

The politics of Neoliberalism (in Europe’s periphery)

Aldo Madariaga^{1,2}

Article by an MPIfG researcher

Aldo Madariaga: [Book Review] The Politics of Neoliberalism (in Europe’s Periphery). In: Comparative European Politics 17(5), 797–811 (2019). Springer

The original publication is available at the publisher’s web site: <https://doi.org/10.1057/s41295-018-0150-1>

Published online: 9 November 2018

© Springer Nature Limited 2018

From Triumph to Crisis: Neoliberal Economic Reform in Postcommunist Countries

Hilary Appel and Mitchell A. Orenstein

Cambridge University Press, Cambridge, 2018, 254pp., £24.99, ISBN: 9781108381413 (paperback)

Neoliberalism as a State Project: Changing the Political Economy of Israel

Asa Maron and Michael Shalev (eds.)

Oxford University Press, Oxford, 2017, 240pp., £55.00, ISBN: 9780198793021 (hardback)

Ruling Ideas: How Global Neoliberalism Goes Local

Cornell Ban

Oxford University Press, New York, 2016, 312pp., £24.49 ISBN: 9780190600396 (paperback)

Introduction

Neoliberalism is here to stay, both as an empirical phenomenon and as a concept. Although many predicted and expected the demise of neoliberalism after the 2007–2008 crisis, a series of works have shown neoliberalism’s surprising “non-death” and “resilience” (Crouch [2011](#); Mirowski [2013](#); Schmidt and Thatcher [2013](#)).

✉ Aldo Madariaga
aldomadariaga@gmail.com

¹ Centro de Investigación y Docencia Económicas, Mexico City, Mexico

² Centro de Economía y Políticas Sociales, Universidad Mayor, Santiago, Chile



Similarly, while it is widely acknowledged that neoliberalism has become a polysemic and contested concept, scholarly works on neoliberalism are on the rise, and not otherwise. Recently released introductions (Eagleton-Pierce 2016; Cahill and Konings 2017) and handbooks (Springer et al. 2016; Cahill et al. 2018) from major presses are faithful witnesses. A quick search of titles containing “neoliberalism” on the Web of Science (WoS) database—including articles, book chapters, and books—provides further confirmation: Works on neoliberalism have risen steadily since the first mentions in the mid-1990s (see Fig. 1).¹

Neoliberalism has received particular attention in political science. Almost one-quarter of the works found on WoS are political science pieces, followed by sociology and economics with 10% each (see Fig. 2). It seems, therefore, timely to assess what have we learned about the politics of neoliberalism. This review essay takes into consideration three recent books, as well as additional academic literature, to reflect on the current status of research on the politics of neoliberalism, particularly in Europe’s periphery, drawing conclusions on neoliberalism as an empirical phenomenon and on the research practice behind the study of neoliberalism.

The three books here reviewed constitute important works for understanding the politics of neoliberalism today. Notably, they provide an account of neoliberalism from the periphery of Europe as opposed to the majority of other recent works concentrating on advanced capitalist countries. This is relevant in itself since, although neoliberalism has a much longer and livelier life at the periphery of capitalism (in this case, the periphery of Europe), mainstream accounts tend to focus on the experience of advanced countries. These books focus on Eastern Europe (Appel and Orenstein, Ban), Spain (Ban), and Israel (Maron and Shalev) to understand neoliberalism’s past and future.

While reviewing these three books, I make the following arguments. First, adding to a prolific literature on the drivers behind the rise of neoliberalism, they provide new accounts of the adoption of neoliberalism or substantially improve our understanding of existing explanations. Thus, while Maron and Shalev argue that, in Israel, neoliberalism was adopted as an objective of state agencies (as opposed to those of particular societal groups), Appel and Orenstein revisit and further develop the theory of neoliberalism’s adoption in terms of “competitive signaling” to foreign capital, while Ban improves our understanding of translation mechanisms as part of international diffusion processes. Second, these accounts provide new ways of understanding the varieties of “actually existing” neoliberalism, particularly in the context of ideational accounts. For example, while Ban shows how cultural legacies and the timing of integration into the world economy shaped the translation of neoliberal ideas into local practice in Romania and Spain, Maron and Shalev explore the interpenetration of neoliberal ideas in state structures in Israel in a series of domains ranging from monetary and fiscal policy to social policy and employment. The latter book is of particular importance, since it allows bringing a seemingly “exceptional

¹ The results increase dramatically when, instead of “neoliberalism,” one looks for the word “neoliberal” in the title (almost threefold), or when the search is expanded to include the topic as well as the title (six-fold).



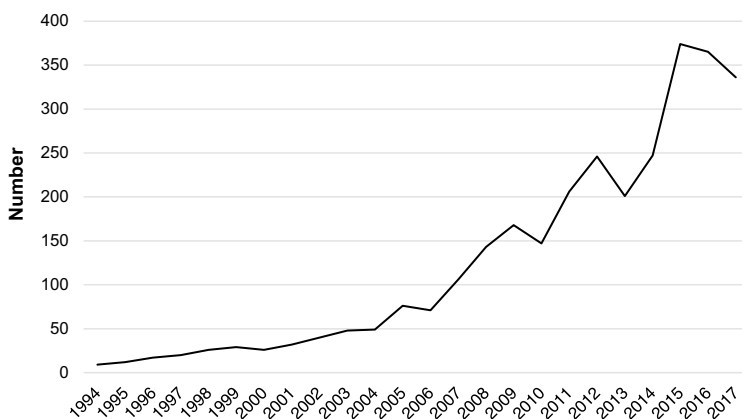


Fig. 1 Number of titles containing “neoliberalism”, 1994–2017. *Source:* WoS database

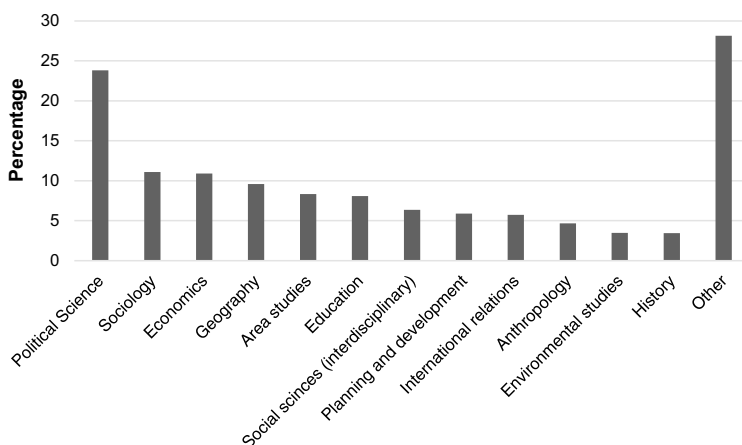


Fig. 2 Titles containing “neoliberalism” by discipline, accumulated 1994–2017. *Source:* WoS database

case” into the study of common neoliberal mechanisms and dynamics. Third, contrary to received wisdom, they present the adoption of neoliberalism not as a unilateral imposition from abroad, nor as a homogeneous practice across cases, but as a complex relationship between international pressures and local political dynamics reinforcing existing accounts of neoliberalism’s temporal and geographical variegation (Peck 2010).

These books also present some weaknesses. First, while rescuing the concept of neoliberalism and making an effort at an explicit definition, these books not always chose their research strategy in accordance with the definition, therefore contributing to—rather than dispelling—the complaints about the polysemy of the term and its lack of analytical leverage. Second, while presenting new explanations and further specifying existing ones, they do not always test the chosen explanations against alternative mechanisms available in the literature. Finally, there is a lack of



conceptualization and poor investigation of neoliberal resilience, that is, the survival of neoliberalism in time, as opposed to its adoption and diffusion.

The review essay is organized as follows. In the first section, I review and analyze the definition of neoliberalism that these books provide. In turn, I analyze how they conceptualize and research the adoption of neoliberalism and its resilience. I finish with remarks about how these books help us set a future research agenda on the politics of neoliberalism.

What is neoliberalism? On the concept and practice of (researching) neoliberalism

By now, it is widely acknowledged that neoliberalism constitutes “an oft-invoked but ill-defined concept” (Mugde cited by Cahill and Konings 2017, p. 5). However, as Cahill and Konings recognize, neoliberalism is still a “key concept for understanding the contours of modern life” (2017, p. 4). That explains recent efforts at clarifying the different conceptions of the term (Boas and Gans-Morse 2009; Connell and Dados 2014). I argue that more than establishing one canonical definition, what is relevant to overcome neoliberalism’s perceived lack of analytical leverage (due to its polysemy) is to take seriously the fact that the way one defines neoliberalism has a direct consequence on how one should analyze it empirically. Although this may seem obvious, it is not at all so in the actual practice of political research.

Two of the books here reviewed (Appel and Orenstein’s, and Ban’s) acknowledge the need to provide an explicit definition of neoliberalism before undergoing an empirical study of it. In his *Ruling Ideas*, Ban refers to “global neoliberalism” as a “set of historically contingent and hybrid economic ideas and policy regimes derived from specific economic theories [with] distinctive and shared goals” (p. 10). In what follows, he shows how this set of diverse but globally shared ideas are incorporated into actual practice in Spain and Romania, and how certain factors affect their local translation, therefore producing distinctively national trajectories. This is perhaps the best example of how the definitional task should be carried out, and how it relates to the theoretical and empirical argument one wants to make. Rather than associating neoliberalism with specific ideas or authors, Ban identifies overarching neoliberal policy goals from an array of sources, such as showing credibility with financial markets, trade and financial liberalization, and safeguarding internal and external competitiveness. Accordingly, countries can pursue this core set of goals through different “hybrids” that have more or less elements associated with other doctrines, on the condition that these are subordinated to neoliberal goals. This is what makes it possible to have “varieties of neoliberalism,” as some versions of it get more or less embedded in their local translation.

Appel and Orenstein define neoliberalism “as a transnational policy paradigm, a set of ideas about economic policy linked to a political program aimed to develop market economies throughout the developed and developing worlds” (p. 8). The authors specify that neoliberalism refers specifically to “economic freedom” (p. 8), as espoused by “antistatist and anti-Keynesian” theorists such as Friedman and Hayek (p. 8). Moreover, the authors study neoliberalism through its



“operationalization” in the international “economic freedom” indexes elaborated by conservative think tanks such as the Fraser Institute and the Heritage Foundation. Appel and Orenstein’s research, then, is devoted to understanding the rise and continuity of neoliberalism, as proxied by these indexes. This is another example of a well-defined object and well connected to the authors’ argument: The rise and continuity of neoliberalism depended on “competitive signaling,” and since international indexes are a major reference for guiding the competitive signaling practice, they look at changes in these to show the progression in neoliberalism’s adoption.

However, while theoretically sound, Appel and Orenstein’s work also provides an example of how a too narrow definition can encounter problems when analyzing it empirically. First, while neoliberalism refers in their view to the definition that conservative think tanks give in their indexes, it is not at all clear whether and how this definition is shared by those actors that appear as the agents of neoliberalism like the IMF, the World Bank, or the European Union. Although all these organizations may contribute to the “neoliberal thought collective” (Mirowski 2013), as Appel and Orenstein themselves recognize, they certainly differ in their policy recommendations, which then tends to obscure the initially strict definition of neoliberalism. Moreover, the policies espoused and advocated by these organizations change over time, which makes one wonder how this affects the definition of neoliberalism. Take as an example the “Keynesian calibrations” that occurred at the IMF toward the end of the 2000s that, contrary to its past, made this organization start recommending fiscal stimulus, progressive taxation, and income redistribution (Ban 2016, p. 214).

Secondly, Appel and Orenstein treat the advancement of countries along the “economic freedom” indexes as a proof that they are advancing toward the neoliberal ideal—and as evidence supporting their argument of an overarching neoliberalization trend in Eastern Europe. But this raises a number of issues. The first is related to the very values of the indexes used. What does it mean that two countries differ in their index scores? Should we interpret this—as Appel and Orenstein do—as meaning that all countries are heading to the same neoliberal end state, or does this rather mean that they belong to different “varieties of neoliberalism,” as in Ban’s argument? The Fraser Institute’s index, that the authors utilize, presents countries along a continuum, but also divides the range of values into quartiles that vary between Most free (first quartile) and Least free (fourth quartile). While some Eastern European countries like the Baltic States and Romania score as “Most free,” most Eastern European countries lie somewhere in the second quartile, and some others even in the third quartile. Does this make all these countries equally neoliberal? Or do these categories rather reflect alternative development paths?

Another related issue with the use of indexes for defining neoliberalism is their content. Some indexes, for example those of the Fraser Institute, include institutional dimensions that are not necessarily neoliberal, such as a reference to the legal system and to the enforcement of property rights. In this case, I would argue that the advancement of countries along the index reflects their legal modernization rather than their neoliberalization, especially in the context of postcommunist countries building capitalist and democratic institutions from scratch. Another example of the need to look more carefully at the content of these indexes is privatization. Nobody would doubt that privatization was a core part of the neoliberal agenda. However,



privatization is an issue where Eastern European countries differed markedly in the 1990s, most of the time, because they had differences in their views about how privatization alternatives affected the development of their countries. As Appel and Orenstein recognize, these views included, for example, the need (or not) to create a domestic class of entrepreneurs or keeping “national jewels” and the “family silver” under national hands (p. 129). In this sense, two countries with an important degree of advancement in privatization, like Poland and Estonia, did so through very different means reflecting alternative development goals: While Polish authorities delayed privatization and aimed at maintaining sectors considered strategic in the hands of the state or national capital, in Estonia privatization was fast and sweeping and did not involve considerations related to the need to maintain state or domestic control of strategic sectors.² Today, some 75% of employment in these two countries comes from the private sector; but does this make them equally neoliberal when compared to other countries?³ In other words, while theoretically sound, the strict definition and operationalization of neoliberalism through “freedom indexes” presents difficulties when analyzing the rise and continuity of neoliberalism more broadly, treating issues that are not necessarily neoliberal as if they were, and overlooking qualitative differences between countries that are not mere policy choices along the neoliberal continuum, but that may reflect alternative development paths.

On the contrary, Maron and Shalev do not provide an explicit definition and this is a problem for readers of this book, especially in the context of an edited volume where each author includes her own considerations on the topic. In fact, the authors provide a very vague—and negative—idea of neoliberalism as contrary to developmental states or to “illiberalism” (p. 3). This produces several shortcomings at the moment of understanding what is and what is not neoliberal, or what remains neoliberal over time. Take for example chapter 6 by Kareh and Shalev on welfare reform in Israel. The authors argue that in the case of social policy, neoliberalization came from the willingness of the Finance Ministry to ascertain control over public expenditure and reduce it. But when analyzing the National Insurance Institute—the agency “disbursing the lion’s share of social benefits” (p. 94)—the authors interpret as neoliberalizing a reform that replaced business’ and workers’ contributions to social insurance with earmarked budgetary resources (pp. 95–6). While this may fit the story about increasing the Finance Ministry’s autonomy (i.e., its control over expenditure), asserting that an increase in expenditure signals the neoliberalization of social policy in the country warrants further explanation. Here is when one misses a definition that can guide us in understanding the way the story fits with the concept and practice of neoliberalism.

To sum up, the polysemy of the concept of neoliberalism makes it necessary to define what we understand by it, and to devise an analytical and empirical strategy

² It did involve strategic considerations, but in a different way: Estonian authorities were afraid that property would fall into Russian hands and therefore trump the country’s independence from the Soviet Union. However, they did not consider it relevant to maintain strategic sectors in the hands of domestic entrepreneurs, as Polish reformers did.

³ For a comparison, employment in the private sector is about 70% in Sweden, 79% in France, 83% in Romania, and 86% in the USA. Data come from ILO’s ILOSTAT database, year 2016.



accordingly. Failure to define or to design the research plan in accordance with a specific concept of neoliberalism may lead to problems in the overall argument or in the identification of the causal relations under investigation.

Mechanisms of neoliberal adoption

As noted in Introduction, the three books are important contributions to the literature because they provide new, and/or specify existing, understandings of the adoption of neoliberalism. All of them are rooted in what could be called “ideational” explanations of neoliberalism (Campbell and Pedersen 2001). While Ban’s book studies the influence of other ideas and local institutions on the translation of neoliberal ideas into local contexts, the other two books see neoliberal ideas as instruments that actors use to attain other goals. For Maron and Shalev, neoliberal ideas constituted blueprints that helped Israeli bureaucrats advance the autonomy goals of their respective agencies, while for Appel and Orenstein, neoliberal ideas were instrumental in showing how countries could offer the most favorable conditions to attract Foreign Direct Investment (FDI) in an era when international capital seemed to signal its preference for free market capitalism. In turn, I describe and evaluate these arguments.

Neoliberalism as a state project

It is by now well established that the adoption of neoliberalism necessitated a strong involvement of the state. However, existing accounts treat the state as the vehicle through which other agents realize their interests or beliefs. This is the case of both the explanation of neoliberalism as a class project and the explanation of neoliberalism as a set of ideas championed by professional economists. Maron and Shalev, on the contrary, argue that neoliberalism can also be the outcome of the interests of state agencies. By drawing on an influential body of literature highlighting the autonomy of the state vis-a-vis societal interests, and the ability of the state bureaucracy to establish and pursue its own interests, Maron and Shalev argue that in the case of Israel, the main cause behind the adoption of neoliberalism was the quest for increasing power and autonomy of two key state agencies: the Ministry of Finance and the Bank of Israel. Directly contesting the theory of neoliberal ideas and technocratic adoption, the authors argue that neoliberal ideas were instrumental in fostering the interests of these two agencies. In other words, “neoliberalism served primarily as a means of achieving autonomy rather than an end in itself” (p. 107).

The argument is most visible in chapter 4, by Maman and Rosenhek, on the rise of fiscal and monetary authorities. The Ministry of Finance and the Central Bank, the argument goes, searched for autonomy from the government, particularly from the Israeli developmental state, labor-corporatist arrangements, and social policy institutions deeply embedded in Israel’s Zionist legacy, imposing obligations such as profligate expenditure or relaxed monetary policy. In this context, technocrats from these agencies saw neoliberal reforms such as consolidated budgets, fiscal spending



rules, financial liberalization, and inflation targeting as the best ways to advance their interests for more autonomy and power. In other words, “rather than actions of state agencies being determined by ideological commitment to neoliberal tenets (...), these agencies engaged in struggles to advance their institutional interest” (p. 61).

Neoliberalism as competitive signaling

Appel and Orenstein build on an influential body of literature looking at international competition as the driver behind the adoption of neoliberal policies (see Dobbin et al. 2007, pp. 457–60). However, far from depicting some sort of overall international constraint on domestic politics, their explanation is contextual—that is, they look at how domestic actors interpreted those constraints in the specific context of the transition from communism to capitalism. The authors observe that in the context of capital-deprived countries competing for much-needed FDI, and of militant international organizations providing backing to neoliberal policies, “[c]ountries that opposed neoliberal ideas risked punishment by financial markets and political isolation” (p. 9). In other words, it was not international expectations and pressures alone that affected the adoption of neoliberalism, but the context in which they took place and the way domestic actors saw neoliberal policies as a way to foster their own interests. Therefore, countries adopted neoliberal reforms “not only for any inherent benefits they might offer, (...) but also to signal an attractive business environment to foreign investors” (p. 116). According to the authors, this explains why Eastern European countries presented a sort of neoliberal avant-garde that went beyond—and sometimes even contrary to—the dictates of international organizations like the IMF or even the European Union.

The local translation of global neoliberalism

In his book, Ban studies how a global idea like neoliberalism gets translated into local practice. This is a timely topic in the analysis of neoliberalism from the point of view of theories of international diffusion (Simmons and Elkins 2004; Dobbin et al. 2007). What is interesting here is Ban’s specification of one key aspect of diffusion when analyzing the spread of global ideas: local translation. Ban argues that three factors affect how global ideas get translated locally: historical local thought traditions and domestic institutions, which allow a deeper or shallower embedding of neoliberalism; institutional cohesion of reform teams, which explains how the translation of neoliberal ideas gets transformed into concrete policy; and the timing of incorporation to neoliberal networks and the associated degree of international coercion, which explains the room of maneuver countries have to embed neoliberalism. For example, Spain’s embedded neoliberalism benefitted from the fact that the country was not subject to an IMF loan since the 1950s and that its EU accession process took place in a context when neoliberalism was still not as entrenched in European treaties as it would become later. This contrasts with Romania, where IMF



guidance and an EU accession process at the height of neoliberalism's dominance heavily constrained the country's ability to pursue embedded neoliberalism. Interestingly, contrary to expectations, the deeper the roots of economic and political liberalism in each country, the less radical the translation of neoliberalism to local practice. The explanation for this is that the longer the liberal paradigm has existed in a particular country, the better actors understand the inner functioning of neoliberalism, therefore enabling them to modify parts of it without modifying its core. This contrasts with places with a more shallow socialization of liberal ideas, and where this type of fine-tuning was therefore not possible.

The accounts provided by these books highlight and help explain two related characteristics of neoliberalism in the (semi) periphery of Europe and of global capitalism more generally. First, neoliberalism in these countries represented an avant-garde in the sense that they adopted issues discussed in the neoliberal thought collective long before they became mainstream. This is the case, for example, with the granting of independence to the Israeli central bank in the mid-1980s, long before it became a common practice in the developed and developing world. Following Appel and Orenstein's argument, this avant-garde also implied that, in many aspects, these countries went beyond the dictates of international agents of neoliberalism, like the IMF. This was the case in Eastern Europe with the flat tax and with pension privatization, two policy reforms resisted by the IMF and the European Union for their possible effects on fiscal accounts. This reflects a type of autonomy that is not well captured by more simplistic accounts of international coercion and conditionality.

Second, the adoption of neoliberalism in these countries was strongly related to the interests of domestic elites and their transnational allies and cannot be seen as a unilateral imposition from abroad. This highlights the need to study neoliberalism in the periphery of Europe, and in the periphery of capitalism more generally, as a complex interrelation between transnational and domestic ideas and interests. It also points to the room for maneuver that governments enjoy when translating general principles into actual policy, even in contexts perceived as extremely constrained. For example, Ban argues that even amidst the strongest repercussions of the EU fiscal crisis in 2010–2011, the social democratic Zapatero government in Spain managed to balance the desires of the European Central Bank (ECB) and Germany with its own preferences by “negotiating a compromise between credibility with markets and society's demand for protection against the market” (p. 202). The same happened in Romania, although in exactly the opposite direction: While international institutions such as the IMF compelled Romanian authorities to ease the burden of the crisis on the less well off and to reconsider the contractionary and socially regressive character of its economic policy regime, Romania responded by questioning the IMF's authority and, contrary to its recommendations, redoubling its commitment to disembedded neoliberalism through VAT hikes, cutting public sector wages, and slashing social assistance. This not only has implications for political research, but also for political practice, as it shows that domestic governments have degrees of freedom for implementing even the most pressing international dictates.

Along with highlighting the strengths of the books here reviewed, I also raise some of their weaknesses. The first is that by taking an elite approach to neoliberalism, these accounts reduce conflict to that produced among state elites and fail to



give an idea of how neoliberalism is supported or contested at the societal level—or whether this is relevant at all. In this context, one is left with the idea that neoliberalism was mostly an elite game, and in Appel and Orenstein's case, one where elites were largely in agreement. The exception is Maron and Shalev's book: chapter 2, by Grinberg, analyzes the decreasing power of the labor movement in Israel, and chapter 3, by Maman, analyzes how the Ministry of Finance and the Bank of Israel used their increased autonomy to shift economic power toward segments of the business community that later helped to galvanize neoliberalism in the country.

A more substantial question arises when one looks closer at how the stated explanations are researched, the evidence provided in favor of them, and the difficulty of disentangling different interpretations. Take the case of Maron and Shalev. Despite the novelty and compelling character of the argument, it remains difficult to disentangle their main claim that, by advancing neoliberalism, individuals were advancing the interest of the agencies they represented, from the idea that they were merely advancing their own interests and/or beliefs. While reading the thesis throughout the chapters, one keeps wondering where the bureaucrats that inhabit those institutions come from. Are their beliefs and interests so well shaped by those of the institutions where they work? Are these beliefs, expectations, interests, etc. also (or at least partly) shaped by other factors? For example, one influential cross-national research on central bank bureaucrats argues that the interests of central bankers are more shaped by their career trajectories than by the incentives they face when they are in central bank positions (Adolph 2013).

Interestingly, a different answer is given in chapter 5, by Mandelkern, on economists in Israel, potentially conflicting with the book's main hypothesis. The author argues that the economics profession in Israel was from its inception heavily dominated by neoliberal thinking, given the influence of Chicago-trained Don Patinkin in the formation of economists at the Hebrew University (the "Patinkin Boys"). According to Mandelkern, with time these economists increased their symbolic as well as actual influence on the Ministry of Finance and the Bank of Israel, and the 1985 crisis and structural adjustment plan signaled the final seizure of control of these key state agencies. How does this speak to the main thesis? Is it the beliefs of these economists or the functional interests of the respective agencies what explains the adoption of neoliberalism?

Similarly, in the case of Appel and Orenstein, it is difficult to disentangle the argument that the adoption of neoliberalism was instrumental in the quest for FDI, from the possibility that postcommunist reformers adopted neoliberalism because they were convinced by it (i.e., that they were "true believers") and/or that they responded to specific international pressures. In chapter 5, the authors show the huge surge in FDI after the adoption of neoliberalism as evidence supporting their claim, but the exact mechanism behind the implementation of the underlying reforms remains far from clear. Take another example: the claim that Eastern Europe's avant-garde neoliberalism, that is, that countries went beyond the dictates of international organizations, confirms the competitive signaling mechanism. Does this not prove the contrary? If Eastern European countries were just interested in "signaling" and not in neoliberalism per se, why did they go beyond the dictates of those organizations they were trying to get attention from (to the point of even contradicting them



in the case of the flat tax and pension privatization)? So, was neoliberalism adopted instrumentally, or was it rather adopted by “true believers”? Consider now the argument about international pressures. The authors seem to imply that the fact that these countries contradicted the dictates of the IMF and the EU on those “avant-garde” neoliberal policies is proof that the mechanism behind the adoption of neoliberalism was not merely an “international leverage” one. But while the IMF and the EU advised contrary to these policies, other neoliberal agents like the conservative think tanks that produced “economic freedom” indexes, and the neoliberal thought collective more broadly, were strongly in favor of them as Orenstein himself demonstrated elsewhere (Orenstein 2008). In fact, the authors recognize that in the case of pension privatization, adoption was at least partly the result of a “well-resourced network campaign [by IFIs like the World Bank]” (p. 98). So, did countries actually go beyond the dictates of global neoliberalism? Or did they rather respond to the pressures of other more neoliberal international agents?

In sum, the three books present significant contributions in terms of new mechanisms for the adoption of neoliberalism, as well as the further specification of existing ones. However, they are less successful at presenting evidence confirming that it was these mechanisms and not alternative explanations that do the work. In a context where there exists a myriad of different possible mechanisms for the adoption of neoliberalism, and where new mechanisms are theorized as in the case of Maron and Shalev's book, to better understand the circumstances facilitating the adoption of neoliberalism, it is absolutely crucial to determine which mechanisms are really at work and in what contexts.

Mechanisms of neoliberal resilience

In the last decade, particularly after the 2007–2008 crisis, the issue of the resilience of neoliberalism has become one of the main concerns of academics and pundits (Crouch 2011; Mirowski 2013; Schmidt and Thatcher 2013; Cahill 2014). One could even assert that this is now the most relevant problem to address if we are to understand neoliberalism as an economic and political phenomenon.

Two of the books explicitly address this question: Appel and Orenstein and Ban focus on the resilience of neoliberalism to the 2007–2008 financial crisis. Interestingly, drawing on a similar argument, the authors arrive at completely opposed conclusions. In the case of Ban's *Ruling Ideas*, the analysis of neoliberalism's resilience restates his model of translation of neoliberal ideas, although in a shorter version. The author appeals to the “recalibration” of neoliberal ideas through the discussions on fiscal management and monetary policy surrounding the 2007–2008 crisis, the way these were translated into local practice through the legacies of institutions and ideational traditions, the cohesion of reform teams, and international coercion. While the author sees here a more significant role for partisanship, in practice this ends up being rather symbolic: While partisan differences may drive politicians' efforts at changing the course of established neoliberal trajectories (either by increasing or decreasing their embeddedness), international constraints seem to play a key role in keeping these trajectories on track. For example, in the case of Spain,



the ECB successfully checked Zapatero's initially strong Keynesian response to bring it back to Spain's version of embedded neoliberalism; similarly, the shadow of the troika over Romania dispelled any possibility of taking a more embedded turn.

Appel and Orenstein's interpretation of the development of neoliberalism during the 1990s and 2000s in Eastern Europe is quite close to that presented by Ban in his account of the 2007–2008 crisis: Despite the many partisan switches, established neoliberal trajectories were not altered due to the constraints of the international context and how domestic actors perceived it. Interestingly, however, the authors' interpretation of the 2007–2008 crisis is the opposite of Ban's: The crisis provided the incentives not to reinforce neoliberalism but to replace it with alternative development models. The argument is that, after the sudden stop in FDI that followed the fall of Lehman Brothers, "it immediately became clear that the neoliberal policies that had been relied on to promote growth were flawed" (p. 31), and that this led Eastern European countries to break the competitive signaling mechanism and look to other sources of policy inspiration. By doing this, the authors explicitly link their theory of neoliberal resilience with traditional theories of policy switch through paradigm change (p. 160). They point to developments in Russia, Hungary, and Poland as alternatives fraught during the crisis that are leading the way to Eastern Europe's abandonment of neoliberalism.

In analyzing these works, one issue that comes to the fore is that the mechanisms accounting for the adoption of neoliberalism are not the same as the mechanisms accounting for its continuity over time. In the case of Ban, while adoption is driven by ideational processes, resilience had to do more with the interaction between partisan politics and international constraints. In the case of Appel and Orenstein, while neoliberalism was adopted and reinforced through competitive signaling, the following process of change responded to the dynamics of paradigm change. This speaks to an established notion in the historical institutionalist scholarship that stresses that the mechanisms putting one phenomenon in motion tend not to be the same as those that explain the same phenomenon's reproduction over time (Collier and Collier 1991; Mahoney 2000). However, one preoccupation of this scholarship was to establish the connection between adoption and reproduction, which is not the case with the reviewed books where the link between the adoption and resilience of neoliberalism is missing. When this is the case, the strength of the argument in each case is put into question. In fact, one wonders how is it exactly that one mechanism cancels or gives way to the other. In the absence of such reflections, and with the issues of testing mechanisms discussed above, the explanations of resilience have an ad hoc flavor.

Conversely, the contrast between Appel and Orenstein's and Ban's interpretation of neoliberalism's resilience during the 2007–2008 crisis is striking. In both cases, the argument seems to be led to an extreme, resulting in completely opposed views. While the strength of Ban's argument about the adoption of neoliberalism lies in how domestic forces were able to shape the diverse local trajectories, when it comes to the analysis of resilience, the domestic room of maneuver is virtually canceled and credit given to international constraints. In the case of Appel and Orenstein, it is precisely the contrary: The crisis and the discredit of neoliberalism flipped the influence that the international context had on domestic choices and gave a chance to disregard what just a few years ago was the engine of policymaking, namely, the



need to attract FDI. In this case, moreover, the argument runs contrary to an overwhelming body of evidence showing that neoliberalism came under question only for a short time after the crisis and that the most striking feature of the crisis from the point of view of prevailing policy ideas worldwide is not the dissolution of neoliberalism but its resilience (Crouch 2011; Blyth 2013; Mirowski 2013; Schmidt and Thatcher 2013; Cahill 2014), and that, if anything, the responses to the crisis in Eastern Europe differed significantly between countries (Becker and Jäger 2010; Bohle and Greskovits 2012; Myant et al. 2013).

Despite being the only book of the three that does not explicitly state its intention to analyze resilience, in my view it is Maron and Shalev's volume that comes closest to a satisfactory explanation of it. In fact, they provide an important mechanism to understand resilience: the institutionalization of neoliberalism in key state agencies and their autonomy in relation to governments. As the authors recognize in the conclusion, the new institutional arrangements at the Ministry of Finance and the Bank of Israel played a crucial role in both engineering the new neoliberal order in Israel and in ensuring its durability amidst the 2007–2008 crisis (p. 178). These new arrangements implied the depoliticization of decision-making, its concentration in the two autonomous and powerful agencies (the Ministry of Finance and the Central Bank) controlling state spending and key policy arenas and instruments, and the introduction of rules-based policymaking (p. 178). In this sense, the adoption and resilience of neoliberalism seem to be linked through a “threshold” effect: The more key state agencies are depoliticized and autonomized from the government, the more neoliberalism is entrenched in the state; as this process reaches a certain threshold in terms of the amount, or importance, of policy decisions being taken away from partisan concerns, this forecloses the possibility of changing the established neoliberal trajectory.

In sum, while these works have attempted to give an explanation of the resilience of neoliberalism, they have not always been successful in clearly establishing the boundaries between neoliberalism's adoption and resilience. The opposite conclusions arrived at by Ban and Appel and Orenstein are a witness to the need to better specify the underlying mechanisms and their connection.

Final remarks and future agenda

This review essay has highlighted how three recent books shed light on our knowledge about the politics of neoliberalism. Thinking of a future research agenda on neoliberalism, I would like to highlight three critical points.

First, the polysemy of neoliberalism and lack of definitional clarity warrant a strict definition before we undertake a study of neoliberalism in its different facets. This definition should not only clearly specify what we understand by the phenomenon, but also strictly relate to our empirical strategy and methods. Second, we have now theorized a myriad of mechanisms explaining the adoption of neoliberalism. The abundance of theorizing is, however, not matched by a strict testing of how these mechanisms relate to each other, and of the contextual characteristics



that explain when and how one mechanism or another is at work. Finally, as we recognize that neoliberalism has become firmly established, we should gradually move from the study of its adoption to the study of its resilience. Here, it would be extremely helpful to show how mechanisms of adoption and resilience link to each other, and how they explain long-term trajectories. Last but not least, the analysis of regional commonalities should not obscure the understanding of specific patterns or varieties.

References

- Adolph, C. 2013. *Bankers, Bureaucrats, and Central Bank Politics: The Myth of Neutrality*. New York: Cambridge University Press.
- Becker, J., and J. Jäger. 2010. Development Trajectories in the Crisis in Europe. *Debate: Journal of Contemporary Central and Eastern Europe* 18 (1): 5–27.
- Blyth, M. 2013. *Austerity: The History of a Dangerous Idea*. Oxford: Oxford University Press.
- Boas, T.C., and J. Gans-Morse. 2009. Neoliberalism: From New Liberal Philosophy to Anti-Liberal Slogan. *Studies in Comparative International Development* 44(2): 137–161.
- Bohle, D., and B. Greskovits. 2012. *Capitalist Diversity on Europe's Periphery*. Ithaca, NY: Cornell University Press.
- Cahill, D. 2014. *The End of Laissez-Faire? On the Durability of Embedded Neoliberalism*. Cheltenham: Edward Elgar Publishing.
- Cahill, D., M. Cooper, M. Konings, and D. Pimrose (eds.). 2018. *The SAGE Handbook of Neoliberalism*. Thousand Oaks, CA: SAGE.
- Cahill, D., and M. Konings. 2017. *Neoliberalism*. Cambridge: Polity.
- Campbell, J.L., and O.K. Pedersen. 2001. *The Rise of Neoliberalism and Institutional Analysis*. Princeton, NJ: Princeton University Press.
- Collier, D., and R.B. Collier. 1991. *Shaping the Political Arena: Critical Junctures, the Labor Movement, and Regime Dynamics in Latin America*. Princeton, NJ: Princeton University Press.
- Connell, R., and N. Dados. 2014. Where in the World Does Neoliberalism Come From? *Theory and Society* 43(2): 117–138.
- Crouch, C. 2011. *The Strange Non-death of Neo-liberalism*. Cambridge: Polity Press.
- Dobbin, F., B. Simmons, and G. Garrett. 2007. The Global Diffusion of Public Policies: Social Construction, Coercion, Competition, or Learning? *Annual Review of Sociology* 33(1): 449–472.
- Eagleton-Pierce, M. 2016. *Neoliberalism: The Key Concepts*. New York, NY: Routledge.
- Mahoney, J. 2000. Path Dependence in Historical Sociology. *Theory and Society* 29(4): 507–548.
- Mirowski, P. 2013. *Never Let a Serious Crisis Go to Waste: How Neoliberalism Survived the Financial Meltdown*. London: Verso.
- Myant, M., J. Drahokoupil, and I. Lesay. 2013. The Political Economy of Crisis Management in East-Central European Countries. *Europe-Asia Studies* 65(3): 383–410.
- Orenstein, M.A. 2008. *Privatizing Pensions: The Transnational Campaign for Social Security Reform*. Princeton, NJ: Princeton University Press.
- Peck, J. 2010. *Constructions of Neoliberal Reason*. New York: Oxford University Press.
- Schmidt, V.A. and M. Thatcher (eds.). 2013. *Resilient Liberalism in Europe's Political Economy*. New York: Cambridge University Press.
- Simmons, B.A., and Z. Elkins. 2004. The Globalization of Liberalization: Policy Diffusion in the International Political Economy. *American Political Science Review* 98(1): 171–189.
- Springer, S., K. Birch, and J. MacLeavy (eds.). 2016. *The Handbook of Neoliberalism*. New York: Routledge.

Aldo Madariaga is “Cátedra Conacyt” Professor at the Programa Interdisciplinario sobre Políticas y Prácticas Educativas (PIPE), Centro de Investigación y Docencia Económicas (CIDE), Mexico, and



Associate Researcher at the Centro de Economía y Políticas Sociales (CEAS), Universidad Mayor, Chile. His research focuses on the political economy of development and sustainability, and has been published in *Socio-Economic Review*, *The Journal of Development Studies* and *Policy Studies Journal*, among other.

