 per cent approximately, government contributions which account for 38 per cent approximately, and personal contributions of 21 per cent approximately (Eurostat 2009:256).

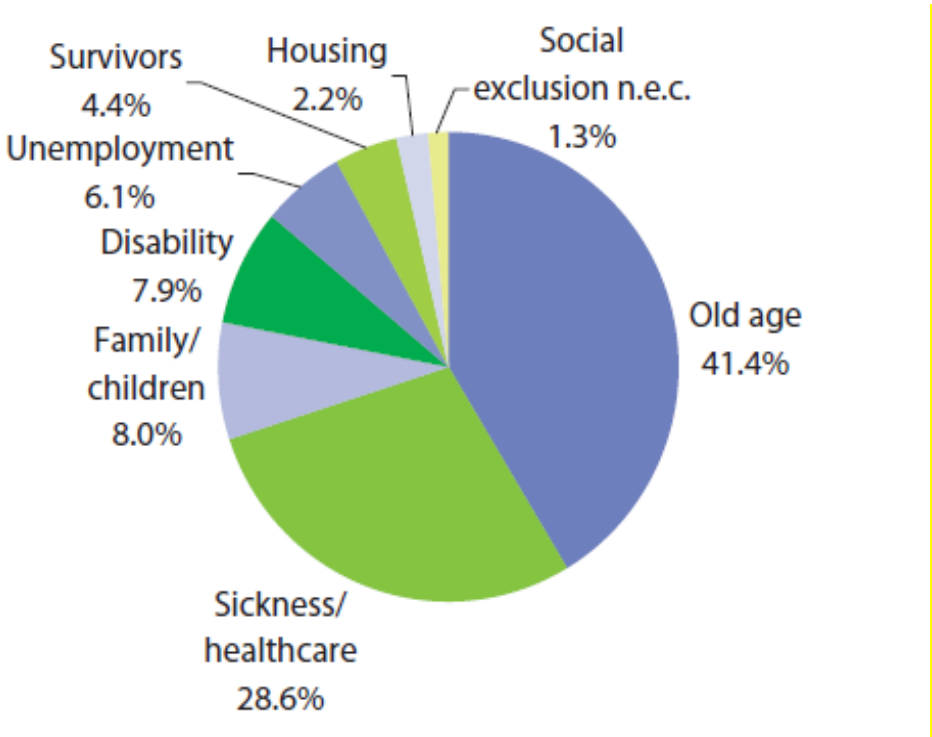


Figure 26, Social Benefits, EU-27, 2005, (% based on PPS). Source Eurostat (2009:258)

It is fair to surmise that ideally for neoliberals there ought to be a shift in this burden towards the individual and away from employers, with government disengaging where possible. A tentative examination of the data over time indicates that the levels of contribution have not altered significantly in the period to 2005.[76]

As a result of the variety and controversy associated with neoliberal welfare reform policy application cannot be simply *cut and pasted*. Different countries cannot adopt a uniform position, as the critics of the Washington Consensus imply was expected in the

[76] See also MacGregor (2005:144) for similar conclusions using Huber and Stephens (2001) and their analysis of the Luxemburg Income Study.

past (Saad-Filho 2005). Sweden in its reform of pension provision provides a contemporary example of the compromise necessary when deeply embedded concepts of social justice and welfare and neoliberal perspectives have to be combined (Belfrage and Ryner 2006).

Returning to the inference of the composite definition, and focussing on social contingency and guaranteed income; for the purpose of the rest of this discussion the relationship between these strands and how they relate to those who do not, or cannot participate in the labour market will take centre stage. Whether categorised as unemployed or unemployable this group and the labour market itself occupies a special category of interest within contemporary neoliberalism (Seldon 1998, Tsakalotos 2007).

Contemporary neoliberalism's focus has moved from direct government intervention towards one of encouragement of 'activation policies' (MacGregor 2005:144). This means the adoption of policy measures aimed at incentivising people to join or return to the labour market (Fudge and Williams 2006:594), including for example, discussions around the setting of a minimum wage (Seldon 1998, Teague 2002a, Tsakalotos 2007). The nature of these incentives is controversial, viewed as coercive regardless of ideological approach by opponents and advocates alike. The example of the minimum wage is viewed as 'counterproductive' by opponents who view the minimum wage as an unacceptable interference in the labour market (Seldon 1998:130), or through depreciation in real terms over time as contributing to increasing social inequality by advocates of more radical change (Tsakalotos 2007:434).

Impacting on the discussion of social rights as a contributory factor is an aspect of the political rights pillar, where as part of the 'de-politicization' that occurred with the normalising of neoliberalism (Hay 2007:98), through its 'sedimentation phase' (see Figure 20) the movement away from the goal of full employment, and the acceptance of the need for some state involvement tacitly recognised that welfare does in many instances act as a disincentive to market participation, for example poverty traps. However the political imperative, particularly overt as part of the 'Third Way' doctrine of Blair and Schroder identified the requirement for a softer capitalism that is seen to be 'kinder and gentler' than more fundamental neoliberal orthodoxies could countenance (Mac Gregor 2005:142).

Whether as tough love or mollycoddling, either can be viewed as adopting a paternalistic approach. For Hayek the principle of government intervention to further

social justice was entirely consistent with the idea of freedom and the market society. Hayek pointed out that furthering social justice ought to best occur as states grew wealthier, increasing their capacity to input into issues of social justice (Hayek [1960] 2006:225). On this interpretation social justice is contingent on economic progress, and is pragmatic in a positive sense. The issue for Hayek was not one of abstract competition between commensurate principles, as Hay (2007) in his definition suggests, but rather the method and aims of the intervention.

Hayek's view accepts that the market, using price as a signal is more efficient in terms of its conveyance of information about the state of the market. This holds true as much in the labour market, as any other market environment. The importance of the economy with regard to social justice lies in its long term effect rather than short term outcomes. The issue of paternalism for Hayek centres on the idea of inhibited choice, not on the issue of economic necessity. As people are restricted in their choices the

> …welfare state becomes a household state in which a paternalistic power controls most of the income of a community and allocates it to individuals in the form and quantities which it thinks they need or deserve (Hayek [1960] 2006:227).

The irony of contemporary perspectives with regard to Hayek's ideas pits the fundamentalist ideas of the earlier phase of Neoliberalization against contemporary ideas recognising the need for a softer approach. Belfrage and Ryner discussing the Swedish example point to the broad observation that the reorientation of economic policy has significant implications for welfare provision. In their analysis

> …policy reorientation is both elite driven and partial, which generates contradictions and institutional incomplementarity. This exacerbates legitimization problems in a mass society in which the mobilizational power of organized labor, social democratic institutions and norms, and the popular-movement culture remain strong (2009:270).

For Belfrage and Ryner (2009:270) the ‘outcome of the interaction of these tendencies is iterative and renegotiations result in hybridic forms’. Overall neoliberalism deepens while traditional social democratic advocacy becomes more defensive and increasingly threatened.

This observation is consistent with the experience of other western societies, for example the UK (Belfrage and Ryner 2009), and is ironic in that these iterative

interactions in combination with a deepening sense of Neoliberalization actively promotes a shorter term view, and selective policy endorsement (Sennett 2006).

The result of depoliticization has meant that the body politic has been largely neutered with regard to the political element of these discussions. Elite actors having regard to political sensitivities have been slow, generally, to radically overhaul welfare provision. Only in the UK and New Zealand has change been rapid and systemic (MacGregor 2005:145).

Given the momentum for change albeit uneven, the nature of the relationship between social justice and economic imperative will continue as before, the former contingent on the latter. However the continuation of policies that decreases welfare entitlement in situations where welfare acts as a disincentive to labour market participation are likely to change more radically yet. Whether this takes the form of individualised welfare entitlement in keeping with the reflexive nature of modernity or not remains to be seen (Fudge and Williams 2006:593).

A defence of labour market flexibility and the promotion and nurturing of cost competitiveness.

Following on from the discussion of welfare particularly the strand dealing with social contingency, neoliberalism's focus on the primacy of the market and its contested views relating to the labour market reflect the historical conflict between capital and labour.

This capital-labour debate in Western countries had evolved to a point in the 1970s where social democratic provision and Keynesian economic prescription recognised the wider benefits of policies designed to foster full employment, and a market environment subordinated to social interests.

The emergence of neoliberalism changed that paradigm (Kilbourne et al 2009). The detailed discussion in Chapter Six outlines the reasons and outcomes of this paradigmatic shift, suffice to point out here that the rejection of the Keynesianism in the 1970s, and the establishment and subsequent hegemony of the market society reordered the way in which the labour market was viewed, inverting the historical perspective, and reflecting debate away from workers' demands, and onto their obligations to the market as an institution.

Whether as a supporter or critic, using a military metaphor, the outflanking of the traditional labour versus capital framework for debate, and its reorientation as capital versus labour presents as perhaps neoliberalism's ultimate act, and in military parlance saw capital seize and maintain the initiative, and exploit this gain throughout the contemporary period.

This changing view of the market altered how the concept of market flexibility was regarded. No longer seen as worker focussed, where the market ought to be flexible and accommodate worker's needs, now the worker had to be flexible and accommodate to the market's needs. Johnson discussing Habermas examines the newly expected worker flexibility from the perspective of neoliberalism's endorsement of individualization (2004:78). From that perspective the difficulty of reconciling flexibility with the creation of durable personal bonds is seen as weakening solidarity.

Critically Bourdieu views the change as symptomatic of the asymmetrical nature of power relations, where the goal for neoliberals has always been the 'methodological destruction of collectives' (1998:1). Within the reflexively modern perspective, and as part of neoliberalism's individualization strategy the creation of efficiencies through wage and salary individualization, the setting of performance criteria, performance objectives, staff evaluations and career paths have created an over-involvement in work, increasing stress and weakening social ties (Bourdieu 1998).

Henderson advocating in favour of contemporary change links the markets' institutional role with freedom, that is the freedom of contract arguing that the controls, predominantly focussed on worker protection, affect the market negatively, and represent a violation of the freedom to contract (1998).

This shift was typical of the individualization associated with reflexive modernity, highlighting the changed view of the role and function of the market as a mechanism for the promotion of the common good (Bauman 2000).

Building on this paradigmatic shift labour is viewed and treated as an inanimate cost. The promotion of cost competitiveness requires that this cost be reduced. The pressure to reduce cost focuses on the direct costs of labour, wages, and the indirect costs, social insurance.

The figure below shows the breakdown of labour costs as a percentage share of total labour costs in 2006. What are noteworthy are the direct costs associated with labour, that is the pay element accounts for 75 per cent approximately, of the total. The indirect

costs associated with labour, that is the social insurance element paid by the employer, averages approximately 23 per cent of the cost, with 2 per cent in the 'other ' category. This data does not include the figures for Ireland, and is based on the most current, up to 2006, available for Greece, Italy and the UK.

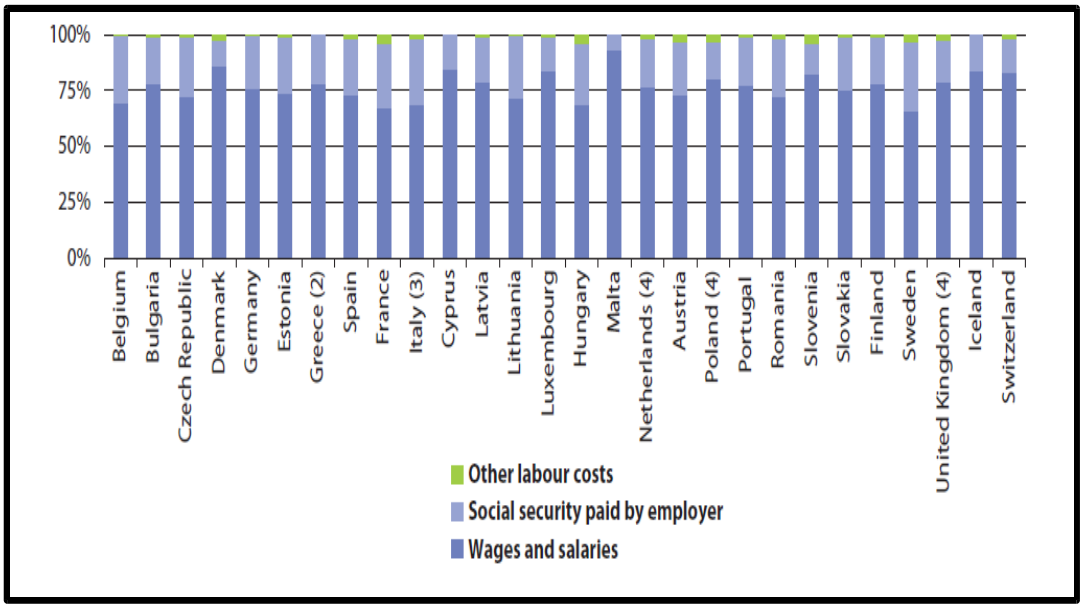


Figure 27, 'The Breakdown of Labour Costs, Business Economy, 2006 (% share of Total Labour Costs), (Eurostat 2009:103).

It is fair to surmise that neoliberals taking the view that what is good for the market is good for everyone would rather see this figure fall overall, in particular the indirect costs borne by employers when dealing with cost competitiveness. Where this shift in cost would fall and who would bear it is not something that is elaborated on, but one can assume that it would be borne by the workers or the state.

Several arguments are proposed to justify this including the basic neo-classical economic hypothesis that by reducing costs more people will be able to enter into market exchange. At a superficial level, and typical of ideological first order marketization (Freeden 2009:2), this argument seems justified on the face of it. However a deeper evaluation shows that it fails to reflect the labour market's unique function within society, and its direct connection to the positive aspirations of liberal progress discussed earlier in relation to the mutual relationship between economic and social progress.

Reflecting another aspect of the ideological first order marketization, the Globalization thesis argues that given decreased labour costs elsewhere cost competitiveness requires that costs in western economies decrease. This argument becomes particularly emotive when discussing the 'rhetoric' or 'reality' associated with

investment decisions by foreign multinationals, and those governmental bodies focussed on attracting foreign direct investment (Hay 2007:150).

The validity of the argument surrounding the labour market and cost competitiveness is far more complicated than neoliberal advocates would have us imagine (Henderson and Harcourt 2001).Gunnigle examining the Irish situation in an overall context points to market proximity as being the primary factor for those considering investment decisions, with regard to the labour market foreign investors require that stability through labour market regulation, workforce education, and then cost competitiveness are the factors of most concern to them (2000:10).

For neoliberals such as Peters (1983), and Seldon (1998) the bogeymen have, and continue to be the labour unions and government and the political rights associated with freedom, in the case of the unions, freedom of association. From their perspective the struggle within the labour market is Darwinian, with the threat of unemployment, and the problem of an 'onerous labour market ' created by over-government never far from the mind of its participants (Seldon 1998:95).

Hayek's view lies, like many of the other points, somewhere in between. Hayek agreed absolutely that there must be freedom of economic activity, but that this must be tempered with a sense of responsibility (2005ed.). Hayek recognised that where the state acted as a large employer this created problems, given the unique nature of working for the state and the privileges that go with it; encouraging non-state workers to seek the same rights and privileges as state employees. In such a situation Hayek felt that state workers exercised too much influence within a labour market and cost competitive context. While very relevant in today's particular circumstances, especially within an OECD context of increasing public deficits in current expenditure caused largely by burgeoning public services, the complexity of Hayek's perspective requires a broad analysis of all aspects of the problem. This has been largely ignored as the tendency towards neoliberal fundamentalism defines the argument.

Hayek (2005 ed.:45) recognised that competition was the best way of coordinating human efforts and should be created where possible, however this assertion was tempered with the 'need for a carefully thought out legal framework' to ameliorate the problem of defects. This position implicitly recognises an idealised and individualised focus for competition. It further recognises the danger of asymmetries of power associated with individual and institutional interaction. It is counter intuitive from a

Hayekian perspective that competition in the form of cost competitiveness be used as a tool for exploitation or coercion.

Developing his argument on the problem on 'dogmatic laissez faire', and with implications for cost competitiveness Hayek warned of the tendency towards fundamentalism through a lack of unconscious control, such as that exhibited by unregulated markets (Hayek 2005 ed.:45). Hayek's recognition of the need for carefully thought out legal frameworks reinforces this point. The dangers of fundamentalism within a neoliberal context have been a recurrent theme throughout the thesis, and are discussed in detail in earlier chapters.

The irony of Hayek's views lie in the inversion of the traditional perspectives relating to individual freedom within the labour market. The twisting of the Hayekian view of liberty has ironically led to 'an absence of restraint and constraint' in this particular circumstance (Hayek [1960] 2006:16). Hayek's view of liberty originally focussed at the individual level, has when discussing the labour market within contemporary neoliberalism been transposed onto the institution of the market itself. This acts as a restraint on the individual as a minimum, and more worryingly is coercive in respect of labour market flexibility and the promotion of cost competitiveness.

A confidence in the use of private finance in public projects and, more generally, in the allocative efficiency of market and quasi-market mechanisms in the provision of public goods.

Any evaluation of the use of private finance for the provision of public goods or more generally a faith in the efficiency of market provision rather than state provision is, like many of the aspects of contemporary neoliberalism discussed earlier subject to ideological position.

Any treatment must firstly define the concepts involved such as private finance in public project provision. While there are several types of private finance initiatives active and available for public projects, for the purposes of this piece the concept commonly known as Public Private Partnerships (PPPs), will form the basis for discussion. Having defined what is meant by PPPs, the other elements, the concept of a public good, market and quasi-market mechanisms will be discussed in terms of a 'redesigned public sector' that behaves in a 'business like' manner (Parsons 2005:7).

Firstly, defining PPPs is difficult as Hodge and Greve (2009) point out, with disagreement over what PPP actually is (2009:33). Technically defining the concept in terms of the policy implementation process appears less problematic than examining the conceptual nature of the construct. This insight is given amongst other things through EU institutional definitional parameters surrounding the contractual and procurement aspects of the concept (Akintoye, Beck, and Hardcastle (2003). For Hodge and Greve looking beyond the technical aspect of PPPs, a loose definition based on 'cooperative institutional arrangements between public and private actors' sums up the process pointing towards a need to understand the concept as a phenomenon rather than just a technique available to policy makers (2009:33).

Building on the ideological aspect of the phenomenon, PPPs ought to be viewed as a 'set of governance tools as well as a set of language games' when discussing the motivation and interest of those focussing on the topic (Hodge and Greve 2009:33). The language used as part of the discussion bears testament to the controversy associated with the subject, for example the word partnership is used rather than privatization reflecting the realisation amongst proponents of the topic's divisive nature, and recognising the criticism that has 'appeared across disciplines and traditional ideological borders' (Hodge and Greve 2009:34).

Composing of different elements PPPs are viewed, not indisputably, as delivering savings to the public sector through increased value for money, and better levels of service for taxpayer's ((Hodge and Greve 2009:34).

Public goods are defined as a 'good or service which is available to all', and the clarity once associated with their definition and provision has under neoliberal hegemony altered significantly (Parsons 1995:10). Significantly altered means that the traditional approach to the provision of public goods has like the labour market discussed earlier, been reordered, and reflexively focussed on the institute of the market rather than the individual. Traditional approaches in their simplest form had characterised public goods as produced by the state rather than the market, for universal consumption, rather than consumption through consumer choice (Parsons 1995:10). The progress and increasingly complex nature of societal design allowed for newly emergent goods and services which were at a general level 'public' but are consumed in the same manner as traditionally private goods. This overlap reflects the change generally resulting from the increasing

individualization of outlook and perspective under the neoliberal hegemony discussed earlier in Chapter Six.

This problem of design approach characterised by Parsons (2005:9) as 'malignant, vicious circles, tricky...' deflects public policy issues away from their wider socio-political domain, specifically narrowing their focus towards policy managerial issues and the field of economics (Sennett 2006).

PPPs in their contemporary form are conceived as a means to avoid large once off public debt increases, and the requirement to borrow for large scale, strategic infrastructural and service requirements, despite the political need for economic and social investment. Their advocates dismiss as myth the notion that PPPs, do not provide value for money, limit the exposure to risk of the taxpayer, and are a transparent means of public service delivery. Hodge and Greve (2009:34) describe PPPs objectives outside of value for money as 'slippery' returning the debate to ideological disputation.

At the centre of the ideological dispute is the key fundamental tenet of neoliberalism, that the market and market structures are the best means to allocate resources, whether public or private. Neoliberals such as Peters (1983), view PPPs as arising from a cycle of demand (Parsons 1995:11), falling from the governmental sector's inability to provide adequate levels of service. Borne out of dissatisfaction, neoliberalism sought change through the articulation of new demands, which were reacted to by government creating a new supply or supplier for the public good in question. The opposition of neoliberals to the 'fat, sloppy and smug bureaucracy' of government forced a sea change in the way we think about the public provision of goods (Peters 1983:11). This change saw a return towards market principles where markets are held to be,

> …simply better at learning, experimenting and innovating than public sector organisations therefore, if you want better solutions to public problems, design government out and design more market mechanisms in … markets are simply better at dealing with rapid change and complexity than government' (Parsons 2005:9/10).

The value of these PPPs is hugely significant, for example infrastructural contracts in Europe between 1993 and 2008 are quantified and valued by Hodge and Greve (2009:34) at 'more than a thousand contracts at a capital value of almost €200 billion', with most of this activity taking place in the UK with over 76.3 per cent of projects.

Eurostat (2010:94) examining public/private investment in 2008 find that investment was skewed significantly towards private investment at 18.4 per cent of GDP amongst

the EU-27, with only 2.7 per cent coming from the public sector, with a few notable exceptions including Ireland, Romania, and Bulgaria. The wide variation in the mixture of public and private investment combinations reflective of both the differing stages of development and differing 'growth dynamics' of member states (Eurostat 2010:94). What is important to note is that given the significant differential between money available for investment from the private sector compared to the public sector, coupled with the current recession, public funding crises, and banking liquidity issues, the bulk of significant future investment within the EU-27 will have to come from private sector investors, in some guise. Following Arestis *et al* (2001) and their examination of Capital markets and the financial sector this investment could normally have been expected from the banks. They find that the banking sector is far more important than stock markets as a means of funding investment this creates a dilemma for contemporary neoliberalism given the current banking and financial crisis. If the banks cannot provide investment and the state is unable to do so then ironically either foreign state actors become involved in strategic investment, something that has already become an issue in the United States, or other investment vehicles such as hedge funds become involved. The latter scenario would see poacher speculators become gamekeepers, leaving citizens wondering whether leopards can really change their spots, the former a diminution of national sovereignty.

This raises the question of risk for all parties, public and private, to the forefront, making the question of traditional ideological misgivings politically redundant, in the sense that future progress cannot be stymied politically on the question of what is the ideologically influenced best mix for the continued provision of public goods or services. Contemporary neoliberalism and the pragmatic nature of politicians as exemplified by Thatcher, has taught us that, ideological dispositions aside, politics requires action, and in future the political question will focus on the ideological presentation of risk rather than ideological position.

Hayek ([1960] 2006:46) for his part accepted the inevitability of change as part of progress recognising that we are 'creatures and captives of progress'. Hayek (2006) endorsed competition as the best means of coordinating human effort with a caveat that the frameworks put in place to ensure competition are carefully thought out with adequate legal protection and safeguards. Indeed competition should be encouraged

where it can be made to function, reinforcing individual freedom in a non-coercive fashion.

In this way the establishment of markets and quasi-markets where possible for the delivery of public goods and services would be a welcome development for Hayek assuming that adequate legal protection and safeguards could prevent calamity if systems failed. As was discussed in Chapter Seven, Hayek (2005:ed.) at all times tempered his free market endorsements with the *Whiggish* concern for responsibility and risk, contrasting with Friedman's ([1962] 2002) more *laissez faire* approach.

Hayek (2005 ed.:46) was critical of the adoption of what he considered as a middle way between competition and central direction, despite its initial appeal. In doing so he recognised the potential for failure through rising levels of dissatisfaction and expectations of progress amongst citizens for goals which may not be achievable.

Ironically it appears that the contemporary situation vindicates Hayek's scepticism of the ability of a middle way such as that envisaged by PPPs to address the requirements of citizen expectation. Certainly there can be no argument that PPPs have delivered significant public projects, for example in infrastructure. However the integrity of these mechanisms, and the manner of the provision of the resulting public good or service remains controversial (Hodge and Greve 2009).

CONCLUDING REMARKS

Following Grey (2002), the controversies associated with the operationalization of contemporary neoliberalism can be described as the effect of bad capitalism driving out good. This logic holds that unfettered capitalism diminishes responsible capitalism with its appeal to man’s animal instinct, with the impact being measured in terms of social cost. Unfettered capitalism in this situation is seen as private capital in search of profit, while responsible capital is seen as capital invested for reasons of the common good. In such situations market freedom is viewed in a constructivist manner as a fundamental human right, rather than a legal and social artefact (Grey 2002), or a distinct second endowment (Hayek 1988:53).

The conviction that free markets provide the optimal organising mechanism for capitalist economies is essentially an economic perspective with political, ideological, institutional, and social implications.

In this view Capitalism is seen as the best way to separate economic power from political power, one offsetting the other. Since the 1980s neo-classical economics reinforced the idea that capitalism was best because of its inherent market clearing quality. Similarly within contemporary neoliberalism there is recognition of the state's role within this framework, however expectations surrounding the role of the state need to become more realistic, from the market's perspective – the state needs to row back and allow the market clear.

The shift during neoliberalism's sedimentation phase from the individual towards the institutional aspect of market activity requires a more classical economic approach, requiring that the state reduce its borrowing and levels of public debt. These have become the primary consideration for the delivery of public goods and services, with citizen benefit secondary, reflecting the primacy of economic thinking and the neoliberal *there is no alternative* mantra.

The problem with this economic perspective lies primarily within its structured approach to real world problems. Economics, crudely described falls into two distinct camps, political economy which is more effects based, and the theoretical which is science based. Like all social sciences there is conflict as one aspect attempts to reconcile with the other. When economics casts itself as more scientific than social this belies its poor record in terms of forecasting outcomes and events undermining its scientific credentials. As a social science economics ought not forecast but rather explain. The idealised design of many of its models fails to take into account many of the exogenous factors that exist and effect political and economic outcomes in reality. This was discussed in Chapter Six.

The problem of structure built on notions of rationality and the behaviour of rational actors reduces the connection between real political and emotional actors. As behavioural economics points out people are satisfied with results that are good enough, they don't have to be optimal.

Like economics, politics too deals with non-rational behaviour creating a dilemma for politicians who try to adapt strategies for the improvement of society yet find a lack of support from within the electorate.

The contemporary focus on short term consumption by individuals and consumerism by society means that behaviour not fitting the model becomes externalised and ruled out of consideration, excluding large elements within society (Bauman 2007).

Whichever of the latter two positions are favoured both accept the market economy as a complex institution requires on-going reform. The relationship between the market and other social institutions is not seen as reciprocal, without the mutual dependency and reliance needed for continued growth and stability, rather it is seen as 'totalising' (Vincent 1999:402). The market continues to ‘seek to make a society in its own image’ (Munck 2005:60).

Broadly speaking if adopting the position of Clarke (2005:51), liberalism functions as the ‘theology rather than the science of capitalism’, in doing so the negative aspects of neoliberalism occur not as a design fault, but as a result of the failure of individuals to lead virtuous lives. In this view neoliberalism is seen as more than a theory ‘for those who had arrived’, rather it presents an opportunity for the renewal of liberal hopes (Peters 1983:10).

Building on its early ideals to find practical solutions to the ‘declining productivity, decaying infrastructure, inefficient and unaccountable public bodies eroding confidence in government’ (Peters 1983:9) contemporary neoliberalism is,

> …a broad strategy of restructuring and a succession of negotiated settlements of concessions to the rigidities and dynamics of structures as well as the political possibilities of the moment. This formulation suggests that a synthesis is possible. … [but]…difficult to implement due to “rigidities and dynamics of structure.” But this does not preclude that a broad strategy of Neoliberalization has had profound effects. These effects manifest themselves in composite and often contradictory outcomes of renegotiated settlements, whose character and iterative direction are predominantly shaped by neoliberal norms. (Bevir and Rhodes 2009:258).

10. THE CONCLUSION

This thesis set out to critically assess the impact of economists and political philosophers, on liberal thought and contemporary politics. Critically assessing the extent of neoliberalism's intellectual influence gives a comprehensive understanding of the political, economic and philosophical forces that act, often unpredictably, as the intellectual engine of contemporary politics.

The initial chapters of the thesis built on the requirement to develop a comprehensive understanding of the political, investigating ideational processes and the means through which society learns. By firstly explaining (Parsons 2007) and then moving beyond ideational processes, the role of 'particular understanding' (Hay 2004b:147) in motivating political conduct sets out the context for the transfer of ideas, becoming through their everyday resonance 'stubborn social facts' (Habermas 2006:413).

The role of the media, institutions and intellectuals in the 'imposition of a common public culture' (Delanty 2007:2) encouraged the adoption of a research methodology that provided an 'explanation of the principles underlying social phenomena' (Caldwell 2005:397). Adopting a social constructivist methodological approach allowed an individual centric emphasis, while acknowledging the breadth and complexity of Neoliberalization through the use of interpretive repertoires. This approach reflected the contingent and open ended nature of political and social processes and an appreciation that things could be different (Hay 2004b:147). The formulation of a hypothesis and initial research question focussed on the 'hunch or educated guess' (O'Leary 2010:55) that neoliberalism does influence contemporary politics. This developed into a succinct question that addressed the foundational principles of neoliberal thought and the influence of Hayek, its renowned progenitor.

The question - *To what extent has neoliberalism, as elucidated originally by Hayek affected change in contemporary politics?* is essential to understanding the nature, role, influence and impact of neoliberal ideas; and their continuing hegemony. A self-critical approach to the research reflecting on the motivational assumptions underpinning political action including 'the intellectual maps that guide people' (Béland 2010:148) was adopted in order to make sense of a 'phenomenon that is simultaneously an ideology, a policy and a form of governance?' (O'Connor 2010:692). The discussion of

the irony in Hayek's vision in Chapter Seven and Margaret Thatcher in Chapter Eight achieved this.

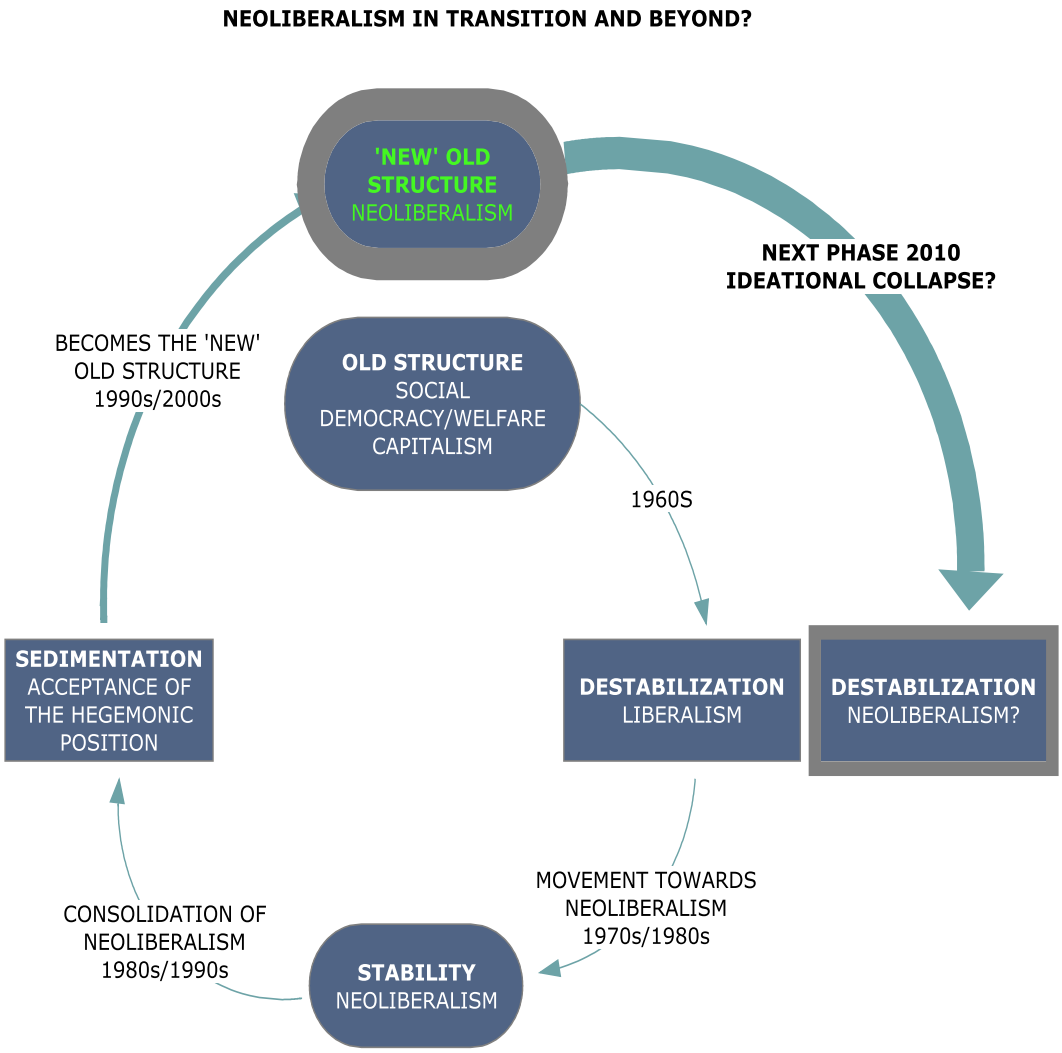


Figure 28, NEOLIBERALISM IN TRANSITION AND BEYOND

At the centre of the thesis the chapter 'Contemporary Politics' establishes the research question within a complex, reflexive, liquid modern context. Discussing the role of ideas and ideology engages with the philosophical and ideological dimensions of liberal thought and their historical endurance. Within the context of mainstream perspectives that assume to a lesser or greater extent an end to ideology, neoliberalism triumphant, presents as the last man standing (Scott 2003).

Central to its emergence Hayek's initial ideological proposition that at its core is anti-socialist and opposed to 'constructive rationalism' (Hayek 1988:51-52) is crucial. In the

context of ideational collapse and change, the collapse of socialism and the weakening of social democracy during the late 1970s and 1980s cast neoliberalism and the market society as the most efficient and equitable means of being,

> …instead of the economy being embedded in social relations, social relations are embedded in the economic system' (Polanyi 2001ed:60).

Characterised typically as a response to on-going crisis or change and discussed in Chapter's Two and Five, neoliberalism reflected the body politics' appetite for movement towards pragmatic and realistic approaches to key political, economic and social questions within a distinctly liberal political and economic culture. Presenting as common sense Hayek's ideas and the neoliberalism that followed succeeds as an ideology that has become essential to the description of the nature of politics itself, offering the 'necessary basis for understanding' (Freeden 2001:6) for contemporary political and socio-economic questions.

Like the 1980s in today's charged political climate the dangers of a purely reactionary emotional response to contemporary economic and political difficulties is likely to lead to the 'rebuttal, reworking, and re-orientating of liberal fundamentals and the loss of faith in the established legacy of liberal thought' (Muller 2008:58). Such a reaction would be disappointing however, given the evolution of liberal thought since the enlightenment. One finds it hard to imagine a non-liberal world, although for thinkers such as Hayek that spectre was very real and not so long ago. The progress of society has been well served by liberal thought and liberal tradition. That this will continue remains to be seen.

CONTRIBUTION TO KNOWLEDGE

This thesis encourages a pragmatic and realistic look at contemporary politics, the role and influence of neoliberalism and Hayek's contribution to political thought. Looking at its contribution the initial research proposal broadly sought to address the extent of neoliberalism's influence. Narrowing the inquiry resulted in the formulation of a question that addresses the extent of Hayek's influence and the continuing effect of neoliberal ideas within politics. As stated earlier this appealed to the aims and objectives of the research, investigating how ideas and neoliberal ideology have impacted on contemporary politics and assessing their operational effect given the predisposed liberal political culture.

Several findings emerged contributing to knowledge by combining in some instances available knowledge in a uniquely fresh way and generating originality through the linking of old ideas and new ideas with new facts (Finn 2005). For summary purposes these findings are grouped as pragmatic, realistic and general in their impact in order to understand the operationalization of neoliberalism's continuing ideological hegemony.

Pragmatic Approaches

The thesis confirms the movement towards a more pragmatic politics focussed on the delivery of outcomes rather than expressions 'of hope over reality' (Hay 2007:7), evolving towards managerial issues rather than 'big ideas' in the sense of historical liberalism (Sennett 2006).

During its pre-sedimentation phase in the late 1970s and early 1980s discussed in Chapter Six, neoliberalism initially remained focussed on the big idea of the free market as the optimal self-regulating structure upon which to anchor Western society. This position gradually evolved shifting its emphasis and moving toward more pragmatic political outcomes as neoliberalism passed into its post-sedimentation phase in the 1990s and discussed in Chapter Nine.

As part of this gradual shift, policy towards government intervention in the economy through the continued provision of public goods and state welfare was re-assessed. While government input into welfare has ostensibly remained the same and over time increased, contrary to neoliberal ideological fundamentals (Seldon 2002), the provision of public goods was pragmatically re-oriented on privatization in line with neoliberal fundamentals. This recognises that political pragmatism trumps ideological aspiration in situations where liberal democratic processes require that power elites are ultimately held to account for their actions. Here declines in welfare provision would impact negatively at the ballot box, whereas privatization in an atmosphere where the public service is characterised as indolent would not.

Pragmatic political action is not simply a question of ideological inclination but a combination of ideological influence, political context and opportunity. For Neoliberalism's triumph the ideological inclination came from the anti-socialist, Friedmanite grounded economic intellectual basis which emerged to counter balance intellectual inclinations towards socialism (Hayek 1988). The failure of Keynesianism and state's response to market crises provided the political context (Peters 1983), while

in the UK example discussed in Chapter Eight Margaret Thatcher and the Conservative Party's imperative of gaining and retaining political power provided the opportunity. The underlying historical and ideological influence of Liberalism writ large provided the necessary foundation.

For example under Thatcher the Conservative Party's willingness to pragmatically use and adapt language to develop ideological prominence was demonstrated in their policy document 'The Right Approach' (Conservative Party 1976). Here social democratic language was used to engage the electorate. Following Thatcher's election victory and neoliberalism's ascendancy the public's sense of understanding of this language became, over time, significantly different than their earlier social democratic understanding. For example, contrast the Conservative rhetoric,

> …To encourage self-help and family life, while making it possible for the strong to help the weak effectively' (Conservative Party 1976:9).

which on the face of it presents as a willingness to intervene on behalf of individuals, families and the weak in an endorsement of the principles of social justice; and Hay's composite definition used in Chapter Nine characterising contemporary neoliberalism's view of welfare which presents as an unwillingness to intervene,

> A commitment to the removal of those welfare benefits which might be seen to act as disincentives to market participation (in short, a subordination of the principles of social justice to those of perceived economic imperatives) (Hay 2007:97).

Whereas the suggestion that the strong should help the weak effectively in the 1976 document allows the inference to be drawn that Conservative Party policy endorses principles of social justice, the transition towards an outlook that subordinates social justice to market imperatives clearly does not.

As part of a pragmatic strategy to ensure continued core voter support and election victory in 1979 Tories were less publically inclined to acknowledge ideology, this reluctance based on political canniness, and an unwillingness to give hostages to ideological fortune as Sherman (1974) pointed out. They were willing however to deploy ideology to achieve aims far more than they are prepared to publicly concede as the OECD (1995) extract discussed in Chapter Six demonstrates

> …since 1979 the government privatised almost 50 major businesses...accruing net proceeds of almost £60 billion by the end of the fiscal year 1995. (OECD 1995:91)

Realistic Approaches

Chapter's Seven through Nine examine the definitional and managerial issues that have come to personify the journey from pre-sedimentation neoliberalism and Hayek's political thought to contemporary neoliberalism. Focussing on realistic political action, these chapters discuss in an original way the creation of a sense of irony around Hayek's insight which has been described by Caldwell (1997:1857) as the 'vision rather than the scientific proposition' of neoliberalism.

This section of the journey for the most part places an emphasis on rationality within market contexts and proposes the idea that the market is omnipotent. Thus as Chapter Nine discusses, political actors are relieved of their obligation to address issues of social justice through the vindication of social rights. Neoliberalization emphasises self responsibility rather than market responsibility and tied to the earlier discussion of pragmatic action, the need to adopt a realistic approach requires that monetary price as a store of value be used across the spectrum of political, economic and social activities. Consequently the result is the 'financialization of everything' (Harvey 2007a:33).

By recognising the restraint placed on debate within neoliberal frameworks questions of political, social and civil rights become fraught as the 'distorted trajectory', of contemporary neoliberalism tends towards fundamentalism (Johnson 2008:82). This fundamentalism presents as the pathological response to these distorted trajectories in a surreal sense presenting simplistic propositions as realistic approaches to the way one ought to live in a neoliberal world. The example in Chapter Nine of the changes wrought within conceptions of individual freedom, its descent into licence and the anchoring of consent within the constraints of consumerist choice and variety bare testament to its new found fundamentalist credibility.

As part of the realistic approach theme the role of the state is discussed in Chapters' Six, Seven and Nine. Viewed as a key fundamental of neoliberal aspiration the roll back of the state and its impact has not significantly lessened despite neoliberal ambition, however the discussion of emphasis and the state continues. While much of the critical literature argues that the role of the state has fundamentally changed, neoliberal's argue in a counter intuitive way that it has not, pointing to continuing high levels of state involvement in the economy (Seldon 2002, Eurostat 2009). In terms of realistic

approaches Hayek's ([1960] 2006) ideas have been proved correct, there is a need for the state albeit within defined circumstances, orthodox neoliberalism's attempts to change this have failed and contemporary discussion centres on these circumstances.

General Observations and Ideational Change

As part of its contribution this thesis has increased the awareness of the extent of Hayek and neoliberalism's influence on contemporary politics by highlighting that the analysis of ideas and ideological influence cannot be viewed in strict theoretical constructions, the gaps left unexplained or not understood are too great.

Answering the research question Hayek's ideas continue to influence, however this influence is becoming more indirect as the increasing irony between key aspects of Hayek's ideas and contemporary practice discussed in Chapter Nine demonstrate.

Neoliberalism continues to influence contemporary politics, defining the contemporary socio-political matrix (Munck 2005). The changes that are occurring within neoliberal contemporary politics are part of a process of evolution, such is the nature and complexity of neoliberal hegemony that it will continue to develop and evolve and may fall victim to entropy. Discussed in Chapter Five this process refers to the inevitable drift from order to disorder with the input of creativity such as ideas temporarily slowing down the overall decay within the system. Hayek's (1988, 2005ed.) situational analysis of Socialism, his later critique of constructive rationalism and the reasons for its decline, may be ironically applicable to neoliberalism.

The thesis adds value to the generation of new ideas allowing the development of a new paradigm which will lead to ideational change. According to Legro (2000:19) this process takes place in two stages, the first where agreement is reached that current arrangements are deficient and there is a need for change. The second occurs where consensus leads to the replacement of the old paradigm. At the point between the two, ideational collapse is said to have occurred. A general example of this is the collapse of the Iron Curtain in the late 1980s. At this point an alternative solution should emerge as a challenge to the old structure, as neoliberalism did following the Cold War (Ganev 2005). Figure 28 depicts this.

However unlike the change in the 1980s this time the range of solutions proposed does not have a significant challenger and there is no consensus on the best way forward from the old orthodoxy. This demonstrates that ideational collapse has not occurred, at

least not yet, allowing the conclusion to be drawn that the market society, is, as Hayek (1988, 2005ed.) predicted ‘a distinct second endowment conferred on [man] by cultural evolution’ (Hayek 1988:53) rather than a construction that can be altered or replaced, using a metaphor it is the default or factory setting for society.

This point is contentious, and this thesis seeks to be situated at the heart of the debate that surrounds it. It does so by drawing attention to the historical nature of the current crisis where new ideas ought to equal change in the same way that neoliberalism established its hegemony. Where this has failed it illustrates the context for this failure.

Given that crisis ought to discredit previous policy, generating a range of alternatives it demonstrates the strength of Neoliberalization where policy choice is no longer centred on domestic interest but incorporates supra national entities and organisations (Doyle and Hogan 2008).

By recognising that ideological influence increasingly tends to be indirect, through books and media, creating the background or mood music for political action it requires that the beliefs of emerging political entrepreneurs ought to be evaluated in order to ascertain their ideological predispositions. The examples of Thatcher and Hayek, and Blair and Etzioni bear this out.

The thesis confirms that society has learned to be neoliberal, and unlearning will be problematic.

In terms of the thesis’ role in the emergence of new ideas and whether neoliberalism through its ideological dominance has diminished the potential for ideas, I contend that this research should reawaken liberals to the dangers of ideological inertia encouraging the updating of doctrine. This concerned Mill in the nineteenth century, when he warned that 'both teachers and learners go to sleep at their post as soon as there is no enemy in the field' (Mill [1975] 1998 ed.:48). For Mill then, and us today, the doctrinal inertia that occurs when ideological dominance encourages the 'deep slumber of decided opinion' does not serve the public interest well ([1975] 1998:49).

The narrowing of debate as part of the Neoliberalization process alters the way in which we view political, social, and civil-legal rights. By changing the emphasis on rights neoliberal influence can be said to have become dangerously anti-liberal.

There is a need to return to first principles, but not neoliberal first principles, but rather liberal ones.

FUTURES - *don't blame god, avoid hell – lead a virtuous life*

During times of crisis the danger of adopting fundamentalist solutions that propose a return to basic principles is tempting, in neoliberalism's case this means libertarian ones; thankfully this remains limited at this time by liberal democracy's continuing control over political ambition and society's recognition of the importance of political and social rights. However having discussed the differences between totalising ideologies and open ended ones in Chapter's Five and Six, neoliberalism's unique ability to span both given the lack of alternatives in the 'only one ideology left era' is a cause for concern.

The future direction of liberal democratic society, currently configured in a neoliberal format, given the crisis facing the global economy inevitably draws discussion towards the question of why change occurs, sometimes unexpectedly outside of rational frameworks. This is the same discussion that predicated this thesis' examination of the neoliberal turn and in that sense is historically familiar. The shortcomings of contemporary enquiry as part of a philosophy of science that since the enlightenment has emphasised rationality as its foundational basis, have been increasingly exposed to innovative approaches as the frontiers of social and physical science have expanded. Certainly unexpected or non-predicted turns happen for many different reasons, often in spite of the good intention and good reason of their authors as Hayek ([1947] 2005) in is seminal critique of socialism and the good intentions of intellectuals emphasised. In this regard ideas play a crucial role beyond that of

> ...pure epiphenomena, as they help shape the goals and the perceived interests of political actors... (Béland 2010:149, following Campbell 2004).

In shaping our aspirations the sum of our goals and influences interacting across many academic disciplinary fields means that for societal actors political goals and strategies are often mutually shared by individuals of similar interests. While these interest's under neoliberalism are characterised as being exclusively focussed in ideas of self, they ironically often extend altruistically beyond material or institutional self-interest, encompassing the common good. The aggregation of these influences alongside innovation in the form of ideas has shaped progress.

Contemporary politics drawing on the historical tradition of Bacon has tended to view progress as a function of political and economic liberalism, fused with technological advancement. Kilbourne *et al*.(2009:264) focussing on materialism, advance the notion

that political liberalism provides the necessary conditions for accumulation, economic liberalism provides the social organisation, and technology provides the means to effect the project, allowing the development of a theory of progress that has uniquely economic goals.

This view of progress suggests the inevitability of continuing marketization despite the failings and asymmetries associated with marketplace activities. This can be metaphorically summed up by the slogan *'don't blame god, avoid hell – lead a virtuous life'*. This perspective epitomises neoliberal regrets for the excesses under the neoliberal hegemony leading to today's economic and political crises. The progress achieved in society through the market has undoubtedly been for the greater good and this should not be forgotten amidst the current hubris. As Bartholomew (2007:68) points out 'if the demonising of capitalism continues for much longer then the goose that lays the golden egg will be killed' and society will suffer as a result of the 'damaging effects of neo socialism'. Clarke (2005:51) taking a more circumspect position advocates that there needs to be a recognition within liberal thought of the good and bad aspects of its relationship with capitalism, any failures being the responsibility of individuals rather than exclusively the market system itself.

In contrast Bauman (2000:162) despairingly feels that 'when Rome burns and there is little or nothing that one can do to smother the fire, playing the fiddle seems neither particularly silly nor less timely than any other pursuit'.

Hayek would have endorsed the former two sentiments and countenanced against the pessimistic belief that the risk and changes associated with reflexive modernity are beyond our limited 'sensory perception and exceed our imaginative capabilities' (Beck 1994:6). His thesis formulated in the context of a civilization lacking constancy, with a shattered world view whose shared values were under threat was optimistic in its propositions (Ebenstein 2001:220). While today just as in the Second World War and immediate post war years the idealism that left a window open so to speak for a turn towards constructive rationalist approaches, also runs the risk that there may emerge a more totalising form of Neoliberalization.

Countering these tendencies to resort to type, there is a need to develop new ways of thinking about ideas around politics, society and economics (Freeden 2004). New clusters of ideas, re-appraising liberal values and attitudes are necessary in order to encourage a contemplative and introspective change in direction. This can only be

achieved through an on-going critique of the contemporary situation while remaining alert to the warnings of history. Adapting Munck (2005:60) there needs to be a new socio-political matrix that frames the conditions for contemporary political transformation.

This transformation will have to consider that all political theories begin from assumptions about the nature of the person and society and these assumptions impact on everyday politics. A political theory will be judged useful of true or convincing to the extent to which it matches ones background beliefs regarding the quiddity and parameters of the self and society (Haber 1994:9).

In that vein the adoption of a future vision must recognise in market society its value but also the increasing risks posed by unbridled capitalism requiring action to protect the vulnerable against exploitation, in short the recognition of the importance of solidarity for society (Clarke 2005). Incorporated in this vision is the need to recognise and appreciate the utility of institutions and the irreversibility of individualism as part of our identity. The argument that falls from this thesis is that liberal thought in the future will need elements of neoliberalism's entrepreneurial spirit, social democracy's conscience, and civic republicanism's duty in order to inform the basis for political society's continued evolution.

In the tradition of Hayek the role of intellectuals will be critical to success. Rather than pejoratively seeing them as 'second hand dealers in ideas …who have absorbed rumours in the corridors of science' (Hayek 1988:55) and whose self appointment and self-professed moral virtue makes them dangerous, their utopianism should in the tradition of socialism admired by Hayek, be harnessed for the continuation of a liberally anchored common good. In the mode of Berlin, Hanley (2004:329) '...calls for a recovery of a sense of honour derived from acting honourably and an appreciation of the difference between what is praiseworthy and what is praised'.

The lessons learnt from Neoliberalization and the arguments for cross disciplinary approaches advocated in Chapter Two, should limit the dangers of ideational exclusivity, something Hayek warned against and which informed his own political thought,

> ...the economist who is only an economist is likely to become a nuisance if not a positive danger... (Professor Erik Lundberg's 1974 Nobel prize citation speech quoting Hayek).

The other important lesson to be learnt is that the notion of singular events creating radical change is an illusion. Change is a product of several concurrent processes often highlighted by singular events but never simply caused by singular events. Once again the Thatcher example bears this out with the movement away from earlier Keynesian economic policy towards a more monetarist approach by the Labour government that immediately preceded Thatcher's Conservative government in the late 1970s.

Paraphrasing Muller (2008:49) while we can broadly say that political thinking probably changes political action, the extent of this change and how profound it is and which thoughts in particular changed events and in what sequence is impossible to ascertain. As Ebenstein (2001:205) Hayek's biographer stated, there needs to be a willingness to 'examine critically the existing and change wherever necessary'.

REFLECTION

> …Studying Hayek forces you to read outside of your field… it is also difficult not to feel inadequate when reading him; and his sheer reach makes any assessment of his ideas dicey, to say the least… (Caldwell 2004:4)

While acknowledging the need to reconcile 'what the head wants, what the tongue says might not be what the hand eventually does' (Beck *et al*.1994:11) the pursuit of this project illustrated that the 'richness' of society is best served where independent scholarship is supported and encouraged. This extends to the business class where the lack of 'intellectual leadership and even a coherent and defensible philosophy of life' (Hayek [1960] 2006:112) has reduced the quality of the social for all. In the case of the contemporary economic, social and political crises this has created an impasse between liberal values and the market society unlike others witnessed in liquid modernity. Where this had occurred before, during the inter World war years the totalitarian ideology that emerged almost destroyed humanity. The same risk is present today as the pursuit of utopia continues.

Hayek ([1960] 2006:7) outlined his hope that people will learn that perfectionism often destroys decent societies, advocating more 'limited objectives ...more patience and more humility' in order for society to progress. In the same vein failure to realise the broad ramifications of the current impasse and the continued advocacy by some ideologically entrenched commentators to return to the previous status quo following this current crisis – 'government intervention to correct past errors as merely a case of

dangerous times requiring exceptional measures' (Gould 2010:56) is a conceit of no less consequence than Hayek's (1988) criticism of constructive rationalism.

Looking to the classical 'The Hedgehog and the Fox: An Essay on Tolstoy's View of History' (Berlin 1953) we can like foxes know many things or like the hedgehog know one big thing. In the same way ideas about liberalism can be fox like, complex, multi layered, contradictory sometimes confused; or like the hedgehog be viewed as simply one overarching vision for the freedom of humanity in general. While there appears to be a great chasm between the two both classifications offer the opportunity to develop liberal thought into the future perhaps by adopting the nature of the fox while retaining the belief of the hedgehog. As with the hedgehog contemporary neoliberalism has focussed on the big idea of the market to the disadvantage of the related, and no less worthy ideas of Hayek, a fox, whose ethical and philosophical positions incorporated a mix of systems, not always coherent, where his 'Kantian ethical ideas about universalizability [are inconsistent] with his Humean epistemological pessimism' (Caldwell 2004:347).

Borrowing from Japanese ideas of aesthetic beauty and the imperfection of objects and their transience *Wabi Sabi*, there is an opportunity to examine the aesthetic of political ideas in the future, not in a syncretic political way as the contemporary use of the term damages the proposal I have in mind, but rather to encourage reflection and contemplation of the quirks and anomalies that arise from the process of ideational change, and reconstruction. The wear and tear associated with liberalism by virtue of its longevity and imperfect design is due to the limitations and unpredictability of the political world. This should not prevent the adoption of a light-hearted and hopeful critical approach that following Beck *et al* (1994:9) prevents the 'avoidance imperatives' that dominate contemporary political thought and reinforce inaction, worsening the sense of crisis and accelerating the decline of liberal values.

By offering a re-examined political ideology that does 'not give practice a foundation' but aims to 'return to practice with fewer illusions' (Grey 2004:139) this thesis highlights the imperfection and transience of neoliberalism's influence on contemporary politics as the relationships between ideological hegemony, neoliberal thought in its Hayekian form and contemporary politics change and evolve over time.

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