

Chapter 2

Neoliberalism in the Age of Populism: The Dawn of a New Era

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ABSTRACT

This chapter takes a critical look at the changes in the global economic policies within the new neoliberal paradigm. It highlights the relevant literature, starting with its evolutionary academic understanding, the notion of neoliberalism as an economic development model and a political imposition, and finally, the literature focused on its transformational abilities across sectors and boundaries. Such contribution to knowledge would have implications not just for developing nations but policy makers active within the space. Overall, the chapter provides a disaggregated understanding of the current international structure, particularly in light of the new wave of populist movements.

INTRODUCTION

This paper explores the description of neoliberalism as an imposition of certain political values, particularly in light of the current global movement towards populism. An important aspect of neoliberalism within the literature is scholars who view neoliberalism as simply a liberal political imposition – a systemic and radical imposition of the liberal agenda in nations where non-capitalist ideals might otherwise have been pursued. They argue that it is a revitalized form of imperialism and the championed policies of the core countries (usually former imperial powers) is

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simply a way to further arrest sovereignty from nations located within the periphery. Another political argument aimed at neoliberalism is the tendency for its policies to hide under the cloak of globalisation and a race towards shared values despite its propensity to denigrate certain traditional attitudes, especially those in the periphery nations and in turn simultaneously propagate political approaches usually advantageous to core nations which are then ascribed to be universal. In other words, neoliberalism is simply a robe for the stamping of hard and soft power upon post-colonial nations by the stronger nations within international society (Collier, 1997). The locus of such academic conclusions begins with the end of The Second World War and interpretations of political decisions during the Cold War.

A recent article argues that since the post-1945 world order has been in place, western policymakers have believed that open markets, democracy and individualism would gradually entrench itself across the world. The emphasis was then placed on building international systems, spreading norms, and ideals that would not just nudge nations towards economic development but also ensure liberal political dispensation and ‘the best hope for that, they contended, lay in free markets’ (Duncombe & Dunne, 2018). For Hickel, the Bretton Woods institutions comprising of the International Monetary Fund, the World Bank, and the General Agreement on Tariffs and Trade, which later became the World Trade Organisation were indispensable in this process. He points out that ‘none of these institutions are democratic. Voting power in the IMF and World Bank is apportioned according to each nation’s share of financial ownership, just like in corporations. Major decisions require 85% of the vote, and the United States, which holds about 17% of the shares in both corporations, wields de facto veto power’ (Hickel, 2017). It is also argued that the questions surrounding sovereignty are more crucial today than ever because neoliberalism as made the world a playground for the upper echelons by uprooting political cages and creating seamless economic interconnectivity.

Thus, all prior notions such as political party affiliations are now subservient to the movement of capital, and in situations where the liberal political disposition could work against this; they wisely support and uphold authoritarian governments (Klein, 2008). For certain scholars, treating neoliberalism as a ‘political project’ and apportioning the transference of political power away from elected officials upward to internationalist agreements maintained by analysts and nameless elites is quite farfetched. According to an editorial ‘I think we’re supposed to understand elite as roughly synonymous with neoliberal... If you think your [neoliberal] political theory generates a ‘self-sustaining politics’, you’re kidding yourself’ (The Economist, 2011). Wikan argues that nations that followed neoliberal policies were not influenced by any grand standing ideology but simply followed policies geared towards privatisation and liberalisation because it was the ‘pragmatic response to the economic difficulties of the 70’s and the need to reduce government expenditure’

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