

Rethinking the New Politics: Political Neoliberalism and the European Center-Left

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Current as of July 17, 2007

Paper submitted for circulation at the August 2007 meetings of the International Sociological Association's Research Committee for Poverty, Social Welfare and Social Policy (RC19), in Florence, Italy. The author thanks Neil Fligstein, Samuel Lucas, Margaret Weir, Isaac Martin, Tom Medvetz, Basak Kus and Sarah Quinn for helpful comments and suggestions.

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Abstract:

This paper seeks to understand the new political landscape that emerged in the transatlantic world since the 1970s. The central questions are the extent to which a neoliberal politics took hold within the European center-left, and why. I focus on Europe because neoliberalism's extension into non-Anglo western countries is a uniquely surprising postwar development. Neoliberalism marks the rebirth of a market-centric institutional project that is as much (if not more) intellectual as political: anchored in the United States and in Anglo Saxon intellectual traditions more generally, and driven by specific historical actors (economists and economic elites). Successful institutional projects are marked by the extent to which they become self-perpetuating, reproducing themselves in various forms across time and place without the necessity of intentional or purposive—least of all rational—action. Taking neoliberalism to be a successful institutional project that emerged out of the crisis period starting in the 1970s, the present analysis understands *political neoliberalism* as a broad institutional phenomenon expressed in qualitatively different ways across political fields and national contexts, shaping the worldviews of political elites who should not be understood as—and indeed, would not understand themselves to be—'neoliberals' in a voluntaristic sense. In other words, Europe's center-left political elites may be *neoliberalized* insofar as a market-centric political commonsense organizes their understandings of the world, but this does not make them *neoliberals*. To map out neoliberalism's political permutations, the paper then traces out the rise of political neoliberalism over the course of the postwar era (1945 to 1998) using a novel indicator developed using data on party manifestos and political programs, attending to variations across parties, regions and the EU-US divide. It offers evidence against arguments that the center-lefts' embrace of more market- and deregulation-friendly politics was either (1) a reaction to the high-profile politics of Reagan and Thatcher, a response to the growing power of the neoliberal center-right, or both; or (2) a rational response to external, apolitical economic or globalization processes. Adopting a field perspective, I hypothesize a causal process that lay at the intersection of the internationalized economics profession and local political fields: via the international rise of economic orthodoxy, the growing influence of the economics profession and internal professional struggles among economists, neoclassical thinking reshaped European social politics in varying ways regardless of local political cultures, left-right distinctions or the specific kinds of economic problems at stake. As neoliberalism took root it *disorganized* longstanding political categories by jarring the basic assumptions that defined political oppositions in western democracies during the postwar era.

Rethinking the New Politics: Political Neoliberalism and the European Center-Left

[T]he labour victory of 1997 was not another 1945, when a party representing the powerful new forces at work in politics and society came to power, but a 1951, when Winston Churchill's Conservatives showed that they could adjust to succeed in a political world which is not of their making (Crouch 1997: 352).

Introduction. This paper seeks to understand the new political landscape that emerged in the transatlantic world since the 1970s. The central questions are the extent to which a neoliberal politics took hold within the European center-left, and why. I focus on Europe because neoliberalism's extension into non-Anglo western countries is a uniquely surprising postwar development. That neoliberalism took its earliest and deepest hold on the right is not very surprising, nor is it surprising that the American or, more broadly, the Anglo center-left has been especially receptive to neoliberal ideas. It is surprising, however, that by the 1990s a market-friendly consensus had emerged within the ranks of Europe's center-left. I refer to those political elites who made this turn as the 'new lefts,' referring not only to the British 'Third Way' but also to a broad, multinational set of center-left parties.

Elsewhere (Mudge 2007) I have developed a definition of neoliberalism that draws from Durkheim's (Durkheim 2001[1912]) concept of religious belief systems: neoliberalism is the revival of a relatively unified system of beliefs and practices that construct, express and reinforce the sacredness of the market and the profanity of politics. Its 'moral community' is headquartered in the profession of economics in the Anglo Saxon tradition—which is strongly individualist, naturalist and theoretically and

mathematically-oriented (Fourcade-Gourinchas 2001), and is shaped by the specifically American notion that “[c]apitalist activities and the laws of political economy were ... in harmony with the laws of God and ... enter the larger purpose of moral elevation” (ibid: 425).¹ This is to say that neoliberals are specific historical actors, anchored in the United States and to some extent the UK, but with broader European roots and affiliations. Though intellectuals laid neoliberalism’s groundwork long ago, this project intensified in the 1970s and 1980s.² It was during this time that the ‘liberal creed’ was revived and re-articulated as a modern political program³ (Fourcade-Gourinchas and Babb 2002).

Theoretical orientation. The present analysis makes a strong distinction between neoliberalism as articulated within economics (that is, the intellectual field) and its political expressions (‘political neoliberalism’). Neoliberalism’s policy applications were imported into politics field via, in part, the direct participation of professional economists in government and political life (Dezelay and Garth 2002). Given recent arguments as to economics’ uniquely internationalized character (Fourcade 2006), we should not be surprised that the influence of an intellectual project might reach well beyond national boundaries. In each political field, however, the impact of neoliberalism’s diffusion is strongly mediated by the structural position of economists vis-à-vis the state and competing sources of political expertise (for instance, law and the other social science

¹ Fourcade-Gourinchas also points out that early American textbooks in economics were written by clerics.

² For an in-depth account of the long processes of neoliberalism’s elaboration, and in particular how the ‘Washington consensus’ emerged out of ‘international strategies’ developed by politically marginalized neoclassical economists in the U.S. and Latin America, see Dezelay and Garth (2002).

³ Neoliberal policy has a triple thrust: an ‘efficient’ state that enables and orders rather than owning and protecting, a private market where property has strong legal protections but that is otherwise ‘freed’ from regulatory constraint (that is, it is organized according to supply-side principles) and the insulation of supply-side economic policies from political contest or bureaucratic manipulation.

professions); by relationships among labor, capital and the state; and by political institutions—which “foster distinct clusters of norms, values, and subsequent behaviors that fundamentally structure the policy process and make certain policy outcomes much more likely than others” (Swank 2002: 37).

Neoliberalism was a coherent, international, institutional project with specific historical actors behind it: first economists and economic elites, and then mainstream political elites. Successful institutional projects are marked by the extent to which organizational forms and cognitive orientations become self-perpetuating, reproducing themselves in various forms across time and place without the necessity of intentional or purposive action. Taking neoliberalism to be just such a successful institutional project, I understand *political neoliberalism* as a variable taking qualitatively different forms across political fields, shaping the worldviews of political elites who should not be understood as—and indeed, would not understand themselves to be—‘neoliberals’ in a voluntaristic sense. In other words, center-left political elites may be *neoliberalized* insofar as a new political commonsense shifted their understandings of the world, but this does not make them *neoliberals*.

I also make a strong distinction between neoliberal *politics* and neoliberal *policies*; I offer an analysis of the former, not the latter. Neoliberalism may well be taking root in domestic politics, but national-level institutions continue to mediate, and often block, its expression in policy (Campbell and Pedersen 2001; Prasad 2006).⁴

⁴ Taking a more policy-oriented approach than the present analysis (which is concerned with politics), Prasad (Prasad 2006) understands neoliberalism to denote “taxation structures that favor capital accumulation over income redistribution, industrial policies that minimize the presence of the state in

Several prominent scholars have nonetheless argued that a broad neoliberal trend emerged on both the American and European⁵ political scenes since the 1970s. This paper is concerned generally with the new politics that emerged across national contexts in the transatlantic world during the neoliberal era, and specifically with the European center-left's abandonment of Keynesian era principles in favor of neoliberalized political philosophies.

Main arguments. The various 'new lefts' have been understood primarily as a reaction to changing economic conditions and a new, neoliberal right borne of powerful Anglo-liberal regimes in the early 1980s. There is certainly merit to this perspective, but the historical sequence does not point in such a clear causal direction: the emergence of a period of extended economic crisis, the ascendance of neoclassical orthodoxy among Anglo regimes and the reorientation of many political parties' economic and social programs across national contexts occurred in tandem. Furthermore, explaining the 'new lefts' as by-products of a political project led by a powerful right, or of economic conditions that lie beyond the scope of political influence, fails to acknowledge the continuing political power and authority wielded by parties of the center-left and the deeply political nature of economic crises.

This paper questions existing arguments that, in their embrace of neoliberal politics, the European lefts were (1) reacting to the high-profile politics of Reagan and

private industry, and retrenchment in welfare spending" (Prasad 2006: 4-5). She notes that neoliberal reforms have been largely stymied in France and Germany.

⁵ The trend was geographically broader than this, but I emphasize the US and Europe because of the scholarly tendency to assume, as I describe further below, that continental and northern European countries are in some ways 'immune' to neoliberalism.

Thatcher, responding to the growing power of the neoliberal center-right or both; or (2) responding in rational ways to external, apolitical economic or globalization processes. It considers an alternative institutional hypothesis that looks to international and transatlantic changes oriented around a new menu of political options—a *policy repertoire*—defined by neoliberal intellectuals (that is, neoclassical economists). It is this policy repertoire that became ‘Thatcherism’ or ‘Reaganism.’ Its intellectual birth, political legitimation and extension into many different political contexts should be considered a primary reason—*separate* from economic problems, examples set by specific charismatic figures or the influence of powerful political regimes—for the broad reorganization of political beliefs about state and market among *both* center-right and center-left parties since the 1970s.

The overarching argument of the present paper is that a neoliberal repertoire had become part of the political commonsense in many national contexts in the years since the 1970s—in other words, it had become institutionalized on an international scale—and, thus generalized and universalized, was incorporated into European social politics in varying guises, regardless of their local political cultures or the specific kinds of economic problems they faced. As neoliberalism took root it *disorganized* longstanding political categories by jarring the basic assumptions that defined political oppositions in western democracies during the postwar era.⁶ This played out simultaneously on the

⁶ This destabilized old right-left differences and prompted intellectual and political elites of all kinds to articulate new categories of political distinction. The right reorganized around neoliberal ideas, but alienated certain factions within its old ranks. The left embraced some neoliberal ideas but not others, seeking to recast certain of its tenets with an egalitarian tone that asserted a role for the state that was more pre-emptive, work-centric and human capital-oriented—a process that also produced considerable political disaffection.

international⁷ and domestic levels, and is not fully captured by Anglo-centric or economic globalization arguments in which market forces are cast as apolitical processes.⁸

Organizational preview. In order to trace how and when the main political parties that coalesced during the postwar era shifted their basic political philosophies according to a new system of assumptions in the neoliberal age, I first review existing evidence on the emergence of a ‘new politics’ since the early 1970s. Noting that thus far the literature has failed to offer a systematic accounting of neoliberalism’s political expressions across time and place, I use a novel summary measure of political neoliberalism to establish that, since the early 1970s, the programs of the European center-left (that is, social democratic, socialist and labour parties) neoliberalized at a fairly steady pace, reaching levels as the end of the century neared that were still well below American Democrats but were nonetheless unprecedented. This turn was a broad phenomenon, manifesting in all regions of Europe.

The neoliberal turn did not look the same across countries and regions, of course. To clarify its national-level variants, I assess trends in neoliberalism across regions and parties, broken into three components: notions of political responsibility (what should states do?); notions of political authority (how should they do it?); and emphases on different constituencies (in whose interests?). Focusing on parties of the center-left, I show that political neoliberalism’s patterns differ significantly across regional lines or,

⁷ The supranational level was particularly important for the European center-left, where the emerging institutions of the European Union provided a key vehicle by which the third way became a pan-European *modus operandi*. I address this in chapter 6.

⁸ Though I do not address international political arenas fully here, neoliberalism’s political effects also cannot be fully understood by considering only national-level dynamics.

invoking Esping-Andersen's famous typology (Esping-Andersen 1990), across regime types. The Anglo countries stand out, for instance, for a special emphasis on law and order, while Nordic and southern European center-left parties have tended to emphasize enabling policies such as infrastructure investment, health care and education expansion—often in tandem with efforts to privatize, limit or otherwise reform traditional social protections. The programs of center-left parties across regions are entirely consistent with each other, however, in a singular way: the abandonment of national Keynesianism. This abandonment has been balanced with growing emphases on market orthodoxy, government efficiency and decentralization, and (in Nordic countries especially) a pro-EU internationalism.

In a final analytical section I formally test competing explanations for the rise of political neoliberalism among parties of the center-left. In addition to the *Mapping Policy Preferences* dataset, I draw on data from the OECD's historical statistics. Using center-left neoliberalism as the main dependent variable, I build a series of OLS regression models with panel corrected standard errors (Beck and Katz 1995) using time series panel data from 1974 to 1998 to estimate the relative influence of the rise of: a powerful, neoliberal center-right, Anglo and American neoliberalism, economic factors; and the collapse of political distinctions in economic philosophies and on the role of the state.

I show that while center-right neoliberalism is strongly correlated with neoliberalism on the center-left, this effect is *not* a function of the center-right's level of political power; as the center-right became more neoliberal and powerful, in fact, my

results indicate that the center-left moved *away* from neoliberal politics. Conversely, as the center-left became more powerful, it espoused variants of political neoliberalism more strongly. This is inconsistent with a story of forced adaptation in which a disempowered left partially co-opted the platforms of its main opponents. On the other hand, it offers evidence in support of the thesis that neoliberalism on the left was part of a deeper political change.

Economic and demographic factors—specifically, unemployment and women’s labor force participation—are, meanwhile, surprisingly weak predictors of center-left neoliberalism. When compared as a set with a set of variables measuring right-left dispersion around core neoliberal tenets of how the state should be organized, economic factors make a poor showing. I note, however, that the transition to a service-based economy does have a significant relationship with center-left neoliberalism.

I conclude with a discussion of the implications of my findings for understanding the neoliberal political landscape, returning first to the question of interconnections between the political field and professional economics (and social science in general), and second to the implications of a ‘neoliberalism without neoliberals’ in present-day politics. I also discuss some ways in which I will extend this analysis in future research.

The empirical puzzle. Neoliberalism took root in particularly high profile ways in Anglo-liberal countries relative to Nordic, continental and southern Europe. Neoliberalism was initially a project rooted in the intellectual field, emerging out of professional contest among Keynesian and neoclassical economists. Neoliberalism found its most

enthusiastic initial political audience among conservative, Anglo political elites.

The left also responded, but these responses were not clearly recognizable until the 1990s, particularly in the American case of Clinton’s ‘New Democrats’ or Blair’s ‘New Labour’ (Buckler and Dolowitz 2000; Lewis and Surender 2004; Pollack 2006; Scanlon 2001; Wincott 2006).⁹ By the end of the century it was clear that neoliberal politics had extended in both political and geographical terms. As Lewis and Surender point out (though they do not thematize neoliberalism *per se*), a politics of the left that moved away from the state as the locus of social rights “can also be traced to the political debates and discourses in European social democratic parties during the mid-1990s, most notably in the United Kingdom, Germany, and the Netherlands” (Lewis and Surender 2004).

Claiming to break with the past, these new lefts—meaning both political elites affiliated with parties of the center-left and their intellectual counterparts—claimed to:

...transcend the fixed alternatives of the state and the market. Instead, civil society, government, and the economy are viewed as interdependent and equal partners in the provision of welfare; and the challenge for government is to create equilibrium between these three pillars. The individual is to be ‘pushed’ towards self-help and independent, active citizenship, while business and government must contribute to economic and social cohesion (Lewis and Surender 2004).

⁹ The literature on the ‘new left’ or the British ‘Third Way’ tends to shy away from using the neoliberal label. As I have discussed (see the ‘theoretical orientations’ section), my argument is not that that Tony Blair, Bill Clinton or Gerhard Schröder are ‘neoliberals,’ but rather that political fields in general were *neoliberalized*. In other words neoliberalism shifted the politics of both left and right by fostering the emergence of new set of commonsense assumptions and cognitive orientations.

Where the politics of the ‘old left’ emphasized redistribution and protection, the hallmark of the new lefts was emphasis on skills and opportunities, with the state “as the guarantor but not necessarily as the direct provider of ‘opportunity’ goods” (Lewis and Surender 2004).

Several in-depth comparative and single-country studies highlight the ways in which neoliberal politics (if not necessarily *policies*) took root across a variety of political regimes, particularly in the 1990s (Fourcade-Gourinchas and Babb 2002; Green-Pedersen, Kersbergen and Hemerijck 2001; Levy 1999; Pollack 2006; Prasad 2005; Prasad 2006). These studies challenge reflex assumptions that neoliberalism is impossible in continental and northern Europe, offering evidence for neoliberalism’s institutionalization on a broad geographic scale.

The pathways of neoliberalism’s political institutionalization. The existing literature on the ‘new politics’ tends to emphasize three pathways for the institutionalization of political neoliberalism.

The first is endogenous to the political field: a function of the contest among party-based political actors for power. A first form of this kind of explanation focuses on the rise of the ‘new right’: as Keynesian measures failed to correct economic problems, and as the conservative right raised the neoliberal banner in what seemed an increasingly successful political challenge to the left, the center-left embraced its own form of neoliberalized politics in the interests of its own survival. A second form of this explanation emphasizes the high-profile politics of certain center-left leaders in Anglo

countries specifically. After the Thatcher revolution in the UK, the emergence of ‘New Labour’ seemed to be a clear case of, in Colin Crouch’s words, the left adjusting to “a political world which is not of their making” (Crouch 1997).

The US may however be the more important influence, particularly given its global economic presence and its well-documented collaboration with the IMF and the World Bank to exert international pressure for states to pursue neoliberal reforms. Though this pressure was focused on developing countries, Harvey (2005) has argued that the lucrative results of the US’ bilateral trade agreements with countries undergoing ‘structural adjustment’ helped produce the American economy’s remarkable period of boom in the 1990s. This boom, in turn, gave the US a form of ‘soft power’ by appearing to be the example to follow at century’s end.¹⁰ Clinton and Blair are both important political figures here, since they engaged in a sort of international public relations campaign to encourage other political leaders to adopt their new political philosophy (Mudge 2007).

The second process lay at the intersection of the political field with economic and demographic forces that are ostensibly apolitical. Some have emphasized the decline of manufacturing and the rise of the service economy, the globalization of finance, changes in family structure and, in particular, the increasing labor force participation of women as root causes of a new politics of social policy within the center-left.

¹⁰ In Harvey’s description: “The US, riding a wave of technological innovation that underpinned the rise of a so-called ‘new economy,’ looked as if it had the answer and that its policies were worthy of emulation ... Flexibility in labour markets and reductions in welfare provisions ... began to pay off for the US and put competitive pressures on the more rigid labour markets that prevailed in most of Europe” (Harvey 2005: 92).

This kind of explanation dominates progressive scholarship on the ‘crisis of the welfare state.’ For instance, Esping-Andersen (whom Hacker (2006) describes as “the dean of welfare state scholars”) located the “real “crisis” of contemporary welfare regimes ... in the disjuncture between the existing institutional configuration and exogenous change” (Hacker 2001: 2). More specifically, Esping-Andersen’s diagnosis was that, in a new global environment, the ‘old’ welfare state built within an industrial context, on now-outdated assumptions about households (particularly, a male-breadwinner, nuclear family structure), was now producing ‘rigidities’ and new forms of exclusion, either in the form of unemployment (in Europe) or growing wage inequalities (in the US). The ‘new’ political economy is thus one of new social risks, creating necessary tradeoffs between either maintaining the welfare state and suffering unemployment, or embracing “American-style deregulation” (Esping-Andersen 1999: 3).¹¹

Likewise, the literature on economic and financial globalization highlights a new political logic that responds to the specific economic characteristics of the recent era of globalization (Swank 2006). Arguments in this vein focus on international capital mobility as the motor force of three new constraints on both social politics and welfare states: (1) cross-national competition among national policymakers for investment; (2) new power relations in domestic democratic politics in which “mobile asset holders” carry more sway because of their “exit option;” and (3) “the ascendance of neoliberal economic orthodoxy where the arguments for neoliberal reforms – retrenchment and

¹¹ Some deregulation of labor markets and new limitations on welfare benefits are, in this perspective, adopted by political actors of left and right as a matter of necessity—but should be accompanied by training and job subsidies, earned income credits, childcare and “skilling entitlements” (Esping-Andersen 1999).

efficiency-oriented restructuring – of the welfare state reinforce, and are reinforced by, appeals for policies that improve international competitiveness and business climate” (Swank 2006: 21).

This kind of externally-oriented economic explanation is popular in the limited literature on the ‘third way,’ in which the center-left’s 1990s market embrace is frequently portrayed as a more or less forced adaptation to a new set of economic realities. One analysis focusing on Denmark and the Netherlands, for instance, argues that “[t]he ‘third way’ ... must be seen as a social democratic response to the economic conditions in which Keynesian demand management through fiscal stimulation is no longer possible” (Green-Pedersen, Kersbergen and Hemerijck 2001). The same authors, echoing other analyses on the topic (Jenson and Martin 2003), argue that “...the ‘third way’ is more than a new slogan,” and entails a “fairly coherent set of supply-side policy intentions ..., the core of which is found in job creation, active labor market policies, the promotion of high rates of labor market participation, macro-economic stability and wage moderation” (Green-Pedersen, Kersbergen and Hemerijck 2001).

The trouble with this kind of explanation is its tendency to ignore the political processes by which new economic conditions and their proposed solutions emerge—underplaying the fact that, by adopting monetarist and strict budgetary policies in particular, political elites of both left and right are implicated in the institutionalization of the ‘economic conditions in which Keynesian demand management ... is no longer possible.’ The center-left was hardly uninvolved in setting new constraints on fiscal

policy in the 1980s and 1990s; nor were leftist elites reacting to economic developments that were wholly beyond their influence.

A second difficulty with accounts emphasizing exogenous economic forces is that economic problems do not simply present themselves directly to political actors: they are analyzed, digested and interpreted by social scientists and other experts, who then propose a range of possible solutions. The types of solutions proposed are in turn partly a function of experts' structural locations within the intellectual and political fields—that is, their own internal professional competitions, their political allies and their relationship to the state. Dezalay and Garth, for instance, have shown how the 'Washington consensus' emerged out of professional competition within American economics and between economists and lawyers in both North and South (Dezalay and Garth 2002); Fourcade-Gourinchas has laid out the ways in which more institutionalist or more individualist modes of economic scholarship emerge from national variations in the profession's historical position relative to the state, higher education and the economy (Fourcade-Gourinchas 2001); Weir and Skocpol argue that the reception and penetration of economists' arguments depend on their access to and position within the state, as well as the administrative structures of the state itself (Weir and Skocpol 1985). Because of these variations, there are many different 'right' ways in which different political actors, at different times and places, have interpreted (or failed to notice) the same economic facts.

I suggest here that the policy responses the center-left espoused—education and training investments; 'activating' labor market policies; child care and family-supporting

policies; partial or full privatizations of some services; ‘flexible,’ targeted and more conditional benefits that encourage temporary and part-time work—were probably not obvious solutions that political leaders embraced spontaneously in response to clear, objective conditions. Rather, these political programs emerged from debates among political and intellectual elites on both the national and international levels—themselves mediated by institutionalized relations between experts and the state, and by processes of negotiation and struggle among representatives of capital, labor and civil society organizations (NGOs and think tanks).

This leads to a third process by which political neoliberalism was arguably institutionalized—and the central focus of this paper. This process lay at the intersection of the political and intellectual fields: via processes of professional struggle *within* the intellectual field, as well as among elites of various sorts in the ‘field of power’ (to use Bourdieu’s term) over control of the state, a new neoclassical orthodoxy that placed the market at the center of political life displaced Keynesianism and shifted the axes of political oppositions within many political-cultural contexts. While accounts of such a transition have tended to focus on Latin America, recent scholarship has noted that the rise of economics as a transnational profession and the ascendance of Anglo-liberal orthodoxy within that profession has in fact been a global phenomenon (Dezelay and Garth 2002; Fourcade 2006; Fourcade-Gourinchas 2001; Harvey 2005). There is no reason to think that this would not have lasting political effects in Europe as it has elsewhere. And so I hypothesize a process in which, via the international rise of economic orthodoxy and the growing prestige of the economics profession, neoclassical thinking ‘bled’ into Europe’s political life without regard for the longstanding historical,

cultural and political distinctions that defined the Keynesian era ‘worlds of welfare’ (Esping-Andersen 1990). By extension, the ‘new politics’ were borne directly of intellectuals’—and, specifically, economists’—cross-national participation in political conflict.

By extension, I am proposing that the emergence of the ‘new politics’ was the political expression of a struggle taking place *within* the economics profession: between Keynesian- and progressive era-influenced economists working within the state, whose credibility had been called into question because of the apparent failures of Keynesian management, and neoclassical, academic economists based in universities and free market think tanks. In this account, the US and the UK should still be important—but not in the same way as in accounts focusing on the center-right’s ascendance in the eras of Reagan and Thatcher. Instead Anglo-liberal regimes, and the US in particular, are important as the beating heart of the economics profession on an international scale: if (as Fourcade (2006) has argued) the American academy is the fulcrum of an increasingly globalized economics profession, and economics is indeed the master discipline of the social sciences, there would be every reason to think that intra-professional struggles among economists and the triumph of neoclassical orthodoxy would have had far-reaching effects that stretched well into European academe and political life.¹²

In sum, despite the prolific scholarship on neoliberalism and the ‘new politics,’ the question of how, when and why a neoliberalized political terrain emerged across

¹² It should also be more important in national settings where economists are both closely integrated into the operations of the state and have embraced neoclassical thinking.

many different national contexts since the 1970s—and, in particular, how it shaped the politics of the European center-left—has a variety of explicit and implicit explanations, but lacks a systematic answer. Often the political and geographical ubiquity of the neoliberal turn—even in Europe—is not recognized at all. And so I examine a series of key questions in the following pages: was political neoliberalism a generalized phenomenon since the 1970s? If so, did it take root in different ways, or to different degrees, across national political cultures? Have certain political cultures or ‘regimes’ (Esping-Andersen 1990; Esping-Andersen 1999) proven thus far to be immune to all or part of the neoliberal policy repertoire? How did neoliberalized politics in Europe differ in timing, form and extent relative to the United States? Where the center-left has become more neoliberal, was it reacting to economic conditions, a powerful center-right and Anglo-American influence, or was it proactively reconstructing itself as part of a generalized neoliberal turn prompted by the renaissance of laissez faire economics?

Data. To measure neoliberalism, I use a summary index calculated from data on center-left and center-right political parties’ election programs between 1945 and 1998 for 25 countries, from the *Mapping Policy Preferences* dataset (Budge et al. 2001), to assess neoliberalism’s political manifestations across time and place. This unique dataset offers the most complete set of indicators on parties’ policy positions available, covering 25 countries over the entire postwar period. It offers indicators on 54 different policy

categories, based on a content analysis of election programs (manifestos), platforms and government declarations.¹³

I use *Policy Preferences* data to construct a summary index of neoliberalism. The index uses 28 variables, divided into three categories and 12 sub-indices:

- (a) Political responsibility (what should states do?). Here I use six variables to construct three sub-indices: protect, enable and order. Each of these sub-indices are normalized around their means, to avoid uneven weighting due to the different numbers of variables that comprise them.¹⁴ Since neoliberal politics tend to call into question state interventions that, to use Esping-Andersen's term, 'decommodify' (Esping-Andersen 1990)—that is, interventions that are not work- and market-friendly—I subtract “protect,” and add “enable” and “order.”
- (b) Political authority (how should they do it?). For this category I use 16 variables to build six sub-indices: national/social Keynesianism, national sovereignty, efficiency and decentralization, markets (or economic orthodoxy), supra-/internationalism and trade and growth. In line with anti-Keynesian and pro-globalization neoliberal emphases, I subtract the first two (Keynesianism and sovereignty) and add the remaining four.

¹³ The dataset quantifies party policies via a systematic content analysis of election programs (manifestos) and declarations in Parliamentary (or Congressional) debate before a vote of confidence or investiture. The coding unit is the 'quasi-sentence,' defined as “an argument which is the verbal expression of one political idea or issue” (Volkens 2001: 96). Each *Policy Preferences* variable is expressed as a percentage: the percent of quasi-sentences falling into a particular category relative to all quasi-sentences in the program or declaration. The data have been carefully checked for both validity and reliability. For further explanation, see Budge et al. (2001); for information specifically on the quantification procedure, see Volkens (2001).

¹⁴ I follow this procedure for each sub-index.

(c) Constituencies (in whose interest?). In this final category I use 12 variables for three sub-indices: business and finance, working class, and middle classes and professionals. Since neoliberal politics have been noted for their embrace of business, finance and professional classes and for turning away from the working classes and trade unions, I subtract “working class” and add the remaining two.

The final summary measure is a simple additive index, made up of twelve normalized, equally weighted sub-indices. A full listing of the variables included in the index, and whether they were added or subtracted to create the final neoliberalism ‘scores’, are provided in Table 1.

Table 1 about here.

This is of course not a perfect measure of neoliberalism, which is a complex social institution. It nonetheless offers one way of assessing its political expressions and uses the best data available on the content of national party programs for all the countries of interest.

Neoliberalism’s trajectory. For an initial descriptive analysis, I present the summary measure of political neoliberalism both continuously across years and, in order to mark important historical junctures, as a categorical variable divided into five time periods that correspond with different patterns in the overall neoliberal trend. The time periods are shown in Table 2.

Table 2 about here.

Because the countries of interest are the US and the EU15¹⁵, the measures shown here are restricted to these 16 countries

General trends. Figure 1 shows the general trend in neoliberalism in all 16 countries over the course of the postwar period.¹⁶ The pattern is more or less what we would expect based on the existing literature on neoliberalism: a shallow increase, taking place in two waves, over the course of the Keynesian era until the crisis years of the early 1970s; a break during the decade of the 1970s, in which politics in general took a turn toward the Keynesian left; a sharp rise in neoliberalism during the early part of the 1980s; and, after a plateau in the early 1990s, another upturn as the end of the millennium approached.

Figure 1 here.

Neoliberalism can thus be periodized into five segments of time (shown in the bar graph included in Figure 1): two early periods of social Keynesianism in which market

¹⁵ European Union (EU) member countries as of the year 2000 were: Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal, Spain, Sweden and the United Kingdom (UK).

¹⁶ As a reminder: the index's sub-indices were first standardized around their 25-country means and then summed to create the final neoliberalism index presented here.

liberalism made very limited advances and then declined, between 1945 and 1958, and then again during the 1950s (periods K1 and K2); a period of total break with liberal tendencies during the crisis years of the 1970s (LB); an early era in which neoliberalism made its first and most dramatic appearance, leveling out by the early 1990s (N1); and a renewed resurgence in neoliberalism during the mid-to-late 1990s (N2).

Figure 2 summarizes trends in neoliberalism for all 16 countries according to party type: parties of the center-right (conservative, liberal and Christian Democratic parties, as well as the American Republican Party), the center-left (social democratic, socialist and labour parties, and the American Democrats) and ‘extreme’ parties (Green, nationalist, agrarian and communist parties). This figure shows that, though it never neoliberalized as fully as the center-right, the center-left began to swing towards greater neoliberalism slightly earlier (around 1973) than either of the other two party types, and then continued its upward trend fairly consistently throughout the neoliberal era.

Figure 2 about here.

Europe versus the United States. Figure 3 shows trends in neoliberalism separately for Europe (the EU15) and the United States. As we might expect, the differences are indeed striking over the entire period: the major political parties in the US have been more “neoliberal” relative to their European counterparts for the entire postwar era.

Figure 3 about here.

Though never reaching American highs, the political programs of Europe's center parties nonetheless made a broad and generalized turn toward neoliberalism between the mid-1970s and the late 1990s. Within the center-right, the shift occurred fairly smoothly between the mid-1970s and the mid-1980s and remained high and steady from that point on. The center-left followed a slightly different pattern, shifting toward neoliberalism at the same time as the right, and then increasing at a fairly steady rate over the course of the neoliberal era.

Neoliberalism by region and party. Neoliberal trends are presented by region—with the exception of the 'Anglo' category, which includes the UK, Ireland and the US—and by party type in Figure 4. Contrary to what we might expect given the existing literature's heavy emphasis on neoliberalism in Anglo countries, all four regions track remarkably closely with each other. It was not until the end of the millennium that the Anglo center-left clearly diverged from its non-Anglo counterparts.

Figure 4 about here.

Looking at the second row of charts in Figure 4 (the bar charts, showing changes by period), it seems clear that no regions or 'policy regimes' were politically immune to the

neoliberal turn. Though the Anglo countries remain the most extreme, by the end of the 1990s parties of the center-left everywhere had embraced neoliberal politics to a historically unprecedented degree.

The elementary forms of neoliberalism: component trends. Figures 5 through 8 address the question of whether and how neoliberalism took root in different forms across policy regimes. These figures graphically display the contributions of the three major components of the neoliberalism summary index—political responsibility (what should states do?), political authority (how should they do it?) and constituencies (in whose interests?)—for each region, separated by party type. For political responsibility, values above the zero-line indicate that the parties lie above the historical mean for emphases on law and order and on ‘enabling’ rather than protection; for political authority, values above the zero-line indicate that the parties lie above the historical mean for emphases on market orthodoxy, trade and growth, supra- and internationalism and ‘efficient’ and decentralized government rather than national sovereignty and Keynesianism; for constituencies, values above the zero-line indicate that the parties lie above the historical mean for emphases on business, finance, and the middle and professional classes rather than corporatism, labor and trade unions (what I am referring to as ‘working classes’).

Component trends for Anglo countries are displayed in Figure 5. Focusing on the Anglo center-left, the largest single change occurred in the politics of political responsibility—that is, the question of what states should do: protect, enable or order.

Figure 5 about here.

The constituent sub-indices that makeup this component (shown in Tables 3a and 3b, below) show that this measure shifted largely due to increasing emphases on law and order among center-left parties. Anglo center-left parties had largely converged with their center-right counterparts by the end of the millennium in the opinion that the state's political responsibility lay primarily in the realm of order.

Charts of component trends for non-Anglo countries (continental, Nordic and southern) are shown consecutively in Figures 6, 7 and 8. These show that the single largest shift among parties of the center-left in non-Anglo countries was not on questions of state responsibility, but on questions of political authority—that is, the organization of the state and the relationship of state and market. This component includes indicators on economic philosophy (Keynesianism, market orthodoxy, emphases on trade and growth), state organization (decentralization, efficiency) and internationalism, among others.

Figures 6, 7 and 8 about here.

Though the Nordic countries were the last to shift (while continental and southern center-left parties in fact shifted earlier than their Anglo counterparts), center-left parties in all three non-Anglo regions turned decisively away from Keynesianism and toward market orthodoxy and decentralized government over the course of the neoliberal era. Continental and southern European center-left parties in particular embraced themes of

decentralization and efficiency—though Nordic countries, notably, did not. Rather, the Nordic center-left instead turned to a strong pro-EU internationalism. The Nordic center-left also stands out for its lack of political emphasis on law and order, differentiating it from all of its international counterparts—and particularly from Anglo and continental center-left parties.

Numerical values for the constituent sub-indices that makeup the components of the neoliberalism index are shown in Tables 3a and 3b:

Tables 3a and 3b about here.

For ease of interpretation, a summary of the major changes in political emphasis among center-left parties is presented by region in Table 4. Most strikingly, the single most consistent shift across all regimes is the abandonment of national Keynesianism.

Table 4 about here.

Why did the center-left embrace neoliberalism? In this final analytical section, I formally test my central claim: that, since the early 1970s, the politics of the center-left in the transatlantic world took a neoliberal turn not wholly due to ‘objective’ economic forces, the rise of a new right, or a neoliberal shift within Anglo-liberal policy regimes, but rather due to a general reorganization of political ideas about state and market. I

understand this reorganization's roots to lie at the intersection of the intellectual and political fields.

Stated more formally, the main hypotheses explaining the center-left's neoliberal turn since the early 1970s are as follows:

- H1. *Rise of a powerful, neoliberal center-right.* The center-left embraced neoliberalism in response to the combination of the center-right's ascendance to power and its strong neoliberal turn.
- H2. *Influence of Anglo-American politics.* The center-left embraced neoliberalism in response to the Anglo example; particularly powerful both politically and economically, Anglo elites exert special influence in international politics.
- H3. *Economic and demographic change.* The center-left embraced neoliberalism in reaction to economic conditions and demographic change: unemployment; women's entry into the labor force (understood as a rough proxy for changes in traditional family structures); increasing trade openness; and the shift toward a services economy.
- H4. *Political force of economic orthodoxy.* The center-left embraced neoliberalism as part of a more general political response to the extension, development and growing political legitimacy of neoclassical economic orthodoxy within economics. In other words, the reorganization of the political field paralleled struggles within social science in general, and economics in particular. One hypothesized mechanism here is the direct and indirect participation of economists in the political and bureaucratic fields (that is, as technocrats within

the state and advisors to the state), who both interpret economic phenomena for political elites and help to define the legitimate range of policy responses to them.

Using time series panel data, I build a series of OLS regressions with panel-corrected standard errors (as recommended by Beck and Katz (1995)), using center-left neoliberalism as the dependent variable. The equation for the full model is:

$$Y_{i,t} = \beta_0 + \beta_1(\text{aggregate CR}^{17} \text{ neoliberalism}_{(t-1)})_{i,t} + \beta_2(\text{nat'l CR neoliberalism}_{(t-1)})_{i,t} + \beta_3(\text{nat'l CR power})_{i,t} + \beta_4(\text{nat'l CR neoliberalism}_{(t-1)} * \text{nat'l CR power})_{i,t} + \beta_5(\text{Anglo neoliberalism}_{(t-1)})_{i,t} + \beta_7(\text{American neoliberalism}_{(t-1)})_{i,t} + \beta_8(\text{services, \% value added to GDP})_{i,t} + \beta_9(\text{unemployment})_{i,t} + \beta_{10}(\text{female LFP}^{18})_{i,t} + \beta_{11}(\text{convergence on Keynesianism})_{i,t} + \beta_{12}(\text{convergence on efficient \& decentralized gov't})_{i,t} + \beta_{13}(\text{convergence on market orthodoxy})_{i,t} + e_{i,t}$$

I include an aggregate measure of center-right neoliberalism (that is, average center-right neoliberalism for all 16 countries, all parties, by year) in order to account for the fact that there was an overall increase in neoliberalism everywhere, among all center-right parties, during the neoliberal era, and thus need to separate this secular rise from nationally-specific increases.¹⁹ To address the thesis that the center-left was reacting to the center-

¹⁷ CR = center-right

¹⁸ LFP = labor force participation

¹⁹ In a future analysis, I will also include a measure of the political power of extreme right parties (measured in percent of seats held in the legislature) in order to evaluate whether the oft-noted resurgence

right and/or to Anglo neoliberalism, I lag all right-hand side neoliberalism measures by one year. I also include measures of the size of the service sector, unemployment and female labor force participation in order to account for several of the main economic forces identified in the literature as the root causes of the ‘new politics.’²⁰

The last three measures, of course, are the central measures of interest. There is no simple way of measuring the institutionalization of a new economic orthodoxy in the political field. My attempt here uses indicators of the breadth of center parties’ political notions of the relationship between state and market and the organization of the central state: national-level standard deviations for Keynesianism, efficient and decentralized government and market orthodoxy. For present purposes, the extent to which these measures decrease over time in any given country reflects the collapsing of political distinctions around basic questions of economic philosophy and the role of the state. I include these variables with the caveat, however, that they are clearly not ideal; they have little direct bearing on the role of economists or social scientists in political processes. I return to this in the conclusion.

Descriptives for the dependent variable and for all controls are offered in Table 5; regression results are shown in Table 6.

Tables 5 and 6 about here.

of the extreme right accounts for part of the center-left’s neoliberal turn. Since I have not dealt with the question of the extreme right in the present discussion, I have omitted the variable for now.

²⁰ In preliminary analyses including a variable for economic openness, I found that it was unimportant for explaining center-left neoliberalism. Since the variable is not available for the full time period, I have omitted it from the present analysis.

In the first model I test the hypothesis that center-right neoliberalism and ascendance to political power explain the center-left's neoliberal turn. As Table 6 shows, these variables alone have explanatory power, though perhaps not in the way we might expect if the center-left was responding to a powerful right. Center-left neoliberalism tends to increase in-step with neoliberalism on the center-right, but the significant and negative coefficient for the interaction between center-right neoliberalism and center-right power indicates that the center-left tends to be *less* neoliberal when the center-right is more powerful. In other words, when the extreme right's power decreases, the center-left tends to embrace neoliberalism more strongly. These models provide evidence against H1 in the specific sense that the center-left was not apparently reacting to a *powerful* neoliberal right, but was rather moving in-step with the center-right's neoliberal turn. As reflected in the negative interaction term, the center-left's neoliberal turn strengthened to the extent that it enjoyed *greater* political power.

Models 2 and 3 address the question of the influence of the Anglo and American, examples on the center-left in general. Anglo neoliberalism is a weak predictor of neoliberalism on the center-left. When all three controls are included in the model (model 3), Anglo neoliberalism's effect remains. Based on this, one cannot reject H2, though the Anglo turn explains only about two percent of overall variation in center-left neoliberalism.

Models 4 and 5 introduce controls for economic conditions:²¹ the percent of value

²¹ Estimations using a variable for trade openness yielded non-significant results.

added to GDP by the services sector,²² unemployment as a percent of total civilian employment, and female labor force participation as a percent of the female population aged 25 to 64. These variables alone have surprisingly little explanatory power, exerting about the same force as Anglo neoliberalism. However, the transition to a service-based economy becomes significant and reasonably large when included in the full model (model 5).

Finally, models 6 and 7 introduce three variables indicating left-right convergence on neoclassical orthodoxy and the rejection of the centralized Keynesian state among center-right and center-left parties during the neoliberal era.²³ Relative to model 4, which measures economic factors as a set, this set of variables is more powerful than economic factors as predictors of center-left neoliberalism—particularly right-left convergence in the decline of Keynesianism and market orthodoxy (model 6). In the full model (model 7), however, their impact becomes insignificant.

Though there is good evidence that economic factors and Anglo neoliberalism in particular are important for understanding the center-left's neoliberal turn, my findings also offers support for hypothesis H4: the rise of market orthodoxy, the decline of Keynesianism and a political move against the centralized state *as generalized political phenomena among center parties* were at least as important as economic conditions or the ascendance of neoliberalism in Anglo politics. In both Europe and the United States

²² I also estimated models 4 and 5 using an alternative measure: percent employment in services relative to total employment. The value-added indicator exerts a slightly stronger effect and the two are highly correlated, and so I dropped the employment measure to avoid complications due to high multicollinearity.

²³ I suspect the odd signs and fragile significance of efficiency and orthodoxy between models 6 and 7 result from their collinearity.

the parties of the center actively incorporated neoclassical thinking directly into their political philosophies since the 1970s. The center-left was doing this in-step with its center-right counterparts but, importantly, was probably shifting because of some external (and not purely economic) set of forces, rather than adapting because the neoliberal center-right was gaining political power.

In other words, the center-left's adaptation was not to the successful politics of the neoliberal right but to some set of forces outside of the political field that were reorganizing political oppositions along more market-friendly lines. Though I cannot test this explanation directly with the data used here, I argue that the a likely source for this reorganization lay in the intellectual field, and specifically in a set of struggles within the profession of economics that gave rise to a new, neoclassical orthodoxy. I offer an abbreviated storyline outlining the possible mechanisms involved, and also describe my plans for future research to develop a more satisfactory set of causal measures, in the following section.

Conclusion. This paper is concerned with the institutionalization of political neoliberalism in the transatlantic world, and focuses in particular on the extent to which it took root within the European center-left. By the end of the 20th century neoliberalism had, indeed, re-defined the politics of policymaking on an international scale. Contrary to the notion that the European center-left was somehow immune to the neoliberal turn, this paper shows that the ascendance of political neoliberalism was in fact a ubiquitous feature of late 20th century politics in the transatlantic world.

To be sure, changing economic conditions, rising unemployment and new demographic realities are important factors shaping political agendas. My argument is that these are not *sufficient* to explain the emergence of the new lefts. A full explanation would need to account for the ways in which market orthodoxy and neoclassical ideas—not as free-floating scripts, but as systems of ideas developed via processes of contest and collaboration in a field that intersects with political contexts—define the form and substance of political programs.

My argument is that neoliberalism's effect on national political fields in Europe and the US from the early 1970s to the year 2000 was, first, a disorganization of old orientations and second, a realignment along lines defined within the field of professional economics. This realignment broke with history in a double way: it both revived a 'monoeconomics' that asserted the market as a *sui generis* entity operating according to natural and universal laws (Babb 2001), and disconnected political debates from a welfarist, Keynesian past that took as a common sense principle that the state must, to some extent, protect and 'decommodify' its citizens. Political actors realigned along a much more market-friendly—and by extension, business, finance and professional elite-friendly—worldview. This process is arguably best documented in the case of neoliberalism on the right. I am suggesting here, however, that the institutionalization of neoclassical thinking in the political field (which I call 'political neoliberalism') was a generalized phenomenon—not confined to the right specifically, but rather a broad

institutional force that, via professional economics, reorganized the structure and axes of social politics in general.

My historical argument is thus that the ‘new lefts’ should be explained, at least in part, with reference to processes of struggle and change within the profession of economics. The general storyline would be as follows: Keynesianism saw the rise of technical economics, elevating its political role by bringing economists ever closer to the decision making core of the state. In other words, the Keynesian era made economists into uniquely powerful intellectual and technical authorities, tightly coupling the economics profession with the state. However, as Nelson (1987) has noted in a critical way, economists had (as with social scientists in general) long been under the influence of progressive era, Keynesian and state-centric ideas, even into the 1980s.

But with a shift in academic economics toward neoclassical orthodoxy—which, one could argue, took the form of a social movement within the field²⁴, itself prompted by the political uncertainty and economic turmoil of the late 1960s and early 1970s—government-based economists’ credibility was called into question. Seizing the opportunity, historically marginalized neoclassical economists moved to reorient the political role of economic expertise, which required bypassing or somehow challenging the influence of economists who were already operating from the most powerful academic departments and from within the state.

The emergence of the ‘new politics’ might thus be understood as the political correlate of a struggle taking place *within* the economics profession—between

²⁴ The parallel rise of free market organizations and of a new orthodoxy within economics is consistent with patterns of intra-professional struggle.

Keynesian- and progressive era-influenced economists working within the state, whose credibility had been called into question because of the apparent failures of Keynesian management, and neoclassical, academic economists based in universities and free market think tanks who often advised state actors, but were not technocrats. If the American academy is indeed the fulcrum of an increasingly globalized economics profession, and economics is indeed the master discipline of the social sciences, then there is every reason to think that intra-professional struggles among economists and the triumph of neoclassical orthodoxy would have had far-reaching effects that stretched well into European academe and political life.

If this account holds, an interesting paradox of the rise of the Keynesian state is that it *paved the way* for neoliberalism's political influence by bringing economic experts ever closer to the centers of political-decisionmaking. Accruing greater symbolic power and authority as the technicians of the Keynesian state, the internal workings of the economic profession became more tightly linked with the political and bureaucratic fields. The implication of this, first, is that the categories and axes of struggle within economics acted as a sort of Trojan horse within the political field, reorienting the meanings of longstanding political oppositions; second, that crises and struggles within economics are *simultaneously* crises of political authority, the state and the welfare state.

Notions of a centralized, redistributive, interventionist state were synonymous with political leftism for much of the postwar era. Neoliberalism's disorganization of long-established understandings of the role, responsibilities and organization of the state thus requires a re-thinking of the present-day political landscape. Whereas the early

postwar period—and in particular the late 1960s and early 1970s, which marked a deepening of socialist-Keynesian politics on both left and right—might be aptly described as a time of ‘Keynesianism without Keynesians,’ the present era might be understood as an age of ‘neoliberalism without neoliberals.’

What are the consequences of a neoliberalism without neoliberals for political life? As the title of this dissertation indicates, my argument is that it introduces a deep instability in the social foundations for progressive politics—both because it narrows the scope of legitimate political alternatives and because it calls into question ‘the left’ as a meaningful social category. The age of ‘neoliberalism without neoliberals’ means that, bereft of intellectual moorings that preserve a political role for the state, the ‘new lefts’ abandoned social Keynesianism and embraced the sanctity of the market while claiming still to be defenders of egalitarianism, progressivism, and the legitimacy of public intervention for the social good.

Though this kind of political hybridity has a long political history, in the neoliberal era it tends to have a hollow ring: the new lefts are not, and cannot become, *neoliberals*—any more than conservatives in the 1960s who found themselves speaking a Keynesian political language were ever true Keynesians. A creation of the Keynesian era, the neoliberalized political left thus lacks, in a sense, a convincing political core, due mainly to its nearly universal political abandonment of the state as a means to egalitarian ends. At the very least, this calls into question the center-left’s abilities to build an

enduring and cohesive political following²⁵ and, by extension, to ward off the threat of extremism.

The explanatory evidence presented in the present analysis focuses largely on showing that explanations for the ‘new lefts’ that emphasize adaptation to the political right or to ‘objective’ economic conditions do not constitute a sufficient account. But the analysis is in many ways only indicative rather than conclusive. Aside from the need to more fully account for economic factors (including, for especially, inflation), the most pressing measurement issue here is that I have no direct measures indicating the shape, structure or political effects of dynamics within the intellectual field. Ideally, a re-specification of the present analysis would include country-level measures of different populations of social scientists (economists, political scientists, sociologists) and their involvement in politics and civil service.²⁶

²⁵ This point is also emphasized by Weir (1998; 2000).

²⁶ I am presently working on constructing such measures using the *World Biographical Information System* (WBIS).

Table 1: Calculating the Neoliberalism Index

Components	original variables	original variable descriptions	sub-indices	
			+/-	index name
1. Political responsibility: what should states do?	per503	social justice: equality; fair treatment; special protection; fair distribution; class, status & gender barriers	-	Protect
	per504	non-educational welfare protections		
	per402	economic incentives		Enable
	per411	technology & infrastructure investment	+	
	per506	education expansion		
	per605	law & order	+	
2. Political authority: how should they do it?	per403	market regulation		national/social Keynesianism
	per404	economic planning		
	per406	economic protection		
	per412	controlled economy	-	
	per413	government ownership		
	per415	Marxism		
	per409	Keynesian demand management		
	per110	anti-European integration	-	national sovereignty
	per109	anti-internationalism		efficiency & decentralization
	per302	Decentralization	+	
	per303	government efficiency		
	per414	economic orthodoxy	+	markets
	per108	pro-European integration	+	supra-/internationalism
	per107	pro-internationalism		
per407	anti-economic protection	+	trade & growth	
per410	productivity (growth & foreign trade)			
3. Constituencies: in whose interests?	per401	free enterprise		business & finance
	per402	Incentives	+	
	per414	economic orthodoxy		
	per702	anti-labor union		
	per405	Corporatism		working class
	per406	economic protection		
	per504	non-educational welfare protections	-	
	per701	pro-labor union		new/middle class
	per704	pro-middle class & professional groups		
	per411	technology/infrastr. investment (training)	+	
per502	culture & leisure			
per506	education expansion			

Table 2. Time periods

Period	Period Name	Years	Period Abbreviation
1	Keynesian Liberalism	1945-1958	K1
2	Keynesian Liberalism	1959-1969	K2
3	Liberal Break	1970-1979	LB
4	Neoliberalism	1980-1992	N1
5	Neoliberalism	1993-1998	N2

Stephanie Lee Mudge

Political Neoliberalism and the European Center-Left

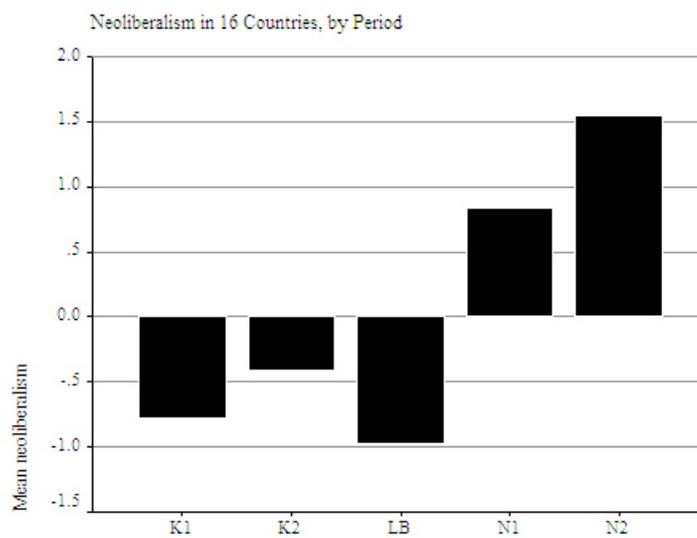
DRAFT. Not for quotation or citation without author permission.

Figure 1. Neoliberalism in the US and the EU15, by year and by period



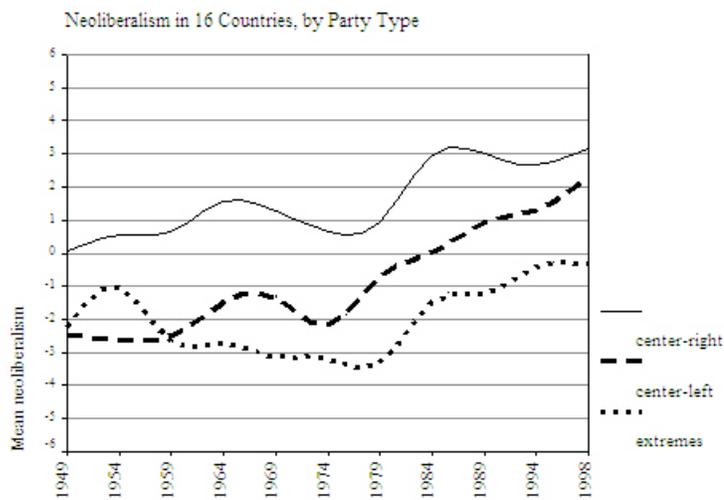
Source: Budge et al 2001. (Author calculations.)

*year marks end-year of 5-year averages.



Data source: Budge et al 2001. (Author calculations.)

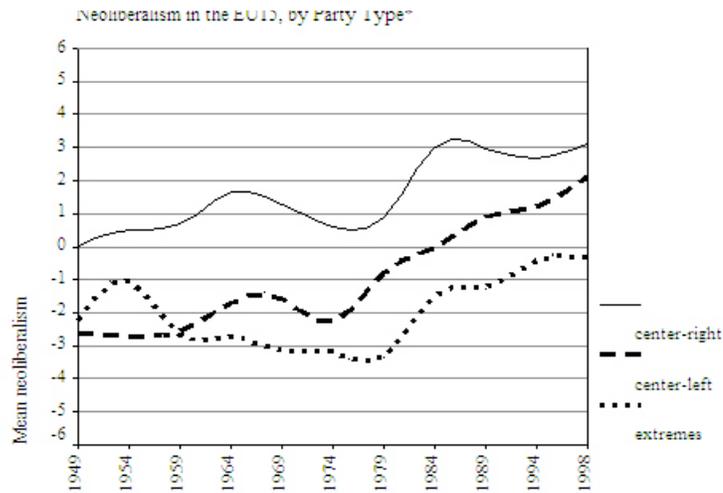
Figure 2. Neoliberalism by party type



Data source: Budge et al 2001. (Author calculations.)

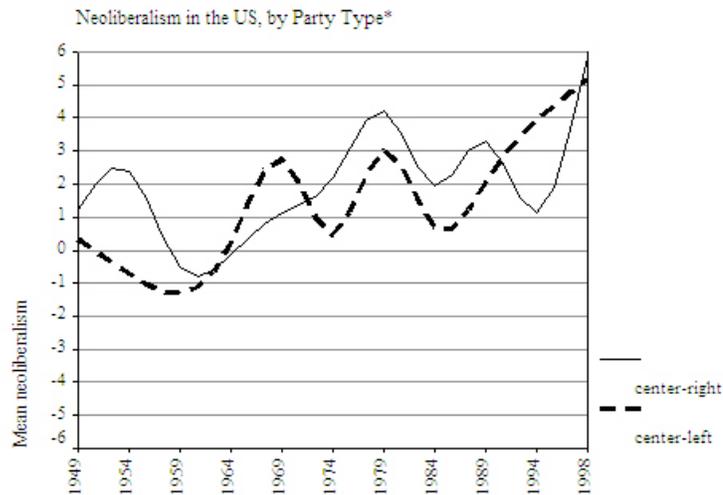
*year marks end-year of 5-year averages.

Figure 3. Neoliberalism in the EU15 and the US by party type



Data source: Budge et al 2001. (Author calculations.)

*year marks end-year of 5-year averages.



Data source: Budge et al 2001. (Author calculations.)

*year marks end-year of 5-year averages.

Figure 4. Neoliberalism by region and party type, by year and by period

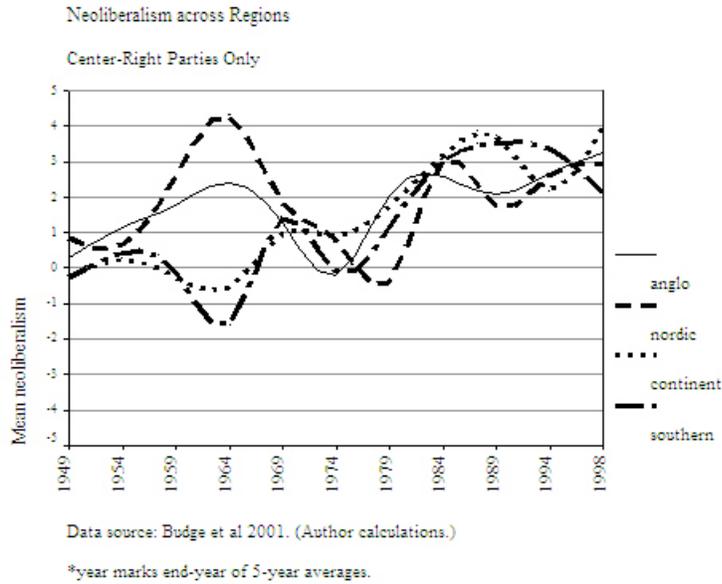
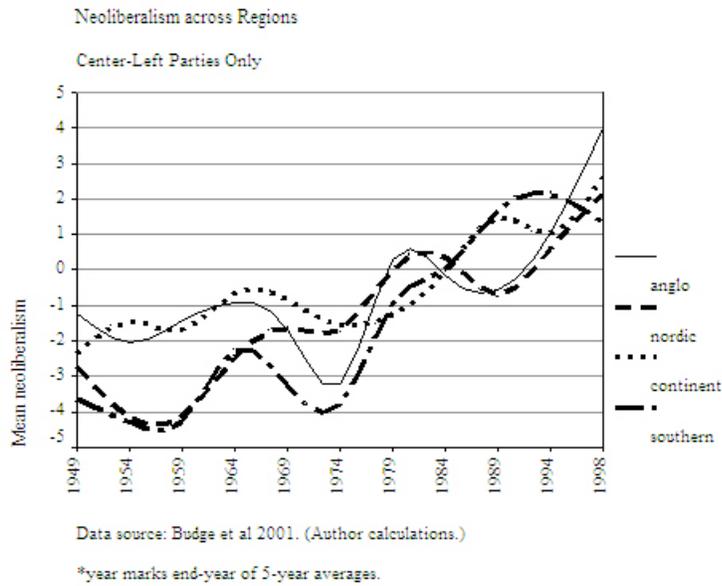


Figure 5. Neoliberalism component trends by party type, Anglo countries

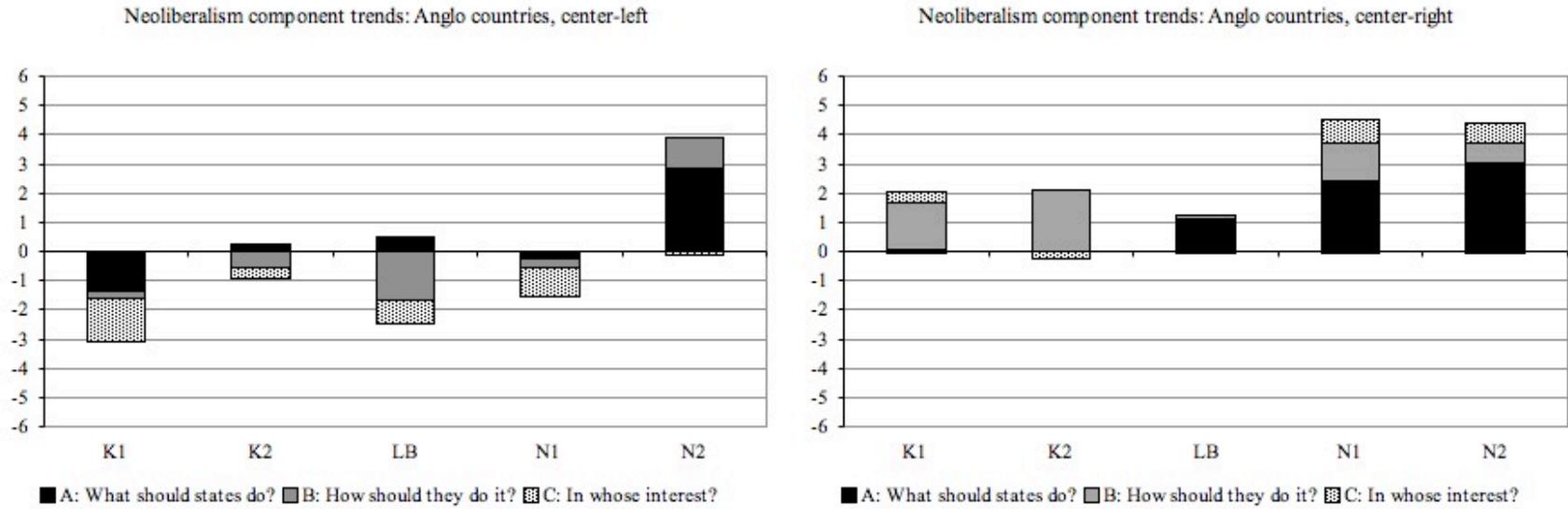


Figure 6. Neoliberalism component trends by party type, Continental countries

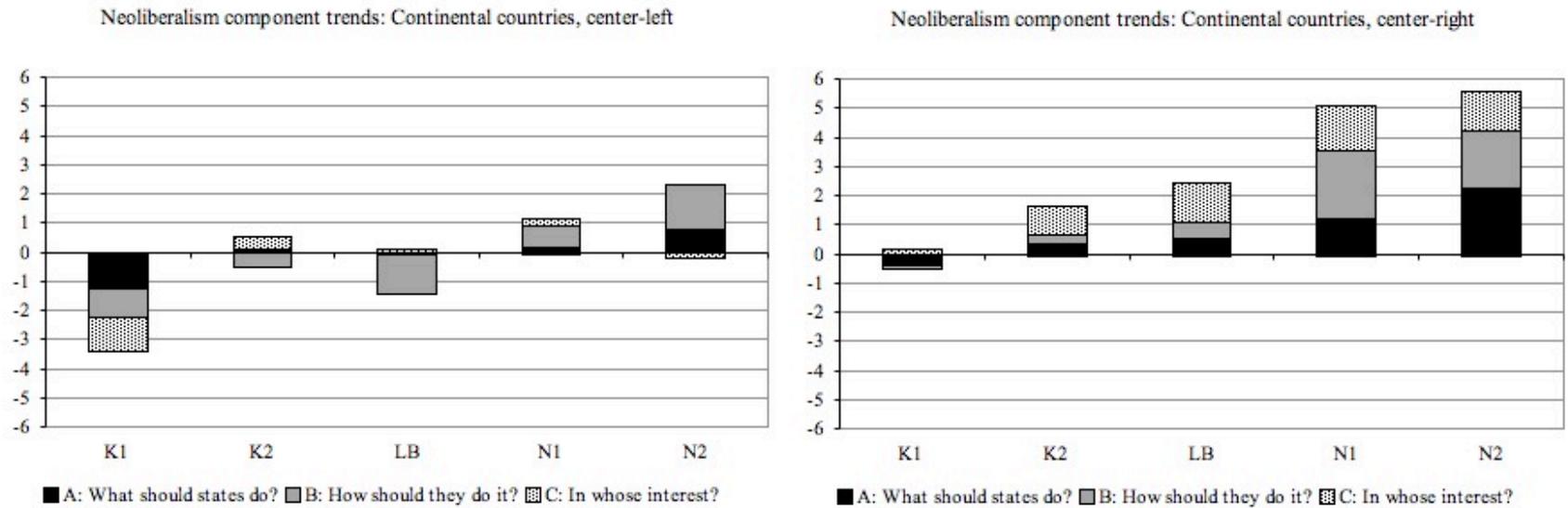


Figure 7. Neoliberalism component trends by party type, Nordic countries

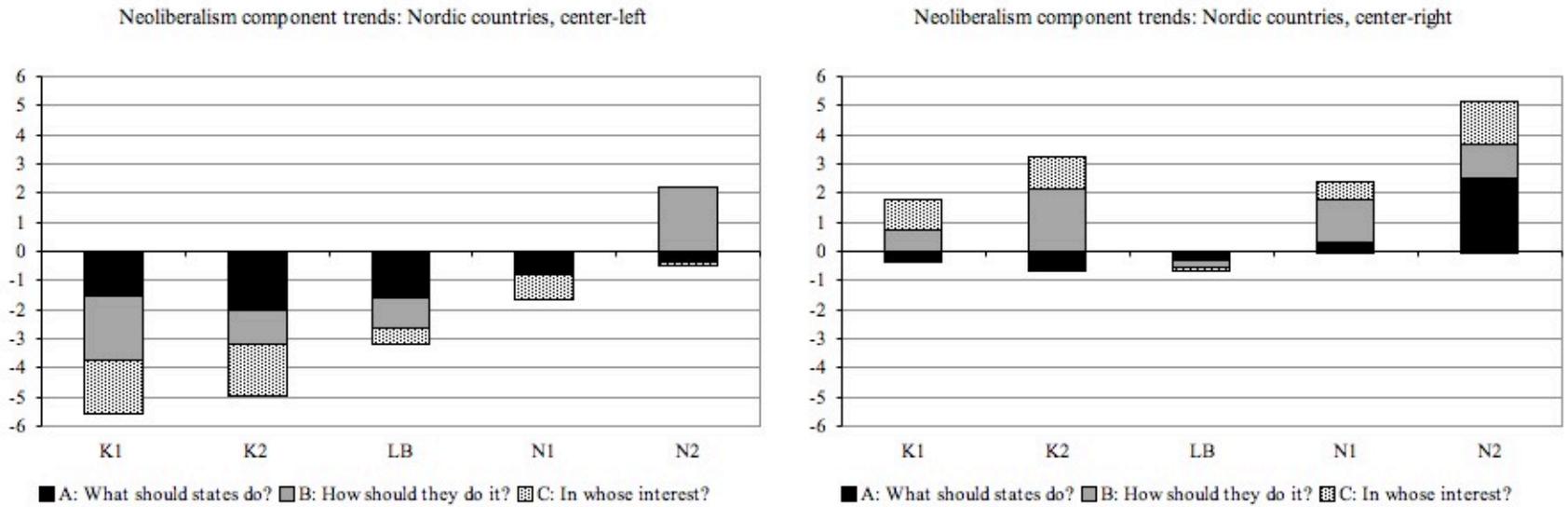
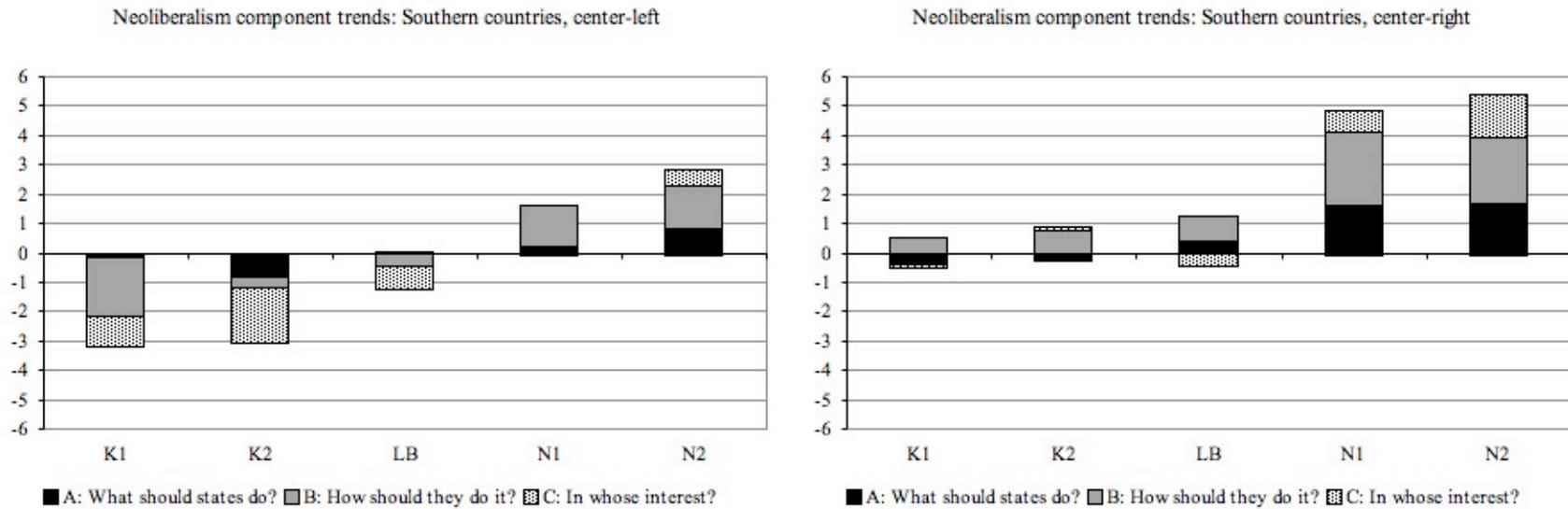


Figure 8. Neoliberalism component trends by party type, Southern countries



**NOTE: These figures should be interpreted with caution; prior to the Liberal Break (LB), only Italy is consistently accounted for in the dataset.

Table 3a. Change in sub-indices of neoliberalism components, center-left parties

<i>center-left</i>	Anglo					continent					nordic					southern				
	K1	LB	N2	neolib era change	post-war change	K1	LB	N2	neolib era change	post-war change	K1	LB	N2	neolib era change	post-war change	K1	LB	N2	neolib era change	post-war change
<u>1. Political responsibility: what should states do?</u>																				
Enable	-0.20	0.01	0.28	0.27	0.48	-0.11	0.64	0.60	-0.04	0.71	-0.69	-0.50	0.26	0.76	0.95	-0.18	-0.24	0.31	0.55	0.49
Order	-0.58	0.54	3.00	2.46	3.58	-0.49	-0.12	0.72	0.84	1.21	-0.61	-0.37	-0.04	0.33	0.57	-0.57	-0.05	0.28	0.33	0.85
Protect	0.55	0.05	0.42	0.37	-0.13	0.66	0.60	0.53	-0.07	-0.13	0.25	0.73	0.57	-0.16	0.32	-0.58	-0.33	-0.23	0.10	0.35
<u>2. Political authority: how should they do it?</u>																				
efficiency	-0.17	0.16	0.30	0.14	0.47	-0.50	-0.42	0.83	1.25	1.33	-0.73	-0.64	-0.29	0.35	0.44	-0.18	0.17	1.34	1.17	1.52
internationalism	0.04	-0.01	0.29	0.30	0.25	0.14	0.49	0.85	0.36	0.71	-0.71	-0.62	0.83	1.45	1.54	-0.24	-0.22	0.44	0.66	0.68
market orthodoxy	-0.48	-0.47	-0.15	0.32	0.33	-0.44	-0.43	-0.37	0.06	0.07	-0.43	0.28	0.55	0.27	0.98	-0.54	-0.39	-0.42	-0.03	0.12
nat'l Keynesianism	1.42	1.02	-0.25	-1.27	-1.67	0.57	0.87	-0.27	-1.14	-0.84	0.73	0.64	-0.50	-1.14	-1.23	0.19	0.01	-0.33	-0.34	-0.52
nat'l sovereignty	-0.35	0.54	-0.14	-0.68	0.21	-0.35	-0.26	-0.21	0.05	0.14	-0.27	-0.35	-0.23	0.12	0.04	0.49	-0.10	0.38	0.48	-0.11
trade & growth	1.42	0.18	0.18	0.00	-1.24	0.02	-0.40	-0.28	0.12	-0.30	0.13	0.23	0.39	0.16	0.26	-0.36	-0.13	0.15	0.28	0.51
<u>3. Constituencies: in whose interests?</u>																				
business & finance	-0.68	-0.53	-0.46	0.07	0.22	-0.66	-0.57	-0.44	0.13	0.22	-0.69	-0.18	0.00	0.18	0.69	-0.68	-0.45	-0.48	-0.03	0.20
MC & professionals	-0.21	0.03	0.41	0.38	0.62	0.05	0.89	0.66	-0.23	0.61	-0.57	-0.47	0.21	0.68	0.78	-0.19	-0.17	0.78	0.95	0.97
working classes	0.60	0.30	0.09	-0.21	-0.51	0.53	0.22	0.46	0.24	-0.07	0.56	-0.13	0.38	0.51	-0.18	0.18	0.14	-0.23	-0.37	-0.41

Table 3b. Change in sub-indices of neoliberalism components, center-right parties

<i>center-right</i>	Anglo					continent					nordic					southern				
	K1	LB	N2	neolib era change	post- war change	K1	LB	N2	neolib era change	post- war change	K1	LB	N2	neolib era change	post- war change	K1	LB	N2	neolib era change	post- war change
<u>1. Political responsibility: what should states do?</u>																				
Enable	-0.22	0.17	0.55	0.38	0.77	-0.16	0.49	0.72	0.23	0.88	-0.33	-0.04	0.66	0.70	0.99	-0.74	-0.27	0.96	1.23	1.70
Order	-0.31	0.81	2.47	1.66	2.78	-0.19	-0.09	1.12	1.21	1.31	-0.41	0.09	1.70	1.61	2.11	-0.44	0.43	0.26	-0.17	0.70
Protect	-0.60	-0.16	-0.02	0.14	0.58	0.02	-0.11	-0.41	-0.30	-0.43	-0.45	0.36	-0.15	-0.51	0.30	-0.78	-0.25	-0.43	-0.18	0.35
<u>2. Political authority: how should they do it?</u>																				
efficiency	-0.34	0.10	0.50	0.40	0.84	-0.27	0.01	1.08	1.07	1.35	-0.51	-0.47	-0.32	0.15	0.19	0.03	0.61	1.00	0.39	0.97
internationalism	0.02	0.17	0.28	0.11	0.26	-0.19	0.44	0.53	0.09	0.72	-0.67	-0.56	0.83	1.39	1.50	-0.14	-0.07	0.38	0.45	0.52
market orthodoxy	0.52	-0.25	0.10	0.35	-0.42	0.07	0.03	0.05	0.02	-0.02	1.14	0.33	0.55	0.22	-0.59	-0.16	0.00	0.13	0.13	0.29
nat'l Keynesianism	-0.03	0.42	-0.17	-0.59	-0.14	-0.28	-0.13	-0.30	-0.17	-0.02	-0.12	-0.29	-0.64	-0.35	-0.52	-0.35	-0.26	-0.27	-0.01	0.08
nat'l sovereignty	-0.23	-0.27	0.46	0.73	0.69	-0.08	-0.27	-0.12	0.15	-0.04	-0.33	-0.29	0.08	0.37	0.41	-0.31	-0.06	-0.28	-0.22	0.03
trade & growth	1.11	0.24	0.06	-0.18	-1.05	-0.13	-0.32	-0.13	0.19	0.00	0.34	-0.12	-0.46	-0.34	-0.80	0.12	-0.01	0.24	0.25	0.12
<u>3. Constituencies: in whose interests?</u>																				
business & finance	0.59	0.18	0.47	0.29	-0.12	0.37	0.19	0.46	0.27	0.09	1.08	0.64	1.04	0.40	-0.04	-0.12	-0.10	0.36	0.46	0.48
MC & professionals	-0.44	-0.34	0.17	0.51	0.61	-0.30	0.89	0.50	-0.39	0.80	-0.67	-0.68	0.02	0.70	0.69	-0.63	-0.35	0.71	1.06	1.34
working classes	-0.26	-0.17	-0.07	0.10	0.19	-0.06	-0.31	-0.43	-0.12	-0.37	-0.59	0.07	-0.43	-0.50	0.16	-0.66	-0.02	-0.37	-0.35	0.29

Table 4. Summary of change in center-left emphases during the neoliberal era, by region*

	<i>political responsibility</i>		<i>political authority</i>		<i>constituencies</i>	
	emphasis	de-emphasis	emphasis	de-emphasis	emphasis	de-emphasis
Anglo	order (2.46)		market orthodoxy (.32)	nat'l Keynesianism (-1.27)	MC & professionals (.38)	working classes (-.21)
Continent	order (.84)	protect (-.07)	gov't efficiency & decentralization (1.25)	nat'l Keynesianism (-1.14)	working classes (.24)	MC & professionals (-.23)
Nordic	enable (.76)	protect (-.16)	supra/ internationalism (1.45)	nat'l Keynesianism (-1.14)	MC & professionals (.68)	
Southern	enable (.55)		gov't efficiency & decentralization (1.17)	nat'l Keynesianism (-.34)	MC & professionals (.95)	working classes (-.37)

* Numbers in parentheses are absolute change between LB and N2 (that is, between the 1970s and the mid-1990s), measured in standard deviations based on a 25-country mean. See Tables 3a and 3b for details.

NOTE: Blank cells under 'de-emphasis' indicate that no decline occurred in any category.

Table 5. Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
YEAR	429	1974	1998	1986	7
center-left neoliberalism	429	-2.48	3.60	0.00	1.00
aggregate (annual) center-right neoliberalism	429	-2.24	1.79	0.00	1.00
center-right neoliberalism (nat'l-level)	429	-2.72	3.01	0.00	1.00
center-right power (% seats held)	429	-1.38	2.98	0.00	1.00
interaction: CR neolib * CR power	429	-3.23	4.09	-0.01	0.99
extreme right power (% seats held)	429	-0.62	4.48	0.00	1.00
Anglo neoliberalism	429	-2.31	2.38	0.00	1.00
American neoliberalism	429	-1.90	1.89	0.00	1.00
services (GDP value-added)	429	-2.73	3.51	0.00	1.00
unemployment (% TLF)	429	-1.59	3.73	0.00	1.00
female labor force participation	429	-2.75	1.58	0.00	1.00
convergence on Keynesianism*	429	-1.16	5.55	0.00	1.00
convergence on gov't efficiency & decentralization*	429	-1.27	7.05	0.00	1.00
convergence on market orthodoxy*	429	-1.05	3.25	0.00	1.00
Valid N (listwise)	429				

* country-level standard deviation, center parties.

Table 6. Regression results, OLS (with PCSE¹): correlates of center-left neoliberalism in 16 countries between 1974 and 1998 (n=429)

	β (SE)		β (SE)		β (SE)		β (SE)		β (SE)		β (SE)		β (SE)	
	1		2		3		4		5		6		7	
(Constant)	0.06	(0.10)	0.08	(0.13)	0.07	(0.09)	0.06	(0.13)	0.06	(0.08)	0.00	(0.04)	0.06	(0.07)
aggregate CR neolib. (t-1)	0.03	(0.03)			0.04	(0.03)			0.01	(0.03)			0.01	(0.03)
CR neolib. (t-1)	0.19	(0.05) ***			0.20	(0.05) ***			0.17	(0.05) ***			0.17	(0.05) ***
CR power	-0.12	(0.05) *			-0.09	(0.03) *			-0.08	(0.05)			-0.07	(0.05)
<i>int</i> : CR neolib (t-1) x CR power	-0.09	(0.03) *			-0.10	(0.04) **			-0.10	(0.03) **			-0.10	(0.03) **
Anglo neolib. (t-1)			0.07	(0.03) *	0.07	(0.03) *			0.06	(0.03) *			0.05	(0.03)
US neoliberalism (t-1)			-0.01	(0.04)	0.01	(0.05)			-0.01	(0.04)			-0.01	(0.04)
service economy unemployment							0.09	(0.06)	0.14	(0.06) *			0.13	(0.06) *
female LFP							0.12	(0.08)	0.11	(0.06)			0.10	(0.06)
std dev							0.22	(0.12)	0.14	(0.08)			0.14	(0.08)
Keynesianism std dev gov't efficiency/decentr											-0.08	(0.03) *	-0.03	(0.03)
std dev market orthodoxy											0.05	(0.03)	0.03	(0.03)
Adjusted R-square	0.06		0.02		0.10		.02		0.13		0.03		0.14	

* p≤.05; ** p≤.01; ***p≤.001

1. PCSE = panel-corrected standard errors (see Beck and Katz (1995) for a discussion).

NOTES: Data are from *Mapping Policy Preferences* (Budge et al 2001); economic data are from the OECD's historical statistics. Except for the interaction term, all variables are standardized; CR=center-right; LFP=labor force participation

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