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Beyond the neoliberal narrative: contradictions and the authoritarian wave.

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Abstract:

In this thesis, I provide a critical assessment of the current hegemonic order, highlighting its contradictions and structural flaws, and most importantly opening the door to a debate analyzing authoritarian neoliberalism, one of the most disturbing contemporary developments. All this from the perspective of political economy without separating the current issues from their historical roots. The literature on authoritarian neoliberalism has increased recently, but it often tends to focus on a specific case and pay limited attention to authoritarian connections to the neoliberal path as a whole. For this reason, I sought to build a deep discussion that addresses the recent shift towards authoritarian neoliberalism without neglecting the connection of this shift with the historical course of neoliberalism. Thus, the thesis follows a chronological path that starts from a point in the past and leads us towards the recent crisis that struck neoliberalism with the outbreak of the Covid-19 pandemic. Although authoritarian neoliberalism is a current issue crystallized in the wake of the global financial crisis, I argue that its explanation depends on our awareness of past neoliberal transformations and the contradictions inherent in the core of today's dominant thought. Taking this into account allows emphasizing the critical role of the state in building and consolidating the neoliberal order, thus avoiding the fall into the mistake of inaccurate reductionisms that show neoliberalism as an anti-state ideology. I was keen to include experiences from different countries and reviewed the various manifestations of authoritarian liberalism revealed by the experiences of countries such as the United States, Turkey, Hungary and others. I also provided an assessment of the Brazilian experience during the COVID-19 pandemic, thus combining critical discussion with contemporary analysis of a practical case that has recently sparked interest.

Keywords: Neoliberalism, Contradictions, Authoritarian neoliberalism, Covid-19 pandemic, Democracy, State, Brazil.

Resumo:

Na tese, apresenta-se uma avaliação crítica da ordem hegemônica atual, destacam-se suas contradições e falhas estruturais e, mais importante, abrem-se as portas para um debate analisando o neoliberalismo autoritário, um dos desenvolvimentos contemporâneos mais perturbadores. Tudo isso na perspectiva da economia política sem separar as questões atuais de suas raízes históricas. A literatura sobre o neoliberalismo autoritário tem aumentado recentemente, mas muitas vezes tende a se concentrar em um caso específico e dar pouca atenção às conexões autoritárias com o caminho neoliberal como um todo. Por isso, na tese buscou-se construir uma discussão profunda que aborde a recente onda do neoliberalismo autoritário sem deixar de lado a conexão desta transformação com o percurso histórico do neoliberalismo. Assim, a tese segue um caminho cronológico que parte de um ponto no passado e nos conduz à recente crise que atingiu o neoliberalismo com a eclosão da pandemia de Covid-19. Embora o neoliberalismo autoritário seja uma questão atual cristalizada na esteira da crise financeira global, a tese defende que sua explicação depende de nossa consciência das transformações neoliberais passadas e das contradições inerentes ao cerne do pensamento dominante de hoje. Levar isso em conta permite enfatizar o papel crítico do Estado na construção e consolidação da ordem neoliberal, evitando, assim, cair no erro de reducionismos imprecisos que mostram o neoliberalismo como uma ideologia antiestatal. Na tese, foram incluídas experiências de diferentes países e as várias manifestações de liberalismo autoritário reveladas pelas experiências de países como Estados Unidos, Turquia, Hungria e outros foram apresentadas. Também se forneceu uma avaliação da experiência brasileira durante a pandemia da COVID-19, combinando sua discussão crítica com a análise contemporânea de um caso prático que recentemente despertou interesse.

Palavras-chaves: Neoliberalismo, Contradições, Neoliberalismo autoritário, Pandemia de Covid-19, Democracia, Estado, Brasil

Contents

General Introduction:

Neoliberalism may sound familiar to many as it is frequently addressed in various discussions. It dominates almost every aspect of our lives and is at the heart of pressing issues the world is currently facing. However, the global hegemony achieved by neoliberalism paradoxically did not contribute to removing the ambiguity associated with it. Despite the fact that we live in the era of neoliberalism, yet, defining it or explaining its contents is not an easy matter. Similarly, it is almost difficult to identify its historical roots and its connection with other schools of thought to the extent that it can be said that the early beginnings of neoliberalism are almost as ambiguous as the predictions of its process. Much of this debate is due to the fact that the narratives about neoliberalism tend to reduce a large part of the history of neoliberal thought to a specific period beginning in the 1970s, or at best with the founding of the Mont Pelerin Society in 1947.

Dealing with all the above-mentioned shortcomings is important, not only because of their relation to the theoretical and conceptual framework of neoliberalism, but also because they have clear practical repercussions. In the thesis, I argue that approaching the essence of neoliberal thought and relating its early versions to contemporary ones opens the way for a better understanding of the course of neoliberal recent transformations. More specifically, the deeper we understand neoliberalism, the more we realize its internal tensions and thus the more we can observe the contradiction between its ideology and its practices. This is precisely what we need to comprehend the current phase of authoritarian neoliberalism. Because such contradictions are the main causes that produce crises, disturbances, and instability in all aspects of economic, political, and social life. However, the repercussions of these contradictions, which are reflected in various forms (from the spread of poverty and inequality, environmental degradation, the rise of populism and the far right to the formation of authoritarian governments and many other things), have been portrayed by the dominant neoliberal narrative as consequences of external factors unrelated to the nature of the neoliberal order.

The danger of the neoliberal narrative of putting the responsibility on external factors, lies not only on obscuring the truth, but also in justifying its claims with the help of an exclusionary and hostile discourse, and with no hesitation in pursuing policies and methods that undermine democracy. The results of such practices are becoming evident in many countries around the world where current conditions reveal an increase in authoritarian tendencies and further democratic backsliding.

Facing the challenges of this phase requires opening an in-depth discussion that touches the essence of the current pressing issues and from the perspective of political economy that comprehensively and richly addresses the various dimensions of neoliberalism. Based on this, I confirm that the discussion of authoritarian neoliberalism needs first to build a clear basis for what was stated in the neoliberal visions regarding the state and its role. This leads us to explore a central pillar of neoliberalism, which is the defense of the market mechanism. Indeed, despite all the transformations that neoliberalism has undergone, its dynamism has sought to ensure that all changes remain in a context that does not deviate from the interest of the market. Thus, in order to maintain this pursuit, neoliberalism is not materialized through the withdrawal of the state from the market, but it rather created a kind of compromise between the two. Every crisis that overwhelmed the global economy reveals the importance of engaging all these issues relating to the state, the market, and the boundaries between them, into a serious discussion that touches neoliberalism as an ideology and as a practice. Once again, the importance of critical readings of neoliberalism is confirmed with the rise of authoritarian neoliberalism, one of the most disturbing contemporary developments.

In order to achieve the objective of the thesis of having a solid understanding of the global state of neoliberalism and especially its recent turn towards authoritarianism, it is necessary to obtain a comprehensive perception of neoliberalism, its dynamics and previous transformations. Thus, the first step required an in-depth examination of the meanings and historical roots of neoliberalism and the position it formulated regarding the role of the state. In the context of achieving this, and through discussing the relevant literature, the following two gaps were revealed:

- Although most of the literature does not propose a clear definition of neoliberalism, its analysis reveals a tendency towards treating neoliberalism as if it were a well-defined concept. Thus, the concept of neoliberalism was discussed within a loose framework that includes a set of meanings that were not necessarily compatible. Therefore, the ambiguity surrounding its term as well as the inaccurate reductions have led to a number of words being used as synonyms for it, even though they were not really expressing the true meaning of neoliberalism. Some synonyms reflected part of the essence of neoliberalism, while others were misleading. This issue is noteworthy and cannot be overlooked, especially for the critical contributions of neoliberalism.

- In a context relevant to the above point, the literature review has also revealed a common narrative that hides the legacy of early neoliberalism and focuses exclusively on a specific period of neoliberal history. This period reflecting neoliberal global hegemony is undoubtedly important, but its truncation from the deep history of neoliberalism hinders our recognition of two key features of neoliberalism: dynamism and pragmatism. Until recently, many, including Dardot and Laval (2013) and Cahill (2014), argued that the belief in the death of neoliberalism assumed during the global financial crisis is evidence of our lack of understanding the nature and dynamics of neoliberalism. The same thing was repeated with the recent crisis caused by the outbreak of the Covid-19 pandemic. Accordingly, it can be said that researching the history and implications of neoliberalism, even after decades of its hegemony, is a matter of relevance, and indeed of great importance.

The first chapter of the thesis has therefore been devoted in its three sections to bridge the aforementioned gaps. This was achieved by clarifying the ambiguity surrounding the term neoliberalism by reviewing its multiple meanings and highlighting the aspects that made it a contested term. In addition, neoliberalism is addressed in its early stages showing its links with different schools of thought. This allowed to expose one of the most important fallacies that distort the link between neoliberalism and classical liberalism. Delving into the origins of neoliberal thought also showed that the first battles that neoliberals fought for were against collectivism and socialism, with the aim of finding a solution to the crisis of classical liberalism. This is an important aspect of understanding the political origins of neoliberal thought. All this contributed to defining the transformations that neoliberal thought has gone through, and thus highlighting the dynamics and complexities of neoliberalism. In this way, the discussion of Chapter One frames neoliberalism in a context that reflects the deep historical extensions of its rich thought, which go beyond Thatcherism and Reaganism, and the Washington Consensus. Moreover, the examination of the compromise created by neoliberalism regarding the market-state relationship paved the way for a later discussion of the contradictions between neoliberal ideology and its practices. This aspect falls within the endeavors of this thesis to join the contributions aimed at correcting the common and frequent reduction of neoliberalism as an anti-state ideology.

The second chapter comes in the context of the search for a deeper perception of the role of neoliberal ideas in engineering various economic, political, and social aspects of our lives. In particular, how the belief that everything can be understood through the market model was established. And how the focus has been shifted to a particular image of neoliberalism relating to individualism and personal freedom. Whereas, in fact, its practices establish monopoly and support authoritarian anti-democratic practices that are completely contrary to what has neoliberals claimed. Observing such contradictions reveals the structural flaws inherent in neoliberalism, which neoliberal discourse constantly seeks to conceal.

Contrary to the prevailing trend in the literature that focuses either on neoliberal ideology or its practices, the discussion that this chapter seeks to establish is the one that considers the overlap between the two. This chapter not only acknowledges a contradiction between neoliberal ideology and its practices, but also explains the fact that it is very problematic because it relates to the basic principles underlying the neoliberal order. I emphasized this by developing the discussion to include two levels of interrelationships, the first between market mechanism and state intervention, and the second between market mechanism and individual liberty. This discussion forms the basis for the subsequent analysis of authoritarian neoliberalism.

The third chapter is directly related to the conclusions of the second chapter on the inherent tensions of neoliberalism, which are manifested in the apparent contradictions between neoliberal ideology and its practice. This problematic nature of neoliberalism constantly creates crises and disturbances that have not (so far) led to the end of neoliberalism but to its restructuring in a new form. Recently, this dynamic has led to the transformation of what has become known as authoritarian neoliberalism. This neoliberal shift, which was crystallized in the aftermath of the 2008 global financial crisis, has become a focus of both interest and concern, especially as it has taken on a global character. But despite the growing recognition of the necessity of discussing authoritarian neoliberalism, the lack of studies that address it from a political economy perspective highlights a gap in the literature (Tansel, 2018, Arsel et al., 2021). Therefore, Chapter Three examines authoritarian neoliberalism by engaging in a two-track discussion: The first explains how the shift towards authoritarian neoliberalism occurred and the reasons behind it and shows how it all relates to both the economic crisis and the political instability left by neoliberal policies. Thus, from the perspective of political economy, it provides the necessary theoretical basis that clarifies the relationship between neoliberalism and authoritarianism. Besides, and with the aim of emphasizing authoritarian neoliberalism as a global shift, this chapter also reviews the diversity of its forms before moving to focus on a specific case. The second provides a practical analysis by addressing Brazil's experience during the COVID-19 pandemic, which this section argues is one of the most prominent and recent examples of authoritarian neoliberalism. This experience sheds light on the extent to which a deep commitment to neoliberal logic can result, and the repercussions of exclusionary discourse and authoritarian practices.

As explained above, each of the three chapters of this thesis is an attempt to fill a certain gap in contemporary literature which is what the conclusions in each chapter seek to prove. Finally, in the general conclusion, the results and observations of each chapter are linked together.

Chapter 01. The Historical Roots of Neoliberalism: Origin and Meaning

Introduction:

Neoliberalism has succeeded in reaching unprecedented levels of power and domination. It has an actual hegemony to the extent of becoming an established reality. It is difficult nowadays to find a space that neoliberalism has not penetrated. Neoliberal ideas not only went beyond the boundaries of economic theory and political thought to include various spheres of life but have also become at the heart of the most pressing issues of our time. Current debates consistently suggest that neoliberalism plays a major role (if not a cause) in a variety of problems and crises. Financial and economic crises, exacerbating poverty and inequality, the rise of populism, climate change and the deterioration of the global ecosystem, the failure to confront the Covid pandemic, and many others, are seen as consequences of pursuing neoliberal policies. Nevertheless, neoliberalism has been able to adapt in light of the crises and changes it has undergone. This is due, according to Cerny (2016, p.79), to its resilience that relied on "ad hoc adaptation and compromises that have led to the development of the 'regulatory state' and the proliferation of regulations that are intended to be pro-market". The flexibility of neoliberal ideas, as Kiely (2018) stresses, is what allowed neoliberalism to renew itself and face various crises and changes. The 2007-2008 financial crisis is a good example of such adaptation. With the collapse of one bank after another, the belief grew that the world was about to enter a new phase. This crisis generated a situation in which many, including prominent economists, believed that neoliberalism was dying (Cahill, 2014). It later turned out that this belief is nothing but a "widespread diagnostic error" that underestimated the history of neoliberal ideology and its "profound social and subjective springs" (Dardot and Laval, 2014, p.6). Neoliberalism has continued to survive and expand more and more, and so the question remains, how much do we know about neoliberalism and its history?

The analysis of neoliberal ideology and its history is still not as deep as that of the analysis of its policies. This is because these policies are often seen as necessarily compatible with neoliberal ideology. The reality, however, repeatedly points to the depth of the gap between neoliberal ideology and its practices. In a related context, there are a number of key considerations that can be noted from most discussions of neoliberalism which indicate that we are not yet past the possibility of falling again into 'diagnostic error', the most important of which is the lack of clarity in the aspects that define neoliberal identity. There are at least two notable aspects to mention in this regard. The first is the confusion about what is meant by the term neoliberalism. Despite its dominant presence, trying to define neoliberalism, or describe what it means, involves a great deal of complexity. Through their analysis of 148 articles on neoliberalism published between 1990 and 2004, Boas and Gans-Morse (2009) concluded that 63% of the sample articles published between 1990 and 1997 did not provide any definition whatsoever to clarify what is meant by neoliberalism, nor did any improvement appear over time as this percentage rose to 76% among articles published between 2002-2004. Perhaps what Mirowski and Plehwe (2015, p.24) emphasized about the fact that one "cannot look to any formal sanctioned publication of the MPS [Mont Pèlerin society] for a convenient definition of neoliberalism" produced such a situation of definition lack. On the other hand, Saad-Filho and Johnston (2005, p.01) point to the methodological aspect that makes defining neoliberalism difficult. They noted that unlike 'feudalism' or 'capitalism' which can be framed within a set of distinctive features, "neoliberalism is not a mode of production", and its extensions to different aspects of life makes restricting it within certain frameworks a complicated matter. However, this does not justify continuing to address neoliberalism without carefully considering what it means. Neoliberalism must be subjected to a deep analysis that touches on its historical roots and its multiple meanings.

The second aspect relates to the origins of neoliberalism, which are often reduced to a particular version that does not necessarily reflect the deep roots of neoliberal thought. Particularly when the narrative of neoliberal history begins with reference to the Mont Pèlerin society and then focuses mainly on the period from the 1970s onwards, consistent with the view that neoliberalism is a reaction against Keynesianism. There is no doubt that this period was decisive in the history of neoliberalism, but historical facts indicate that early neoliberal thought began to take shape during the interwar period as a result of the crisis that classical liberalism was going through. Thus, when this part of the history of neoliberalism is ignored, or mentioned in little detail, the course of development of neoliberal ideas is reduced to the period in which they began to gain the wide dominance that they still enjoy today. This way of portraying neoliberal ideology regardless of the transformations it has undergone is highly misleading, according to Jackson (2010). He therefore calls for research on the "institutionalization of neo-liberalism" to explore how "the earliest exponents of neo-liberal ideology focused primarily on socialist central planning rather than on the welfare state as their chief adversary and even sought to accommodate certain elements of the welfare state agenda within their liberalism as a means of legitimating the market" (Jackson, 2010, p.131-133). In a related context, Turner (2007) adds that the membership of the early participants in Mont Pèlerin was more related to their common critique of collectivism than to the fact that they were classical liberals. Therefore, it can be argued that considering Mont Pèlerin society as a starting point for neoliberal thought is nothing but an oversimplification.

Going deeper into each of these aforementioned aspects reveals their complexity and dialectic, but they are essential to a better understanding of neoliberalism. Therefore, this chapter addresses these two aspects and emphasizes the importance of including them in the conceptual discussion of neoliberalism. Such discussion highlights the importance of subjecting the history of neoliberal thought to scrutiny in a way that depicts the transformations it has undergone. Developing a more comprehensive understanding of neoliberalism in its contemporary form requires a return to early neoliberal thought. Although "[t]hese moments of dissonance and disconnect between old and new lives of neoliberal deployment are substantial enough to call into question the attempts to stitch them together into a seamless historical project" (Venugopal, 2015, p.4), ignoring the attempt to do so, leaves many questions about the origins of neoliberalism unanswered and hinders finding a clear definition of it. Moreover, the extent of the transformation that has occurred in both neoliberal ideology and practices cannot be explained without looking at the early stages of the emergence of neoliberal thought. Only then, it will become clear that neoliberalism is far from being a single, unifying ideology.

Indeed, the historical perspective enriches our understanding of neoliberalism and will make it possible to identify its multiple dimensions and its historical links with different lines of thought. While "[a] superficial acquaintance with the history of ideas and the social forces that nurtured those ideas does not suffice to obtain a clear perspective of either the scope and depth of neoliberalism or its rapid growth" (Mirowski and Plehwe, 2015, p.3). In-depth study of neoliberal ideas not only removes the ambiguities associated with the term neoliberalism, but also reveals the aspects that distinguish this line of thought from others. Accordingly, the following two sections address the aforementioned aspects of neoliberal identity by discussing its origin and then the ambiguity related to it as a term. In the third section, and in order to understand the basic concepts underlying the neoliberal discourse, I turned to the history of economic thought as an analytical tool to trace the evolution of the debate on the concept of uncertainty. This analysis highlights the shift that led to the adoption of the principle of individual rationality at the expense of the principle of economic uncertainty. This shift was necessary to justify the arguments in favor of an effective market mechanism. This belief in the nature of the market, which extended to include many other aspects, created a specific pattern of neoliberal economic practices. Moreover, this discussion adds further clarification on the roots of neoliberalism and in particular its links to neoclassical thought. An important aspect in this regard is the changes that have occurred in neoliberal thought regarding its position on the role of the state. By adopting the neoclassical methodology, the neoliberals reinforced the logic of efficient market over state intervention but without eliminating the possibility of the latter.

1.1 The origin of neoliberalism:

The Swiss resort of Mont Pèlerin is often considered the birthplace of neoliberal thought. It is where a group of economists, historians and philosophers gathered in 1947 to discuss the fate of modern liberalism. Led by Friedrich von Hayek, this group of 36 scholars formed what became known as the Mont Pèlerin society (MPS). The main motive behind this gathering, as stated in the very first lines of the 'Statement of Aims', was their concern that "[t]he central values of civilization are in danger". For them, this danger was principally related to "a decline of belief in private property and the competitive market" without which it is difficult to maintain freedoms in society (Harvey, 2007, p.20). These considerations about a free society were included in a list of six tasks in the 'Statement of Aims', which is the only official statement of the Mont Pèlerin Society. It is worth to mention that this document was issued after a great deal of controversy over a draft statement written by a group of members, among whom was Hayek. It was also remarkable that it lacked a number of principal liberal beliefs as the statement focused on economic freedom, individualism and moral standards without mentioning human and political rights. "One can interpret this not only as evidence of a fair amount of dissension within the ranks of the MPS; but also as evidence that the transnational band of participants did not have a very clear idea of where the project was headed in 1947", according to Mirowski and Plehwe (2015, p.25).

The historical importance of Mont Pèlerin Society is indisputable, but there are good reasons not to take it as a starting point for neoliberal thought because considering it as such leads to overlooking some of the basic aspects that formed the neoliberal ideology. Neither the framework set by the Mont Pèlerin discussions nor its 'Statement of Aims' give a clear picture of the developments that neoliberal thought went through before the 1940s, but rather separate the latter from neoliberal history. One evidence for this argument is to be found in Hayek's speech at the first session of the Mont Pèlerin Society when he said "I have had the good fortune in the last two years to visit several parts both of Europe and America and I have been surprised at the number of isolated men I found everywhere, working on essentially the same problems and on very similar lines" (quoted in Jackson, 2010, p.131). This statement of Hayek hides some facts, the most important of which is that long before 1947, many of those who formed Mont Pèlerin Society were in contact and had exchanged ideas in several meetings and correspondences. They were not, as Hayek claimed, completely isolated. In fact, despite their different nationalities, academic disciplines, and professional backgrounds, their opposition to collectivism and socialism that grew after the First World War formed a common ground that brought them together. This had a major role in shaping the neoliberal thought. This point was emphasized by Polanyi-Levitt (2012, p.9) who argued that Hayek's opposition to economic planning and "[t]he source of his market fundamentalism must be traced back to the Vienna of the 1920s". At that time, Vienna embraced the beginnings of the formation of neoliberal thought, notably the famous *Privatseminars* organized by Ludwig von Mises, who was a staunch attacker of socialist economics. "Socialism is the abolition of rational economy" Mises says in one of his articles published in 1920 (quoted in Burgin, 2012, p.21). These seminars attracted Hayek and Fritz Machlup, and a number of foreign scholars, some of whom later became members of Mont Pèlerin Society.

Not only Vienna during the1920s, there are other examples that confirm the existence of an active movement that strengthened intellectual ties among a large number of those who formed the Mont Pèlerin Society several years before their meeting in 1947. In this context, the *Colloque Walter Lippmann* is especially prominent. This colloquium was organized by the French philosopher Louis Rougier in Paris in 1938 to discuss Walter Lippmann's book *The Good Society* (1937). This book not only preferred market economy over state intervention, but also "discussed totalitarianism primarily with regard to the absence of private property, rather than the more commonplace reference to a lack of democracy or countervailing political power" (Mirowski and Plehwe, 2015, p.13). Although the outbreak of the Second World War dispersed a number of those who participated in this meeting and discouraged many of the matters that were agreed to be implemented, Jackson (2010) and Turner (2007) emphasized the importance of the *Colloque Walter Lippmann* in shaping neoliberal thought. Likewise, Mirowski and Plehwe (2015, p.13) pointed out that this event "marked the beginning of a new dawn in the history of neoliberalism". On the other hand, Reinhoudt and Audier (2018) criticized the fact that the colloquium did not receive the necessary attention until recently, noting that there are still few publications about it, especially in English.

Another example, from the 1930s, indicates that market advocates were able to create space for the development of neoliberal ideas in a number of notable academic circles. Years before the founding of the Mont Pèlerin Society, the London School of Economics (LSE) began to witness several transformations that distanced it from the academic mainstream at the time. Edwin Cannan's efforts contributed to the school's departure significantly from the socialist roots laid by its founders, members of the Fabian Society. Cannan, who admired Jevons' work, was among those who downplayed issues related to unemployment and opposed any state intervention in the market. In 1932, he expressed his view on the demand for labour clearly in a speech to the Royal Economic Society by saying that the "general unemployment appears when (workers) are asking too much… [The world] should learn to submit to declines of money-income without squealing" (cited in Polanyi-Levitt, 2012, p.7). Unemployment, according to this view, is the result of workers demanding wages higher than what is determined by the effective market mechanism and that any interference in the functioning of the market will be negative. Many of Cannan's students adopted his views, most notably Lionel Robbins, who took a keen interest in the intellectual traditions of Austria, and read much of Menger and Mises's works. Thanks to Robbins's efforts, the London School of Economics brought together more voices opposing state intervention. Most notably Hayek, whom Robbins invited to give a series of lectures in 1931, which facilitated Hayek's entry to the LSE later. In addition to market advocates in London, a number of Chicago economists, such as Frank Knight, Jacob Viner, and Henry Simons, also opposed state intervention, albeit in a tone less severe than that of the London economists. Burgin (2012, p.15) describes this situation as follows:

> "Considered in conjunction, the economists in London and Chicago reveal a world of market advocacy that was very much in disarray. Some corners held firm to reactionary extremes that few were willing to follow; others much more readily made concessions but proved incapable of articulating a coherent oppositional worldview".

All these aforementioned examples confirm that the course of events that occurred during the 1920s and 1930s, whether in Vienna, Paris, or the University of London, were not marginal but rather important stages that shaped the neoliberal origin. Their importance lies in the fact that they contribute to defining the historical context from which neoliberalism arose. Recognizing this context not only reveals the roots of early neoliberal thought but also prompts a reconsideration of perceptions that tend to reduce neoliberalism to a mere revival of classical liberalism or as a response to the failure of Keynesianism. Placing neoliberal thought in its correct historical context indicates that it began to take shape in the midst of the crisis experienced by classical liberalism. This crisis, that marked the interwar years, was fueled by the changes that took place in Western countries that strengthened the role of the state. The Wall Street Crash of 1929 and the Great Depression increased the acceptance of an interventionist form of the state, prompting further debates about collectivism and planned economics among liberals. And with the emergence of fascist movements in Italy in 1922 and Germany in 1933, and later across Europe (Austria in 1934, Greece in 1936, Spain in 1939...etc.), it became clear to the liberals that the fate of liberalism is in danger (Jones, 2014). Accordingly, many of the criticisms of the liberal approach, especially those of *laissez-faire*, have turned into points of division among liberals, resulting in "the 'new' interventionist variants within liberalism itself, such as the new liberalism advocated by T.H. Green, L.T. Hobhouse and J.A. Hobson in Britain, and the liberal progressivism associated with Franklin D. Roosevelt's New Deal administration in the United States" (Turner, 2007, p.70). As well as the German variant of economic liberalism, known as Ordoliberalism, which was presented as a third approach that differs from both *laissez-faire* liberalism and collectivism because it adhered to freedoms, but without denying the importance of the state's role in regulating society's relations and establishing laws (Bonefeld, 2012). These new variants and approaches point to endeavors that have been made to establish a new configuration different from that of classical liberalism. This confirms the necessity of addressing neoliberalism in a way that differs from classical liberalism. The efforts of the early neoliberals were not directed at reviving classical liberal beliefs, Turner (2007, p.67) asserts, but rather stripping them of the "accretions associated with the past and reinterpreted on a new ideological terrain". The neoliberals considered that the liberals overestimated that effective market conditions arise spontaneously, and that the economic system operates efficiently by its own without any interference. The crisis of classical liberalism made the neoliberals argue that the self-regulating market does not arise naturally or spontaneously, and therefore the economic system needs regulatory and institutional frameworks that govern and coordinate its operations. It is a system that "has to be consciously shaped", in Eucken's words (Peck, 2010, p.60). For this very purpose, neoliberalism has redefined the relationship between the state and the market. Redefining this relationship is not about determining the size of the state, but rather reconfiguring its role and practices so that the logic of the market actively penetrates into all aspects of life. Recognizing the state-market interrelation is important because it highlights a common fallacy arising from the distinction between classical liberalism and neoliberalism based on the notion of the night-watchman state. Besides being too simplistic, this distinction is also unrealistic, especially given countries that have embraced neoliberalism (the United States and Britain, for example) and that have not experienced a decline in the role and size of the state. Moreover, *laissez-faire* liberalism of the nineteenth century included not only the Manchester School of Richard Cobden and John Bright, which advocated downsizing of the state, but also the utilitarian tradition of Jeremy Bentham and John Stuart Mill, which demonstrated a tendency toward an interventionist role for the state (Stahl, 2019).

Therefore, although the legacy of classical liberalism is present in neoliberal thought, it is perhaps more correct to view neoliberal ideas not as a renewal of liberalism but as an extension of a set of ideas that emerged to emphasize the market economy. In this way, the truth of neoliberalism is unfolded as a constructive project targeting not only the economic system, but all aspects of life that are constantly sought to be subordinated to the logic of the market. This aspect actually adds more complexity to the analysis of neoliberalism, because its constructivist project is translated through a wide range of viewpoints and proposals, where in the difference between the earlier and later versions of neoliberal thought is also noted. In addition to the diversity of neoliberal approaches, Friedman's approach, for instance, unlike Hayek, was dominated by the mathematical method of neoclassical economics. This is also consistent with Mirowski and Plehwe's (2015, p.5) observation that "[t]he neoliberal thought collective was structured along different lines from those pursued by the other 'epistemic communities' that sought to change people's minds in the second half of the twentieth century". In this way, an important aspect that characterizes the course of neoliberal thought is the great effort that was made to bring about institutional changes that reinforce neoliberal ideas. This aspect is often marginalized by avoiding scrutiny of the formation of neoliberal ideas.

In summary, neoliberal thought emerged as a response to the conditions that dominated the interwar period. Those conditions that prompted a different line of debates among liberals centered on the consequences of the war, the Great Depression, the emergence of Fascism and Nazism, and other challenges that confronted the classical liberal approach. These circumstances created links and points of convergence between a number of liberal thinkers (later neoliberals) who stood against collectivism and planned economics and believed in the necessity of bringing about a change in the course of liberalism. The bonds between them strengthened during the 1920s and 1930s and resulted in the creation of the Mont Pèlerin Society in 1946. The neoliberals were part of a wide network of relationships and contacts among themselves, on the one hand, and with a number of political leaders, businessmen and journalists, on the other, who marketed neoliberal ideas in their speeches, interviews and various publications.

The question that arises, then, is why the early neoliberal formation is often underestimated at the expense of its later stages, particularly from the 1970s onwards? One explanation is the fact that the early stages of neoliberalism were characterized by a great deal of ambiguity and confusion. Although Jackson (2010) has suggested that it is possible to identify some characteristics that distinguished early neoliberalism from what it is today. Yet, it is difficult to confine early neoliberal thought to a specific line of thought. Besides the essential role of the Austrian school, neoliberal thought was also marked by its diverse German, Italian and French intellectual connections (Mirowski and Plehwe, 2015). Moreover, at that time the distinct economic dimension of neoliberalism had not yet been clearly defined, unlike the political inclinations of the neoliberals, which were mainly directed against socialism (Raschke, 2019), and the importance of establishing a rule of law that protects individual freedoms (Turner, 2007). These factors may have played a role in making the narrative of early neoliberal thought receives little attention, which in turn led to the tendency to reduce much of it at the expense of the period following the end of the Second World War. Since the mid-1940s, neoliberalism has become more coherent. The creation of the Mont Pèlerin Society in 1947 reunited the neoliberals, enabling them to develop their visions and strategies in a way that strengthened their ability to control and influence policy makers around the world. The endeavors of the neoliberals clearly paid off in the 1970s that marked the beginning of the glory years for neoliberal theory. In 1974, Friedrich von Hayek won Nobel Memorial Prize in Economic Sciences jointly with the Swedish economist Gunnar Myrdal. Two years later, the prize was awarded to Milton Friedman, one of the most influential liberal thinkers who was then a professor at the University of Chicago. As a result, the theory gained great respect and credibility in academia at the time. Besides the public recognition provided by the Nobel Prize, the existence of neoliberal thought has also been strengthened by the media and think tanks, notably the Heritage Foundation and the Adam Smith Institute, that have intensively promoted neoliberal ideas. In this way, the 1970s witnessed the influential presence of neoliberal ideas in the United States and the United Kingdom, as well as the formation of what became known as the Neoliberal State (Harvey, 2007; Polanyi-Levitt, 2012). Since then, the implementation of the neoliberal project has been reinforced by the big corporations that have funded everyone who could play a role in promoting neoliberal ideas. This made neoliberalism more than just an ideological issue, but a political prescription capable of shaping the destinies of countries, and Chile, as the first neoliberal state, is a good example of this.

1.2 The term neoliberalism and its ambiguities:

Neoliberalism has gained a lot of attention in recent years and has been addressed in several academic discussions as the dominant ideology of our time. According to Venugopal (2015) titles of articles written in English that included the word neoliberalism or neoliberal during 1980 and 1989 were few. At that time, it was not possible to find more than 103 articles in Google Scholar. This changed later, he asserts, as the results of conducting such research increased between 1990 and 1999 to reach 1,324 articles, and to approximately 7,138 articles between 2000 and 2009. While the number of articles and studies discussing neoliberalism continues to grow, it is remarkable that a great deal of ambiguity is still associated with it. Mirowski and Plehwe (2015, p.3) even argue that neoliberalism "draws some of its prodigious strength from that obscurity".

The ambiguity of the term neoliberalism stems, to some extent, from what the word neoliberalism might suggest. The prefix 'neo' gives an illusion of modernity of this thought, while the rest of the word refers to its shared ideological roots with classical liberalism. This deceptive aspect of the term makes neoliberalism appear as a renewed or contemporary form of liberalism. That is, as if liberal ideology has a natural life cycle going through growth and decline, and that neoliberalism represents its improved form. But this simplified perception does not accurately reflect what neoliberalism actually represents. In fact, this aspect of the term, which often causes confusion between neoliberalism and classical liberalism, sparked controversy among the early neoliberals themselves at the *Colloque Walter Lippmann* in 1938, particularly when they discussed which term should be adopted to express their new approach. At the time, dissatisfaction with classical liberalism, as Reinhoudt and Audier (2018) explain, led to the exclusion of a number of proposed terms (including neoliberalism) by some participants, most notably Jacques Rueff, who rejected the use of the prefix 'neo', and Louis Baudin who objected any term that might include the word 'liberalism'. In turn, Baudin proposed the term 'individualism' but Louis Rougier rejected it, arguing that the term individualism is associated with anarchism. Likewise, many other proposals, such as the 'constructor liberalism' (libéralisme constructeur), 'left liberalism' (libéralisme de gauche), 'positive liberalism' and 'social liberalism', were rejected before the term neoliberalism, coined by Alexander Rüstow, was finally adopted. At this point, this term was chosen to express a series of principles such as “the priority of the price mechanism, the free enterprise, the system of competition, and a strong and impartial state” (Mirowski and Plehwe, 2015, p.13). However, this was not the first time that the term appeared. Kiely (2018) indicated that the earliest use of the term neoliberalism dates back to the nineteenth century, 40 years before the *Colloque Walter Lippmann*, in an article written by the French economist Charles Gide wherein he referred to the Italian economist Maffeo Pantaleoni, who had close ties to the fascist movement, as a ‘neoliberal’. Later in 1925, Mirowski and Plehwe (2015) added, the term neoliberalism appeared in the *Trends of Economic Ideas*, which praises the role of competition and entrepreneurship. In this book, the Swiss economist Hans Honegger linked neoliberalism to notable works, particularly those of Alfred Marshall and Eugen von Böhm-Bawerk.

One advantage of placing the debate over the term neoliberalism within its historical context is that it highlights a broader and fundamental discussion that existed at the time about classical liberalism. The controversy in *Colloque Walter Lippmann* was a reflection of the disillusionment of a number of liberals with the situation in which classical liberalism had become. They saw that the weakness of the liberal approach opened the door to the expansion of socialism and economic planning, which prompted them to think of “the recrudescence of an old intellectual tendency—classical liberalism—but with radically altered political dimensions to both modernize liberalism as an ideology and meet the economic and political demands of the era” (Turner, 2007, p.68). Until recently, however, the association of the term neoliberalism with liberalism remains a matter of debate. Rose (2017, p.5), for example, suggested the term ‘advanced liberalism’ over neoliberalism arguing that new approaches and social arrangements that are centred around the principles of freedom, competition and efficient markets…etc, are nothing but “a kind of bricolage, some old, some new, some repurposed, some merely redescribed, but together forming a new way of thinking about individual and collective conduct and trying to govern it, an array of strategies that were certainly heterogeneous, but with enough of a ‘family resemblance’ to be grouped under a common name”.

Even after its dominance of our lives, many aspects associated with the term neoliberalism remained problematic. The fact that neoliberalism is no longer just a theoretical discussion but has become a reality does not make it any clearer. Contemporary use of the term neoliberalism has become more complex and less specific over time. It has come to be seen as “a controversial, incoherent and crisis-ridden term, even by many of its most influential deployers” (Venugopal, 2015, p.2). This, in turn, placed neoliberalism within a Gallie’s (1956) framework of ‘essentially contested concepts’, that is, those “whose strong normative character, multidimensional nature, and openness to modification over time provoke much debate over their meaning and proper application” (Boas and Gans-Morse, 2009, p.139).

Examples of such problematic aspects include the tendency to regard neoliberalism and the Washington Consensus as being equal. This is “a thoroughly objectionable perversion of the original meaning” declared John Williamson (2004, p.201). Williamson, who coined the term Washington Consensus in 1989, declared that “[t]he one policy with a distinctively neoliberal origin that got incorporated in my version of the Washington Consensus was privatization” (ibid., p.201). For him, the principles of Mont Pèlerin were not directed towards combating the problem of poverty in the third world, while this matter, he claimed, is at the heart of the Washington consensus strategies. However, Williamson's arguments do not appear to have succeeded in differentiating the Mont Pèlerin Principles from the ten policy measures of the Washington Consensus. Especially in light of the closeness and admiration that appeared between him and some prominent members of the Mont Pèlerin Society, such as Alan Meltz and Fritz Machlup, who was Williamson's teacher at Princeton University (Mirowski and Plehwe, 2015). Similarly, Rodrik (2006, p.974) argued that the Washington Consensus is still seen “as an overtly ideological effort to impose ‘neo- liberalism’ and ‘market fundamentalism’ on developing nations”. In a related context, Boas and Gans-Morse (2009) refer to the ‘asymmetric patterns’ of using the term neoliberalism. In other words, while the term is often used in the context of free market criticism and its radical policies that have exacerbated poverty and inequality, it is rarely mentioned by free market advocates. This pattern results from the negative connotation that has become associated with the term neoliberalism, which makes “no one self-identifies as a neoliberal” (ibid., p.139). Moreover, the term neoliberalism is treated differently in the USA than in other countries, as it is “hardly ever used to describe the U.S. configuration of “free market” forces, which mostly sail under the flags of libertarianism and neoconservatism” (Mirowski and Plehwe, 2015, p.2). On the other hand, Raschke (2019, p.16) criticizes the tendency of ‘progressives’ to confuse capitalism with neoliberalism, stressing that capitalism can be framed in a specific economic context, while neoliberalism is “a term saturated with various unrecognised political significations and hidden intentionalities, thus betraying its hybrid nature”.

Another problematic aspect appears when neoliberalism is reduced to Austrian thought. This, in fact, ignores other important contributions that shaped early neoliberal thought, especially the so-called Ordoliberalism, which represents a line of social market economy that emphasizes the role of the state in ensuring competition and free market mechanisms. Intellectual connections between German and Austrian economists developed through the *Verein für Socialpolitik* meetings in the 1920s, including a 1928 meeting in Zurich between Hayek and Walter Eucken at a session on business cycle theory. Thereafter, communication between the two continued and Wilhelm Röpke transmitted a number of correspondences between them during the 1930s (Kolev et al., 2020). Until the 1940s, the influence and convergence between Hayek's ideas and Eucken, as well as other Ordoliberals such as Röpke and Alexander Rüstow, were evident, but after that both influence and convergence began to fade with the emergence of a number of ideological differences between them, especially in the 1950s and 1960s (Jackson, 2010; Cerny, 2016). These differences relate mainly to the role of the state, which the Austrian school considers to be derived from economic freedom, in contrast to the Ordoliberals who argued that economic freedom cannot be achieved without the presence of a strong state, in other words, they regard economic freedom "as a construct of governmental practice" (Bonefeld, 2012, p.636). Furthermore, not taking into account the role of the Ordoliberal school means ignoring an important aspect of the transformation that occurred in the term neoliberalism itself. Venugopal (2015) pointed out that the term neoliberalism remained, until the seventies of the last century, closely associated with the Freiburg Ordoliberalism school. By the 1980s, however, the term had become widely used to refer to market deregulation and privatization. Likewise, Boas and Gans-Morse (2009) highlighted this transformation, noting that the term neoliberalism was used by German neoliberals in a positive context but then the negative aspect overshadowed the term especially when it became associated with the reforms that took place in Chile during the Pinochet era. Recently, Kolev et al. (2020) criticized literature's neglect of the prominent role played by German Ordoliberalism in shaping early neoliberal thought. In their extensive analysis of Eucken's correspondence with Hayek and Röpke, they show the great influence that the Eucken had on Mont Pèlerin society.

Perhaps one of the most problematic aspects is when neoliberalism is confused with neoclassical economics (More on this in section 1.3). Although there is a connection between the two, yet, given Hayek's critique of a number of neoclassical axioms, this connection is no more than an "unholy alliance" in Chang's (2002, p.540) words. Neoliberals adopted neoclassical's principles of competitive market and individual rationality, and thus accepting the general equilibrium model developed by Walras. Despite this, they did not abandon a number of principles of classical theories, most notable their adoption of Smith's notion of the invisible hand which undoubtedly serves the neoliberal doctrine in opposing governmental intervention theories. Also, neoliberals, unlike neoclassicals, are not concerned with monopoly power (Harvey, 2007; Stahl, 2019).

All the above problematic aspects add further complexity to our understanding of neoliberalism. The more we delve into the different dimensions and relationships of neoliberalism, the more difficult it becomes to find a comprehensive definition of it. This is indeed what we find in the literature that presents neoliberalism under various frameworks and within a wide range of different definitions. Besides its complex nature, what makes neoliberalism "defies simple definition" (Saad-Filho, 2017, p.245) has also to do with differences in the way it is analyzed. Although scholars in their quest to understand neoliberalism may combine several approaches, some aspects of neoliberalism are more relevant to certain approaches than others, which in turn produces a variety of interpretations and definitions. For example, some scholars, including Mirowski and Plehwe (2015) and Burgin (2012), study neoliberalism from a broad historical perspective, allowing us to trace the roots of neoliberal thought and the transformations that accompanied its development. While others tend to be more concerned with the contemporary aspects of neoliberalism, such as addressing the changes it brings to society (Dardot and Laval, 2014), its policy package, its effects on the environment (Heynen et al., 2007), neoliberal anti-democratic practices (Brown, 2019), the rise of authoritarian and populist policies (Boffo et al., 2019; Tansel, 2018; Bruff, 2014), and others.

Based on the theoretical framework, one can also distinguish between Marxist interpretations of neoliberalism and those influenced by Foucault's approach. Regarding Marxist literature, it is rich in various interpretations of neoliberalism. However, Saad-Filho (2017, p.245) points out that Marxist interpretations of neoliberalism can be summed up in the following four ways: Neoliberalism is understood as a "set of *ideas*" that flourished in Austrian, Chicago and Ordoliberalism schools of thought, and also as a "set of *policies, institutions, and practices*" that reflect neoliberal ideas. Additionally, and in light of the focus of Marxist literature on class struggle, neoliberalism is interpreted as "a *class offensive against the workers and the poor*" who are severely affected by neoliberal practices that only consider the interests of the elite. And in the Marxist analysis of the existing system of accumulation, neoliberalism is interpreted as a "*material structure for social, economic and political reproduction*" in a way that serves the dominant elites at the expense of the interests of the majority. Whatever the way neoliberalism is interpreted in Marxist literature, it seeks to include different aspects of neoliberalism in its analysis and provides a deep insight into neoliberal ideology and its political project. Such characteristics of Marxist analysis can be observed in Harvey's (2007, p.2) approach, who defines neoliberalism as “a theory of political economic practices that proposes that human well-being can best be advanced by liberating individual entrepreneurial freedoms and skills within an institutional framework characterized by strong private property rights, free markets, and free trade” and which subtly conceals what Harvey sees as the main motive behind the transition to neoliberalism: the restoration of class power. More specifically, Harvey’s viewpoint is that neoliberal policies were seen as solutions to the crisis of overaccumulation into which capitalism entered in the 1970s, especially since these policies, through privatization and reducing state control over several sectors, were able to open new channels of profit, which is exactly what the dominant elites were seeking.

On the other hand, there is another approach that is not in line with the Marxist interpretation, but rather considers that neoliberalism must be understood in a broader scope than that based on the logic of capital. For instance, Dardot and Laval (2014, p.12) argue that the Marxist interpretation is unable to provide answers about the ability of neoliberalism to survive and continue to expand despite its frequent crises. What Marxist explanation lacks, they claim, are the techniques practiced by neoliberalism to control “conduct and subjectivities” which “cannot be reduced to the spontaneous expansion of the commodity sphere and the field of capital accumulation”. For this reason, they suggest that neoliberalism be interpreted on the basis of Michel Foucault's analysis of governmentality. This approach of interpretation is an assertion that the values associated with neoliberalism, which have been shown to be of great influence in reshaping social relations and the behavior of individuals, are just as important as the economic aspects. From this point of view, neoliberalism represents “*the rationality of contemporary capitalism*”, and thus can be defined as “the set of discourses, practices and apparatuses that determine a new mode of government of human beings in accordance with the universal principle of competition” (Dardot and Laval, 2014, p.9).

What this discussion of the problematic aspects of neoliberalism and its various interpretations indicates is the diversity of ways in which neoliberalism is understood. It is not intended to compare different approaches of interpreting neoliberalism in order to favor one over the other. Instead, such a discussion highlights the importance of engaging these different approaches in a broad debate seeking to decipher the complexities of neoliberalism and leading to a more comprehensive understanding of this matter.

Since one of the points of interest in this thesis is the role of the state in neoliberal thought, the next section shows how neoliberals, despite adopting the approach of the neoclassical, were able to reconfigure the relationship between the state and the market in a different way than it was before.

1.3 The notion of the state and the market in neoliberal thought:

As I mentioned earlier, defining the relationship between the state and the market is one of the main points that distinguish neoliberalism from classical liberalism. For the neoliberals, what is essential in this relationship is the space that is given to the logic of a market to penetrate all aspects of life, not the size of the state. In this section I argue that understanding the neoliberal position toward the state is linked to the concept of uncertainty. Therefore, before I begin to elaborate on this argument, I will first show how, by including the concept of uncertainty in the discussion, serves our understanding of the attitude of mainstream thought toward the state and the market.

1.3.1 Why is it important to track the evolution of the debate around the concept of uncertainty?

In different and sometimes contradictory ways, various schools of economic thought have addressed many economic issues. At each phase, certain ideas and theories dominate the course of the world's economies, while others are excluded or even disappear. One of the prevailing ideas that have been shaken in the wake of the 2008 financial crisis is the ability of economic models to contain uncertainty. Likewise, the recent COVID-19 pandemic brought to the fore the impact that uncertainty can have on economic life. In a study by the National Bureau of Economic Research (NBER), Baker et al. (2020, p.07) confirmed that "[t]he COVID-19 pandemic has created an enormous uncertainty shock–larger than the one associated with the financial crisis of 2008-09 and more similar in magnitude to the rise in uncertainty during the Great Depression of 1929-1933". Yet it is not surprising that neoliberals do not take uncertainty seriously, because this concept opens the door to a discussion that goes beyond economic or financial shock and leads to shedding light on a deeper issue related to the ontological nature of the dominant thought in today's economy.

In Lawson's (2006, p.493) view "[w]e all adopt ontological stances, and the acceptance of any method of analysis carries with it certain ontological preconceptions". However, this does not mean that these concepts should not be subject to revision and critical scrutiny but rather that they are the starting point by which one approach is chosen over the other. Uncertainty is one of these central controversial concepts for which there is no consensus among economists about its role and importance, because it has, as Köhn (2017, p.8) puts it, “a Janus-face in economics”. This metaphor, inspired by ancient Roman mythology, indicates the two opposing sides of this concept. On the one side, uncertainty is seen to have a decisive role in explaining economic behavior in a world where the problem of knowledge cannot be overcome. While on the other side, the theory of rational choice and subjective probability beliefs are seen as a solution to the problem of knowledge and thus has the possibility of containing uncertainty. Between these two sides, it is the latter that dominates the neoliberal thought.

Traditionally, neoliberal economists ignore any role of uncertainty and fully embrace individual rationality. And even when some of them claim to address uncertainty by including it in macroeconomic models, they often do so in a superficial manner in which uncertainty is confused with quantifiable risk (Davidson,1991). Such approach, as Dow (2014, p.3) confirmed, is related to the closed-system ontology adopted by the neoliberals, whereby “structure, changes in structure and inter-relations within the structure are all knowable within quantifiable probability distributions” and uncertainty that cannot be measured is viewed as a source of disturbance and treated as a shock. Therefore, uncertainty in such methodological framework “is treated as a given outcome of an exogenous constraint on full information”.

Once the uncertainty is reduced to an external shock, it becomes a temporary deviation and part of the normal business cycle rather than a failure in the performance of the economic system. On the other hand, the assumption that markets are efficient and have the ability to self-correct indicates that the system, despite these deviations, will return to stability. The reality, however, has proven that these perceptions of market mechanism and the economic system are not accurate. But *how did economists get it so wrong?* This is the question that Krugman (2009, p.01) puts forward in his famous *New York Times* article, where he pointed out that the mistake made by economists is that “they turned a blind eye to the limitations of human rationality that often lead to bubbles and busts; to the problems of institutions that run amok; to the imperfections of markets- especially financial markets- that can cause the economy’s operating system to undergo sudden, unpredictable crashes; and to the dangers created when regulators don’t believe in regulation”. Nevertheless, the neoliberals who embraced the neoclassical assumptions of rationality do not acknowledge that individuals often make irrational decisions and that risk forecasting capabilities have been overestimated, and herein lies the root of the problem. In Skidelsky's (2010, p.17) view, this was an intellectual failure of the prevailing economic methods dominated by neoclassical economics ideas, stating that "rarely in history can such powerful minds have devoted themselves to such strange ideas". Based on the above, it has become clear that concepts such as uncertainty, *animal spirit* and irrationality cannot be declined simply because they are difficult to represent in the mainstream mathematical models.

Exploring the concept of uncertainty, simultaneously draws the attention to Keynes's works, something that becomes easily justifiable once we realize the depth of his view of fundamental uncertainty. Unlike the classical economists, he believed that economic activities are not necessarily governed by rational decisions and attributed the cause of the economic fluctuations to *animal spirits* (Akerlof & Shiller, 2010). Uncertainty, like many other concepts, is not an indisputable academic belief but rather part of the stream of changes in economic thought. In this regard "[h]istory of economic thought belongs to those tools, which are important to keep the engine of changes visible and to learn to understand directions of change" (Bögenhold, 2020, p.82). Therefore, the following discussion is not limited to the Keynesian perspective, although it will form an important part of it, but also addresses a number of views of his predecessors such as David Hume and Adam Smith. The purpose of establishing this historical extension and linking it to the relevant modern literature will contribute to tracing the evolution of the concept of uncertainty and helps in understanding the context and the motivations that drove neoliberals to ignore this concept. Realizing this leads us to understand how neoliberals have reshaped the relationship between the state and the market. It will also, as Dow (2009) noted, allow for an interdisciplinary investigation as economics interact with many disciplines that have long been considered separate from it, such as psychology and sociology. This point was recently emphasized by Bettache and Chiu (2019, p.11) who called for the need to "break social psychologists' silence on issues related to neoliberalism, an ideology that has transformed and will continue to transform our society, science and its applications, as well as people's lives". Furthermore, a study of the history of economic thought will allow us to realize, contrary to the dominant belief, that the latest in economics is not the best. The fact that the dominant neoliberal ideology embraces a number of ideas does not mean that these ideas are correct. What was mentioned before by Marx and Engels (1998, p.26) could presumably be true:

> "The ideas of the ruling class are in every epoch the ruling ideas, i.e., the class, which is the ruling material force of society, is at the same time its ruling intellectual force. [...]. The ruling ideas are nothing more than the ideal expression of the dominant material relationships, the dominant material relationships grasped as ideas; hence of the relationships which make the one class the ruling one, therefore, the ideas of its dominance".

Thus, after these waves of misguided ideas promoted by economists and backed by the dominant political class of the world, it is incomprehensible not to stop at the intellectual failure of prevailing economic methods.

1.3.2 Uncertainty: the shift from the center of the economic discourse to its margin:

The works of David Hume and Adam Smith, the most influential thinkers of the Scottish Enlightenment period, demonstrate that they were fully aware of the limits of human knowledge and the existence of uncertainty. They even considered uncertainty as the most important challenge facing economic thought. At a time when religious and moral beliefs had a strong presence in all fields, the influences of Montesquieu's Spirit of the Laws (1793) made both Smith and Hume interested in researching what would constitute the laws governing human nature (Köhn, 2017). It was remarkable that the approach taken by Scottish Enlightenment thinkers differed from that of the French and English Enlightenment. The Scottish Enlightenment was under the influence of Descartes' philosophy that asserts the priority of human reason, and that knowledge can be obtained by deductive logic, while the French and English Enlightenment thinkers were affected by Bacon's experimental philosophy and his inductive method (Dow, 2009). Taking this difference into account provides a better understanding of Hume's philosophy in particular. He explored human nature in depth during his stay in France, where he wrote his *Treatise of Human Nature*, which Dow (2009, p.4) described as Hume's "early grappling with the rationalism of the French Enlightenment". In this book, Hume (1738) distinguished between three types of human reason, namely knowledge, proofs, and probabilities. He defined each of them as follows:

> "By knowledge, I mean the assurance arising from the comparison of ideas. By proofs, those arguments, which are derived from the relation of cause and effect, and which are entirely free from doubt and uncertainty. By probability, that evidence, which is still attended with uncertainty (Hume 1738, cited in Köhn, 2017, p.18)".

This quotation clearly demonstrates that Hume linked uncertainty to probabilities, in contrast to knowledge which he presumed as devoid from uncertainty, and the proofs that he considered subject to a causal relationship (cause and effect). In addition to relating the different types of human reason with different levels of uncertainty, Köhn (2017, p.19) mentioned that in Hume's philosophy "only few arguments are based on knowledge, while in most cases probabilities get used to build arguments". In this way, Hume recognized the existence of uncertainty in different economic situations.

Smith also recognized the concept of uncertainty, and that human knowledge is limited. He was skeptical about probabilistic knowledge and "his dislike for the use of probability calculus was rooted in his doubt about the most fundamental assumption underlying conventional theories of probability", which considers economic events to be random (Köhn, 2017, p.20). Accordingly, he argued that what should guide individuals in situations of uncertainty is wise human reasoning and the use of moral rules, not probabilities. Smith's view of the behavior of decision-makers under uncertainty derives from his observation of their behavior in two situations, in the lottery, which represents individuals' choice of uncertainty over certainty, and in insurance when they choose certainty over uncertainty. He concluded that individuals are 'risk lovers', they underestimate their chances of losing while overestimating the uncertain gains. Smith relied also on this conclusion in other arguments such as in his discussion of the choice of a profession (Blaug, 1997). It is also noted that Smith analysis of individuals behavior is characterized by rationality with the absence of any indication of non-economic motives, i.e., *animal spirit* (Akerlof & Shiller, 2010).

It was clear that Hume and Smith understood the extent and the limits of human knowledge as well as the cognitive challenges that individuals face, like that of the induction problem. Their views were also consistent with regard to probabilistic knowledge and the limits of its application to economic reality in which events do not occur randomly. Therefore, classical economics, Köhn (2017, p.21) concluded, "was aware of the problem of uncertainty for both epistemological and ontological reasons and virtue ethics, instead of probability calculus, were used to handle the problem”.

Accordingly, one might think that the course of subsequent developments was in harmony with the findings of the greatest thinkers of the Age of Enlightenment, but this was not the case. The developments that followed the contributions of Hume and Smith went in another direction of what they had proposed regarding the problem of knowledge and uncertainty. And, the probabilistic method, which is said to have limited application to economic reality, has undergone wide developments. This shift is attributed to several contributions centered around the utilitarian principle that Jeremy Bentham introduced in 1781 in his book *Introduction to the Principles of Morals and Legislation*. These contributions were mainly represented by the work of Jevons (1863, 1871), Menger (1871), and Walras (1874), who developed the theory of marginal utility. They also relied on Hume's arguments in which he advocated the ideal and abstract mathematical reasoning as an accurate method of analysis (Köhn, 2017; Dow, 2009). In this way, the marginal revolution and the presuppositions of complete information brought the problem of uncertainty out of the economic discourse.

1.3.3 Uncertainty as a fundamental economic concept:

As mentioned in the previous section, the marginal revolution has shifted economists' focus away from the concept of uncertainty. But in 1921, John Maynard Keynes and Frank Hyneman Knight (one of the key members of the Mont Pèlerin Society) presented, separately, what could be seen as a turning point toward bringing the concept of uncertainty back into the economic debate. This section sheds light on their contributions.

Frank Knight, an American economist and one of the founders of the Chicago School, analyzed in depth the theory of value and distribution, as it was the subject of his doctoral thesis entitled *A Theory of Business Profit*. After receiving his Ph.D. in Economics from Cornell in 1916, he made a major revision of his thesis, which in 1921 turned into his famous book *Risk, Uncertainty and Profit*. This book included the first appearance of the Knightian curves of diminishing return, along with his prominent distinction between risk and uncertainty[1] (Stigler,

[1] The general uses of the terms risk and uncertainty differ from those used by researchers. The definition in the Oxford English Dictionary of both risk and uncertainty indicates that the former is a “situation involving exposure to danger”, while the latter is “the state of being not able to be relied on, not known or definite”. Whereas researchers differentiate between different types of uncertainty and view risk as variance (or standard deviation) that may include gains, not just losses (Park and Shapira, 2017, p.3)

2008). Uncertainty, Knight (1921, p.20) emphasized, “must be taken in a sense radically distinct from the familiar notion of Risk”. In his view, the difference between them lies in the quantitative characteristic of risk, which uncertainty does not possess. Knight (ibid., p.20) explained his view as follows:

> “It will appear that a measurable uncertainty, or 'risk' proper, as we shall use the term, is so far different from an unmeasurable one that it is not in effect an uncertainty at all. We shall accordingly restrict the term "uncertainty" to cases of the non-quantitive type. It is this "true" uncertainty, and not risk, as has been argued, which forms the basis of a valid theory of profit and accounts for the divergence between actual and theoretical competition”.

The last sentence in the above quote makes it clear that Knight relied fundamentally on the distinction between risk and uncertainty in forming his theory of profits, in which he argued that profits are a reward to uncertainty bearing, while measurable ambiguity (i.e., risk) is a component of production costs (Blaug, 1997). Knight illustrates the relationship between profits and uncertainty in many passages of his aforementioned book, for example in Chapter 10, he confirmed that “[p]rofit arises out of the inherent, absolute unpredictability of things, out of the sheer brute fact that the results of human activity cannot be anticipated and then only in so far as even a probability calculation in regard to them is impossible and meaningless” (Knight, 1921, p.310). This aspect, in which uncertainty appears as a condition for making profit, is the focus of Brooke’s (2010) attention. For him, this aspect represents the second interpretation of uncertainty in Knight's classic book. Besides the difference based on the extent of measurability, the distinction between risk and uncertainty referred to by Knight, Brooke (2010, p.223) asserts, “is between subjective and objective beliefs about the future”. That is, risk situations are only those in which the distribution of potential outcomes is known, while uncertainties involve all other situations in which future expectations are formed based on subjective beliefs. Thus, risk refers to future expectations that entrepreneurs form under the assumptions of perfect competition. Uncertainty, however, does not imply a complete absence of information, as entrepreneurs are able to make profit by relying on their subjective expectations of future.

These interpretations of Knight's distinction between risk and uncertainty have sparked widespread controversy. The most notable one came from Friedman, one of Knight's students, who openly expressed his opposition to Knight's distinction by saying:

> “In his seminal work, Frank Knight drew a sharp distinction between risk, as referring to events subject to a known or knowable probability distribution and uncertainty, as referring to events for which it was not possible to specify numerical probabilities. I have not referred to this distinction because I do not believe it is valid. I follow L. J. Savage in his view of personal probability, which denies any valid distinction along these lines. We may treat people as if they assigned numerical probabilities to every conceivable event” (Friedman,1976, p. 282, as cited in LeRoy and Singell,1987).

Friedman was not the only opponent, Knight received many criticisms about his distinction between risk and uncertainty. For instance, in their evaluation of Knight’s (1921) book, LeRoy and Singell (1987, p.402) argued that it is possible, in several parts of this book, to observe that Knight “did not always have a firm grasp on the market failure idea”, especially when he linked both risk and uncertainty to ‘imperfection in competition’. They also added that he discussed some obvious points at length while ignoring other important ones, as in the problem of the principal-agent that he did not address when discussing ‘the salaried manager’ in Chapter 10 of his aforementioned book. Moreover, Stigler (2008, p.7335) pointed out that “Knight's argument is subject to severe limitations. Because he avoids almost all questions of *quantity*, he often bases his argument on polar cases”. On the other hand, although Knight indicated that it is possible to calculate the objective probability of many uncertainties in economic life, he recognized at the same time that there were other situations in which measurement could not be applied. But this argument has been refuted by Ramsey (1931), de Finetti (1931), and Savage (1954) who defined the probabilities in the absence of statistics (Wakker, 2008). Samuelson (1963, p.6) also criticized Knight's notion in an article entitled *Risk and Uncertainty: A Fallacy of Large Numbers,* which he concluded with the following words:

> “In every actuarial situation of mathematical probability, no matter how large the number in the sample, we are left with a finite sample in the appropriate limit law of probability there will necessarily be left an epsilon of uncertainty even in so-called risk situations. As Gertrude Stein never said: Epsilon

> ain’t zero. This virtual remark has great importance for the attempt to create a difference of kind between risk and uncertainty in the economics of investment and decision making”

Samuelson did not welcome the distinction between risk and uncertainty on the basis of a probability distribution, pointing out that this distinction does not express the time factor, which made risks appear to be fixed. In line with him, Taleb[2] (2007) also made similar criticisms of Knight’s uncertainty, saying that his distinction between risk and uncertainty does not express the dynamism of economic activity.

Another line of criticism indicates that although several literatures have addressed Knight's distinction between risk and uncertainty in order to gain a more in-depth understanding of their respective roles in economic activities (Davidson, 1988), some, however, even when they invoke Knight's distinction, continue to ignore the role of uncertainty at the expense of risk. This is what LeRoy and Singell (1987) particularly noted in the neoclassical literature, arguing that it provides an incomplete explanation of Knight's work because it focuses the debate on the extent to which agents create subjective probabilities. Although Knight did not deny the existence of subjective probabilities even with uncertainty, the focus on this aspect is far from what he intended when distinguishing between risk and uncertainty. Yet, Bénassy-Quéré et al (2010) indicated that Knightian uncertainty is often not taken seriously for policy analysis purposes and remains limited to financial asset pricing and game theory.

In 1921, in addition to Knight's contribution, Keynes also revived the debate on the concept of uncertainty through his book *Treatise on Probability*. Their views converge in asserting that individuals face uncertainty in most of their economic decisions. This common ground between them makes it “legitimate to speak of Knightian and Keynesian uncertainty in the same breath” (Feduzi et al., 2014, p.4). Had he been a live, this argument, however, might have not been well received by Knight, who was a bitter critic of Keynes, as Patinkin[3] (1979,

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[2] Taleb[2] (2007, p. 128) mentioned the following “[…] Frank Knight, who rediscovered the notion of unkown uncertainty and did a lot of thinking but perhaps never took risks, or perhaps lived in the vicinity of a casino. Had he taken economic or financial risks he would have realized that these "computable" risks are largely absent from real life! They are laboratory contraptions!”

[3] Patinkin (1979, p. 226) mentioned the following “I have had the opportunity of examining Knight's copy of the General Theory-the one which he presumably read in preparation for writing his review-and it is filled with pencilled marginal notes of vehement dissent. Thus, on Keynes' statement in the preface that "It is

1973) noted. In his later works, Keynes dealt with uncertainty in depth, considering it a central pillar for understanding economic activity.

Keynes' early discussions of the concept of uncertainty was in his *Treatise on Probability* (1921), which he developed after graduating from Cambridge in 1906. Particularly during his spare time while working in the India Office, a position he got after achieving the second place on the civil service examination (Davidson, 2009). This book, in which Keynes addressed the problem of induction and the absence of knowledge, shows how much he was influenced by Hume's writings. At the same time, it includes points of difference between the two, particularly their arguments about probability which Keynes considered to be "a matter of logic rather than mere observation or sentiment". Moreover, Hume believed that the individual in his pursuit of knowledge is driven by passions, while, for Keynes, the motivation was both emotions with cognition. In general, "Keynes's philosophy arguably allows more scope than Hume's for deductive reasoning" (Dow, 2009, p.13; Dow, 2014).

Uncertainty, Keynes argues, is not measurable because it is related to a sudden event that cannot assign any probability to it at all. Minsky (1976, p.66) quoted the following passage that shows Keynes's definition of the concept of uncertainty:

> "By "uncertain" knowledge, let me explain, I do not mean merely to distinguish what is known for certain from what is only probable… there is no scientific basis on which to form any calculable probability whatever. We simply do not know. Nevertheless, the necessity for action and for decision compels us as practical men to do our best to overlook this awkward fact and to behave exactly as we should if we had behind us a good Benthamite calculation of a series of prospective advantages and disadvantages, each multiplied by its appropriate probability, waiting to be summed'' (*QJE*, pp.213-14).

Although many economists have defined the concept of uncertainty based on Keynes's (1921) *Treatise on Probability*, Dequech (1997) argues that this work lacks a clear definition of this concept. He came to this conclusion by comparing Keynes's concept of uncertainty in his both

astonishing what foolish things one can temporarily believe if one thinks too long alone, particularly in economics," Knight commented "best statement in the book"-and we know of whom he was thinking. The expletive "Nonsense!"-replaced on occasion by even stronger terms-frequently appears in the margins". See also (Patinkin, 1973) earlier and later works. The same point is brought out by Arestis and Sawyer (2006, p.440-443), who noted that two concepts of uncertainty are often distinguished in Keynes's (1921), namely "(i) uncertainty as probable knowledge based on slight information and (ii) uncertainty as absence of probable knowledge". The first concept, they stated, concerns situations where probable knowledge is derived from insignificant or incomplete information. For this reason, this type is associated with the weight of the argument, which plays a fundamental role in "convincing individuals that the probability relation is a reliable guide to action". The second type of uncertainty represents "the most radical form of uncertain knowledge" and includes two cases. The first is the inability of individuals to establish a probabilistic relationship because human reasoning, in some situations, can be limited. In such cases, the possibilities are unknown, resulting in "vague knowledge". Whereas the second case is when it is not possible to perform a numerical or comparative probability calculation for reasons unrelated to human reasoning forces. This led to many interpretations of the concept of uncertainty in Keynes' early works because, in his quest to formulate his theory of probability, he produced a theory of two dimensions, the first is concerned with probability relations while the second is relevant to the concept of the weight of argument. In this way, he established "a general theory of knowledge that includes the cases of certainty, risk" and two types of uncertainty (Arestis and Sawyer, 2006, p.443; Lawson, 1988).

The centrality of the concept of uncertainty in Keynesian thought was remarkably crystallized in *The General Theory of Employment, Interest and Money* (1936), in which he addressed the shortcomings that made the economy fail to provide full employment and equal distribution of wealth. In this work, in addition to the concept of uncertainty, Keynes referred to several related concepts such as animal spirits and irrationality, which were later underestimated by many economists.

The distinction between risk and uncertainty is of great importance for understanding many of Keynes' arguments regarding the nature of economic system. It also reveals his skepticism about the ability of risk management tools to predict and the market to self-correct. In Chapter 11 of his *General Theory*, Keynes (1936) addressed the concept of risk and its impact, particularly on investment. He mentioned two types of risks, the first is related to the side of the borrower who has the risk of not receiving the expected return, while the second type is related to the risks associated with the lender, whether resulting from voluntary default, such as a moral hazard or a risk that may arise involuntarily, such as insufficient margin of security.

Besides, he indicated other risks that may affect the lender-borrower relationship, such as changes in the value of the monetary standard. Whatever the type of risk, Keynes states that they are all measurable and that their relevant probabilities are known and thus can be described by a certain form of probability distribution. In contrast, uncertainty cannot be measured or predicted[4].

Furthermore, Keynes argued that the concept of uncertainty is linked to interest rates and plays a role in the stability of investments (Patinkin, 1979), as well as in explaining why wages and prices fail to adapt immediately. This concept formed the basis on which Keynes relied on in many of his arguments, which led Hyman Minsky (1976, p.57) to say that "Keynes without uncertainty is something like Hamlet without the Prince". At the beginning of chapter 12, Keynes (1936) identifies two components that represent the expectations of prospective yields, the first of which depends on known or current facts that involve a partial state of certainty that makes forming a kind of a short-term expectation possible. Alongside this component, there is another which Keynes called long-term expectation as it closely related to changes in future events that contain a high degree of uncertainty and are therefore difficult to predict.

Back in 1929-1932, Keynes' explanation of the causes of the Great Depression was linked to global saving glut, mainly due to the role of the United States. Once again, he returns to the concept of uncertainty to explain why someone may choose to hold wealth. The reason as he stated is "the existence of uncertainty as to the future of the rate of interest" because there will be no desire to hold cash as a store of wealth if future interest rates can be expected and since this is not possible, there will always be a risk of failure to convert debt into cash (Skidelsky, 2010, p.96). Keynes gave great importance to the aspect of uncertainty that characterized long-term expectations by saying "[i]t would be foolish, in forming our expectations, to attach great weight to matters which are very uncertain" (Keynes, 1936, p.148). Minsky, in turn, understood this importance and he, in his hypothesis of financial instability, reformulated Keynes's interpretations of market behavior under uncertainty. Later, the idea of uncertainty became controversial, and the literature contained multiple interpretations of the concept. According to Lawson (1988), the reason for this controversy is due to the fact that uncertainty has long been considered identical to probabilistic knowledge, while Keynes gave

[4] Keynes (1937, p.213) clearly demonstrated this difference in his article The General Theory of Employment.

it a different perspective when he linked it only to cases in which probabilistic knowledge is absent. Also, by taking this concept into account, Keynes rejected Say's law and noted that the supply does not create its own demand. This is why, according to Skidelsky (2010, p.83) "Keynes's break with the classical school was at root epistemological" since his concept of uncertainty is a clear rejection of classical models claim about the ability of market's self-correction. Moreover, it shows the inefficiency of risk management tools in forecasting.

Another important aspect highlighted by Keynes in his *General Theory* is related to the concept of '*animal spirits*'[5], through which the relationship between individual behavior and uncertainty can be traced. According to Shiller (2021, p.2), Keynes formulated the concept of *animal spirits* more clearly than others, although Knight, for example, was also aware of the nature of human behavior, especially when he noted "[w]e act upon estimates rather than inferences, upon 'judgment' or 'intuition', not reasoning for the most part" (Knight, 1921, p.223). Keynes presents *animal spirits* when he stated the following:

> "Even apart from the instability due to speculation, there is the instability due to the characteristic of human nature that a large proportion of our positive activities depend on spontaneous optimism rather than on a mathematical expectation, whether moral or hedonistic or economic. Most, probably, of our decisions to do something positive, the full consequences of which will be drawn out over many days to come, can only be taken as a result of *animal spirits*—of a spontaneous urge to action rather than inaction, and not as the outcome of a weighted average of quantitative benefits multiplied by quantitative probabilities" (Keynes, 1936, p.161).

This concept explains why Keynes did not believe in individual's rationality which he saw as an unrealistic reflection of people's actions. This aspect of Keynesian thought contrasts sharply with the approach of neoliberals and other mainstream economists who adhere to the principle of rationality because it undoubtedly legitimizes the use of economic models that they claimed reflect the behavior of society (Skidelsky, 2010; Dow, 2004).

[5] This concept is explored in more detail in section 1.3.4 as it forms the basis for behavioral economics.

1.3.3.1 The echo of neoliberal thought in Hayek and Friedman's criticisms of Keynesian thought:

As a result, Keynes' awareness of the role of uncertainty and *animal spirits* led him to conclude that the market mechanism is not effective, adding that state intervention contributes to correcting market failure. At the time, after the Great Depression it was not difficult to accept the idea of market failure. As mentioned earlier, during that period there was a debate over freedom and the limits of state intervention. On the one hand, there were numerous criticisms of *laissez-faire*, and on the other hand there were concerns about central planning, the rise of fascism as well as the New Deal. This debate had begun in the mid-1920s, but according to Mirowski and Plehwe (2015, p.11) “the critique of classical liberalism as the other face of neoliberalism was not yet apparent in the works of Ludwig von Mises and other Viennese colleagues; neoliberalism, therefore, truly was an offspring of the Great Depression” which paved the way for the exchange of new ideas.

Hayek puts forward a view contrary to Keynes' proposal regarding the market mechanism and the interventionist role of the state. During the 1940s, Hayek focused explicitly on research in socialist economics. This focus, in the course of his research into the works of Saint-Simon and Comte, led him to analyze Mill's work, particularly with regard to the latter's epistemology and his view of socialism. Hayek linked many of his ideas, which later became the core of neoliberal thought, to his critique of socialist economics. For example, he was careful not to regard the ideas of the eighteenth century as homogeneous. Regarding liberalism as a doctrine, Hayek distinguished between two traditions, the ‘Continental’ liberal and the ‘British’ liberal. He pointed to the decline in the influence of liberal ideas in Britain after the First World War arguing that English liberalism, unlike ‘Continental’ liberalism, had a position “opposed to centralization, to nationalism and to socialism” (Légé, 2008, p.204). Moreover, Hayek considered that individualism is the realization of the project of freedom and creativity, and that the word ‘socialism’ is ‘‘deliberately coined to express its opposition to individualism’’. Thus, in his paper *Individualism: True and False*, Hayek acknowledges that individualism, though it has come to represent several heterogeneous principles, should not be abandoned. For him, ‘true’ individualism is the one that ‘‘accounts for most of the order which we find in human affairs as the unforeseen result of individual actions’’, while ‘false’ individualism is the one that ‘‘traces all discoverable order to deliberate design’’ (Hayek, 1945, p.3- 8; quoted in Légé, 2008, p.203-204). Later, Karl Popper, another prominent member of the Mont Pèlerin Society, claimed that social phenomena should be explained as a result of individual behavior and actions rather than through an analysis of collective behaviour. This approach became known as Popper's methodological individualism (Bettache and Chiu, 2019). Hayek's influence on Popper's thought was also evident in the latter's book *The Open Society and its Enemies* in which Popper criticized Marxism and the planned Society that he claimed often leads to totalitarianism (Turner, 2007). In addition to individualism, Hayek furthered his critique of socialism through his defense of personal freedom, most notably in his famous books *The road to serfdom* (Raschke, 2019). Hayek's belief in individualism and personal freedom and linking it to economic freedom led him to prefer the free market mechanism over state intervention. Later, neoliberal thought crystallized around principle of personal freedom and individualism formed the nucleus of the ‘Statement of Aims’ of the Mont Pelerin Society, as well as in its draft.

Keynesian thought was also attacked by Friedman. In their book *Monetary History of the United States*, Friedman and Schwartz (1963) underestimated the role of the *animal spirits* which the Keynesian economy considered to be the cause of economic volatility. Instead, they drew attention away from the role of individuals to the inept monetary policy. Back in 1957, Friedman criticized the Keynesian consumption function, where he argued that the fiscal policy of having a much lower impact on equilibrium income, if the marginal propensity to consume out of transitory income, is small (Mankiw, 2006). And in his permanent- income hypothesis, Friedman (1959, p.351) stated that “the economy is much less sensitive to changes in investment than it would if consumption were adapted to be measured rather than permanent income the short-run investment multiplier is decidedly smaller than the long run multiplier”.

Friedman has long been skeptical about the effectiveness of government intervention in the economy. He developed the monetary theory which argues for the importance of the role of money supply in determining the aggregate spending in the economy with an emphasis on long-term effects, such as “the eventual inflationary consequences of sustained stimulus to aggregate demand, and the inability of government demand management policies to affect real incomes or employment” (Woodford, 1999, p.15). In parallel, monetarists have developed mathematical and statistical models to support their arguments.

Besides being one of the most prominent members of the Mont Pèlerin Society, Friedman was a leading figure in the anti-Keynesian trend that reinforced with growing views on the inability of Keynesian economic ideas to explain the stagnation that had broken out during 1960s and 1970s. One of the factors that increased Friedman's credibility was his arguments regarding the stability of the Phillips curve, particularly those he presented in his presidential address to the *American Economic Association* in 1967. This had important implications for many macroeconomic models that used this curve, including that of Keynes. In contrast to the 1960s, when it was accepted that the relationship formed by the Phillips curve was stable, Friedman's argument was that this trade-off between inflation and unemployment would not hold in the long run. Friedman argued that the study of Samuelson and Solow (1960) that shows a stability of the Phillips curve was based on time-period data where inflation expectations were already stable. Since it is difficult to predict inflation in the short term, it may seem to reduce unemployment, but this is not the case in the long term. He added that the changes in that expectations will not affect the unemployment rate as assumed and the rise in inflation will not lead to a decline in the unemployment rate (Woodford, 1999). Friedman's argument became true by the end of the 1960s, with the rise in unemployment and inflation rates together and the entry of the world's countries into the phase of 'stagflation' that continued throughout most of the 1970s. But, Mankiw (2006) rejects Friedman's argument, noting that most of the literature ignored the fact that Samuelson and Solow did not consider the Phillips curve as a constant trade-off between inflation and unemployment, and they even pointed out that these trade-offs varied in the short and long terms.

Friedman's efforts are among many contributions that led to the decline of Keynesian policies that had been so well received for the nearly a quarter of a century, often referred to as the Golden Age of Capitalism. The decline of Keynesian thought and the growing belief in market efficiency, led to a further disregard of the concept of uncertainty and *animal spirits*. Later, the course of events during the 1970s (the collapse of Bretton Woods system in 1971, OPEC oil embargo of 1973) and the ineffectiveness of continuing to follow the Keynesian politics called for the need for an alternative policy. The strategies proposed by the socialist and communist parties in Europe no longer resonate. While the voices calling for the liberalization of markets have become more welcomed (Harvey, 2007).

Nevertheless, the neoliberals realized that they needed more than a counter-narrative to the Keynesian paradigm for their ideas to become dominant. This is what the theory of rational expectations was able to provide because its adoption by the neoliberals made their narrative appear more coherent and 'scientific'. This opened the way for neoliberalism to be considered as a possible alternative to Keynesianism. The next section discusses this point in more detail.

1.3.4 The dominance of the concept of rationality:

In his article *Rational Expectations and the Theory of Price Movements* (1961), John F. Muth put forward the rational expectation's hypothesis. He argued that the nature of the economic activity pushes individuals to form future expectations on an ongoing basis. In order to avoid the mistakes of the past, future expectations became subject to continuous process of adjustments based on the results obtained. Therefore, Muth (1961, p.316) concluded that "expectations, since they are informed predictions of future events, are essentially the same as the predictions of the relevant economic theory". That is, the concept of rational expectations assumed that outcomes do not differ systematically from what people expect them to be. Based on Muth's argument, the assumption that the individuals are 'rational' has come to imply that the information available to the public has been utilized in an efficient manner and therefore individuals, when formulating their future expectations, will not make systematic errors. To Blaug (1997, p.684), this "does not imply that expectations are never mistaken -foresight is not perfect because the economy is subject to random unpredictable shocks- but that the probability distribution of the subjective expectations of price variables will always have the same 'mathematical expectation' as the objective distribution; a rational forecast or rational expectation has the property that its expected error is always zero".

Muth's view, however, was not taken seriously until the 1970s, after Robert Lucas and Thomas J. Sargent adopted the principle of rational expectations, which led to the second wave of New classical economics, the so-called the *Rational Expectations Revolution*. Lucas and Sargent also adopted Friedman's arguments against the Phillips curve, that was long been considered as one of the appropriate ways to complete the Keynesian model. Their view contributed to the collapse of the consensus view in macroeconomics that prevailed until the early 1970s and in turn, helped to build the theory of the Real Business Cycle that formed the third wave of the New Classical economy developed in the 1980s (Mankiw, 1990).

In 1976, Lucas published his book *Econometric Policy Evaluation: A Critique* where he considered the weakness of Keynesian models to be due to the fact that they did not take rational expectations seriously. The *Rational Expectations Hypothesis (REH)* developed by him ruled out the possibility of activating Keynesian policies arguing that government spending will eventually lead to inflation. According to Arestis and Sawyer (2006, p.479) Lucas claimed that the "lack of information or other source of price rigidities would allow the existence of a short-run trade-off and the possibility that governments could exploit, for political gain, the advantages of lower levels of unemployment". Actually, the promotion of the rational expectation's hypothesis is considered one of the main neoclassical achievements. Rationality has soon become popular and unquestionable since it did not conflict with other mainstream believes, as Snowdon and Vane (2005, p.315) put it "in a world of rational expectations, perfect price flexibility and full information relating to the money supply, the neutrality of money is guaranteed". Later, the assumption of rationality was adopted as the basis for many models that are used in the analysis of monetary policies, in particular the Dynamic Stochastic General Equilibrium (DSGE) models (Bénassy-Quéré et al., 2010).

Under the assumption of rationality and symmetric information, the results produced by the models come in line with individuals' future expectations. Then uncertainty is no longer a problem but rather becomes very marginal, simply because uncertainty lies outside the ergodic assumption in which statistical patterns in the past provide perceptions of possible outcomes in the future. This assumption is indispensable in the rational expectations' hypothesis in which "the objective probability environment […] presumes not only that probability distributions regarding historical phenomena have existed, but also that the same probabilities which determined past outcomes will continue to govern future events" (Davidson, 1991, p.132). In this way, the concept of uncertainty came to be dealt with in a framework assuming that future expectations are based either on objective probabilities or on subjective perceptions, and thus the distinction between probabilistic risk and uncertainty has disappeared from mainstream thought. Furthermore, it is remarkable that a number of Keynes followers have contributed to concealing the aspect of uncertainty and *animal spirits* driven by a desire to approximate the intellectual distance between the Keynesian economy and the existing theory that dominates the mainstream economy (Akerlof & Shiller, 2010). In this context, Skidelsky (2010, p.17) stated clearly his criticism of the New Keynesian school "in accepting the theory of rational expectations, which revives in mathematical form the classical theory which Keynes rejected, they [New Keynesian] have sold the pass to the New Classicals. Having swallowed the elephant of rational expectations, they strained at the gnat of the continuous full employment implied by it, and developed theories of information failures to allow a role for government".

By maintaining the idea of rationality, individuals become as if they are fully aware of the economic structure and government policies, and thus the role of the latter become unsignificant because “any action taken by the government in the form of either fiscal or monetary policy would quickly be included and accounted for within the individual's information set, resulting in a new decision” (Hunt and Lautzenheiser, 2011, p.487; Davidson, 2009). Neoliberals took advantage of this idea to justify their skepticism about the interventionist role of the state, arguing that the state lacks sufficient information to predict prices and added that it is not “an impartial and omnipotent social guardian” but an “organization run by self-seeking politicians and bureaucrats, who are not only limited in their ability to collect information and execute policies, but are also under pressures from interest groups” (Chang, 2002, p.540) and this, according to their point of view, would have major repercussions for democracy. In this way, neoliberals concluded that the market’s ability to self-correct is usually better than the results that can be achieved through state intervention. This conclusion forms the part that strongly connected neoliberalism with the neoclassical approach. However, since the neoliberals had relied on the tools of neoclassical economics, they had to provide justifications for the market failures that characterized the latter. This led them to accept an intrusive role for the state, but they argued that it should be minimal. Within these limits that neoliberals tried to establish between the state and the market, they found space to promote the principle of competition and entrepreneurship. That is, they accepted that the market may fail in some cases, which calls for state intervention, but this must be within narrow limits so that not to discourage the entrepreneurship and competition (Chang, 2002). In this context, Cerny (2016, p.91) stated that:

> “[t]he ideal of a neoliberal society and economy populated by entrepreneurial men (and women), whether out of human nature or imposed by a strong regulatory competition state, is a myth, but it is a myth that has a deep hold on economic actors, policymakers and, indeed, the public at large, not only in the developed world but in the developing world too. This is the paradox of neoliberalism”.

Indeed, it was remarkable that while the beginnings of neoliberal thought were marked by opposition to state intervention, neoliberalism in its advanced stages was able to achieve a profitable settlement in which the interventionist role of the state is directed to serve the interests of capital. Neoliberalism, by conveying the idea that the market always achieves the best results, sought, in the 1970s and early 1980s, to dismantle the structure that was formed after World War II wherein the state was playing a very important role in the dynamic functioning of capitalism. These efforts aimed at reducing the role of the state to a minimum give legitimacy to certain policies such as austerity, for example, under which public spending is reduced to its lowest levels. This policy in particular not only strips the state of its social obligations, but also opens the door to large-scale privatization processes in which ownership is transferred from the public sector to the private sector under the pretext that the latter is more productive and efficient.

Finally, it is worth noting that the hegemony of neoliberalism would not have been achieved in the way it is now, had it not been for the consolidation of the idea of globalization and the establishment of international organizations. According to Cerny (2016, p.83), "[n]eoliberalism became the polymorphous creed of globalisation itself. For the state to succeed economically, it itself had to globalise, becoming a competition state". According to this logic, the efforts of the World Bank, the International Monetary Fund and the World Trade Organization have sought to shape global trade policies in a way that strengthen the dominance of transnational corporations and the financial institutions. These organizations promoted packages of reforms based on neoliberal policies, which they claimed was the way to achieve economic growth in emerging countries. Yet, despite the predominance of neoliberal ideology, there was a debate regarding the extent to which models that adapt to rational assumptions can be used in monetary policy analysis. In this connection, Milani (2007) pointed out the limited capacity of these models in analyzing monetary policies because their results are often not consistent with the behavior of economic variables, especially with regard to inflation. Instead, he suggested replacing rational expectations with the adaptive learning rule. These doubts and others have become a real issue with the arrival of the global financial crisis. Subsequently, the COVID-19 pandemic, as Chapter 03 explains, will lead to actions that "break every rule in the neoclassical playbook" (Šumonja, 2021, p.216).

1.3.5 Behavioral economics and the revival of the concept of uncertainty:

The acceptance of the concept of rationality, especially during the 1970s, led to the deterioration of the Keynesian economy at the expense of another line of thought, where the concept of the uncertainty and *animal spirit* has had no place in the interpretation of economic behavior. The turning point, though, was the economic crisis that hit the world in 2007-2008, which revealed the depth of the gap between reality and the assumptions underlying economic models governed by rational decisions. It became clear that "the individual as a rational, calculating maximizer, as portrayed in neoclassical marginalism, has never been an accurate reflection of the behavior of most people in a capitalist society" (Hunt and Lautzenheiser, 2011, p.277). That is, the mathematical models are unable to contain the complexities imposed by the state of uncertainty in the economic system, because they outweigh those found in engineering and statistical models. This reality increased doubts about the mainstream approaches and, as a result, called for a revision of rational models (Onatski, 2008) leading to revive many overlooked concepts, including uncertainty and *animal spirits*. As the recognition of these concepts is in stark contrast to the market mechanism assumed in the dominant thought, this matter placed the neoliberal thought at the center of the confrontation that targeted its basic ideas. Not to mention that these concepts require contributions from other social sciences, particularly psychology and sociology, to explain the economic motives of human behavior, something that is not welcomed by a wide range of macroeconomists (Akerlof & Shiller, 2010).

In fact, calls for a reconsideration of the mainstream economic approach began to crystallize through the so-called behavioral economy, which was rarely taken seriously due to its interrelations with psychology, cultural and other social factors that are often neglected by the modern economy. In addition, the course of behavioral economics is reviving ideas that Keynes had believed in. In this regard, Thaler and Ganser (2015, p.200) stated "[t]his is unfortunate, because had he been alive, Keynes might have made the debate more even-handed. He was a true forerunner of behavioral finance". This argument is drawn from Keynes' deep awareness of the concept of *animal spirits* as a fundamental pillar of economic behavior and as a result of his acquaintance with the works of his predecessors. In this context, Farmer (2008) cites the work of Robin Matthews (1984) in which the latter indicated that Keynes, in his reference to *animal spirits*, was greatly influenced by Hume's thought. He also refers to the fact that Keynes was familiar with the work of the English economist Henry Thornton (1802) who discussed the essential role that state of confidence plays in credit markets.

Nevertheless, the roots of the term *animal spirits* go back even further. This term was commonly used in human anatomy in ancient and medieval times, and mentioned extensively by Galen, a Greco-Roman philosopher. Also, we find it in the works of Robert Burton's *The Anatomy of Melancholy* (1632) and René Descartes' *Traité de l'Homme* (1664). The existence of three types of spirits was the common belief at the time: the heart was considered a source of the *spiritus vitalis*, the *spiritus naturalis* comes from the liver, and *spiritus animalis* come from the brain. But while the *animal spirit* in its ancient Latin form referred to the mind, in modern economics it refers to "a restless and inconsistent element in the economy. It refers to our peculiar relationship with ambiguity or uncertainty. Sometimes we are paralyzed by it. Yet at other times it refreshes and energizes us, overcoming our fears and indecisions". Recently, five different aspects of animal spirits have been distinguished, namely: confidence, fairness, corruption and antisocial behavior, money illusion, and stories (Akerlof & Shiller, 2010, p.3-7; 178).

Although it is not within the scope of this chapter to discuss the various aspects of behavioral economics, mentioning it here is to indicate a line of thought that challenges the prevailing ideology that believes in the rationality of individuals. Behavioral economy, according to Thaler and Ganser (2015) provide an important aspect that contributes to the improvement of many economic and political decisions. They argue, for instance, that it helps to understand self-control problems, which is essential to analyze the behavior of individuals in saving. Although this analysis is usually done based on the standard theories of saving, such as those advanced by Friedman or Modigliani, behavioral economy allows the study to include several variables, such as age and life expectancy, which are not covered by the above theories. In the same context, Akerlof & Shiller (2010) called for a reconsideration of the prevailing concept of *animal spirits*. For them, relying solely on confidence indicators, makes our understanding of the role of *animal spirits* incomplete because what these indicators may reflect are consumers' expectations regarding current and future income, while *animal spirits* are too broad to be reduced to changes in confidence and in income. Recently Shiller (2021, p.2) claimed that it is possible to apply an epidemic theory to understand changes in *animal spirits* because ideas, he says, "can be contagious, so that they spread from person to person just as diseases do".

Finally, it is worth mentioning that Nobel Prize award drew the attention to the importance of the behavioral economy through its recognition of the work of economists in this field, despite the fact that many economists are still far from this approach. After Richard Thaler winning the Nobel Prize in Economic Sciences for his contributions to the behavioral economy in 2017, Robert Shiller[6] (2017) wrote “Richard Thaler is a controversial Nobel prize winner – but a deserving one”, he clarified that this controversy is due to the fact that the behavioral economy shows that the expectations produced by mathematical models, based on rationality, are wrong and misleading. This view represents a clear break from the neoliberal ideological grounds.

Conclusion:

While defining what is under study is the logical starting point that precedes any analysis, this point is often avoided when studying neoliberalism. This would not be a problem if neoliberalism had a clear definition, or at least if there was a consensus on what it means. However, the literature reveals otherwise. Neoliberalism has a widespread presence in many debates and studies, but many aspects regarding its origin and meaning still lack clarification.

Besides the complexities of neoliberalism itself, much of the ambiguity associated with its origin and meaning has to do with the way it is approached. This chapter in turn highlights the importance of analyzing neoliberalism in its historical context. This allows us, on the one hand, to observe the changes and transformations it has undergone, and on the other hand, to identify the role played by the different schools of thought in shaping neoliberal thought. Otherwise, it would be difficult to understand the dynamism of neoliberal ideology, and many aspects that define neoliberal identity will remain vague and unclear. Recognizing the roots of neoliberal thought will also remove some of the ambiguity associated with the meaning of neoliberalism. This is critical because neoliberalism in contemporary literature lacks a clear definition and is often confused with many other concepts. Therefore, identifying the different interpretations of neoliberalism and seeking to include its various aspects in a comprehensive analysis will enrich our understanding of neoliberalism and its complexities.

On the other hand, reducing the historical background of neoliberalism to its advanced stages obscures the transformations that have occurred within neoliberalism and makes the line between it and liberalism less clear. Accordingly, it can be concluded that discussing the roots of neoliberal thought without taking into account the period preceding the creation of Mont Pèlerin Society, overlooks the fact that neoliberalism emerged in the midst of the crisis of

[6] Robert Shiller was awarded the Nobel Prize in Economic Sciences jointly with Eugene Fama and Lars Peter Hansen in 2013 for his contributions in analyzing financial market volatility and asset price. https://www.nobelprize.org/prizes/economic-sciences/2013/summary/

classical liberalism and as a reaction to the expansion of collectivism. Failure to follow the historical sequence of the rise of neoliberalism will lead to interpreting it as a reaction to the collapse of Keynesian economics or as merely a revival of liberal ideas. Although the legacy of classical liberalism is found in neoliberalism, the interwar period illustrates how Hayek and other neoliberals sought to distinguish their ‘liberalism’ from the liberalism of others. As for the neoliberals' stinging criticism of Keynesian ideas, it took place in that period as well, that is, before the collapse of Keynesian economics. This asserts that the pursuit of a comprehensive understanding of neoliberalism will eventually lead to a return to early neoliberal thought. Because, neoliberalism, as Turner (2007, p.79) puts it, “is a historically contingent ideology that can only be identified and understood by tracing its origins through time and space”.

Furthermore, telling the story of the ups and downs of the concept of uncertainty from economic discourse and debate contributes to the identification of ideas and principles that constitute a distinctive style of neoliberals. Because the concept of uncertainty is not limited to explaining financial and economic crises, but rather it is part of addressing the main problems in the mainstream economic ontology. Therefore, by tracing the evolution of the concept of uncertainty, we also trace the motives that led neoliberals to reject the centralization of this concept, and what led them to believe in market mechanisms over state intervention. This does not mean that the neoliberals demanded the abolition of the role of the state. In fact, they have created a kind of state-market compromise in which the state uses all means at its disposal, even by force, if necessary, to ensure that the implications of all practices dictated by neoliberal ideology are available and work well. In this way, this chapter highlights one of the important aspects that characterizes the course of neoliberal thought, which is the great effort that has been made to bring about institutional changes that reinforce neoliberal ideas. This aspect is often marginalized by avoiding scrutiny of the formation of neoliberal ideas. However, the study of neoliberal thought shows that the neoliberals were part of a wide network of relations and contacts amongst them, on the one hand, and with a number of political leaders, businessmen and journalists, on the other hand, who marketed neoliberal ideas in their speeches, interviews and various publications. This network was consolidated by efforts mobilized during the First and Second World Wars to bring about a change in the course taken by other liberals and was widely applied starting from the 1980s.

Given the complexity of the economic system, it is difficult for economists to confidently assert the effectiveness of a particular economic approach without the other. Yet and for decades, the ideas promoted by neoliberals were considered to be taken seriously and beyond doubt. But things change with every crisis and turmoil, and it becomes unjustified to continue relying on certain ideas after being proven inaccurate. Here, in the context of the search for solutions and alternative approaches, it is important to reconsider the prevailing ideas, scrutinize their meanings, and return to their history where many lessons can be learned. Because “our academic understanding of economics is incomplete if we do not respect history and understand the social embeddedness of economic institutions and social behaviour”, as Bögenhold (2020, p.73) put it. Indeed, the ideas power is always there in spite of the time passage and the vested interest supported by economists and politicians. It is inspiring how Keynes was well aware of the role played by ideas when he was writing his *General Theory*. Keynes (1936, p. 383) ended this book with these words:

> “…after a certain interval; for in the field of economic and political philosophy there are not many who are influenced by new theories after they are twenty-five or thirty years of age, so that the ideas which civil servants and politicians and even agitators apply to current events are not likely to be the newest. But, soon or late, it is ideas, not vested interests, which are dangerous for good or evil”.

Chapter 02. Neoliberalism in practice: contradictions and delusional claims

Introduction:

The previous chapter addressed several points that are arguably central to understanding neoliberalism as an ideology. Delving into the historical roots of neoliberalism and its meanings contributed to clarifying how neoliberalism, with its diverse and overlapping schools of thought, was able to establish for itself an entity distinct from others, especially liberalism, through the compromise it brought about between the state and the market. Among the many statements that referred to this compromise, one of the most explicit came in Hayek's book *The Constitution of Liberty* when he stated, “it is the character rather than the volume of government activity that is important” (Hayek (1960, p.194) quoted in Rodrigues, 2013). This confirms that neoliberalism's deep belief in market mechanisms did not lead it to abolish the role of the state. This position, which required the re-engineering of state institutions to serve the market, also required a change at the societal and individual levels. Neoliberalism faced these challenges by pushing its market-centric ideology to penetrate all economic, political, and social levels. For markets to function properly, neoliberalism suggests that individuals must believe in certain principles such as competitiveness, rationality, individualism, entrepreneurship, and personal freedom. In this way, neoliberal thought does not expect the efficiency of markets to be achieved spontaneously, but rather requires measures set by the state and a commitment by individuals to the aforementioned neoliberal principles. Hence, we can see how ideology overlaps practice, and in this respect the question that arises is **not** whether this overlap ultimately leads to compatibility and harmony between the two, or to contradiction? But to what extent do neoliberal ideology contradict its practices? Is this contradiction related to marginal issues or does it touch the core of neoliberalism? Asking these two questions in this way implicitly acknowledges the existence of a contradiction in the first place, a position drawn from a number of literatures, including Harvey (2007), Saad-Filho (2021) and Peck (2010), that indicated the existence of such a contradiction.

What this chapter seeks to explain is that the highly paradoxical relationship that characterizes the relationship between neoliberal ideology and its practices is a central issue of a high degree of importance because it points to a contradiction that touches the basic principles underlying the neoliberal order. It is the repercussions of those structural contradictions that played a key role in producing the shift towards authoritarian neoliberalism (This point is discussed in detail in Chapter 03).

Take, for example, competitiveness, which is understood as a motive that drives individuals to innovate and work efficiently, that is, as if it is a developmental process for market participants. In practice, however, another aspect of competitiveness appears related to oligopoly and monopoly. What the ideology does not disclose is that the market mechanism leads to the exclusion of a number of participants from the market, not because they are incompetent, nor because they do not work hard, but because of unequal opportunities. This happens, according to Cerny (2020, p.144), because "[r]ent-seeking replaces efficiency as the goal of economic actors". This is just one of many examples of the requirements postulated by neoliberal thought to ensure the efficient functioning of the market that this chapter discusses. The importance of such a discussion lies in exposing the structural flaws inherent in neoliberalism, which, although the neoliberal discourse has somehow succeeded in concealing them, remain evident in neoliberal practical practices and their effects. Against this background, this chapter aims at showinf how the alleged solution to the dilemma of the relationship between the state and the market is itself what constitutes the contradictions of neoliberalism (this aspect is elaborated in Section 2.3).

Before discussing the contradictions of neoliberalism, the first section of this chapter highlights the neoliberal agenda, while the second section details neoliberalism's journey toward hegemony, both of which are essential to understanding the gap between neoliberal ideology and its practices. This is because the consolidation of neoliberalism and its efforts towards hegemony could not have been achieved in many cases without a departure from ideology. In other words, it is the dynamism and pragmatism of neoliberalism that has led to the widening of the gap between its ideology and its practice. On the other hand, it is useful to get acquainted with the conditions that made it possible to implement neoliberal ideas. For some policies, it may begin with a sketch on a cloth napkin in a restaurant. This was exactly the case when the economist Arthur Laffer tried in 1974 to convince some officials in the Ford administration, including Dick Cheney and Donald Rumsfeld, that higher taxes would reduce incentives to work and thus negatively affecting economic growth (Prasad, 2012). This logic of tax cuts would then become, especially in the 1980s, the most important neoliberal policy. In any case, however simple such stories may seem, they point to the way in which neoliberalism evolved and the connections it built within and between the economic, political and social levels, a journey that took years and several stages. In many respects, one can observe, as Cerny (2020, p.142) says, that “[n]eoliberal theory and ideology involve several core conundrums or tensions”, which are particularly centered on “how to conceive and interpret human nature[…]; how to characterise the material world and the interaction between nature and nurture; and what sort of role the state and other political actors can and should play in these processes”.

However, the shift from embedded liberalism to neoliberalism, even if it takes place according to several paths, can be observed by following the shift in ideas (as in the third section of Chapter One) or by looking at developments at the institutional level. The establishment of neoliberalism required the development and diversification of the formations of existing institutions in line with the framework of the new system, which was not easy, especially in the Baltic states and Central Europe, for example, which were previously ruled by socialist parties. The institutions of the previous regimes were not dismantled equally in all the countries that witnessed the neoliberal transformation, and it was not comprehensive either, which adds a certain peculiarity to each case.

2.1 Neoliberalism's Journey Towards Global Hegemony:

2.1.1 Constructing the neoliberal agenda:

Since the Great Depression, neoliberals have sought to unify their strategies to counter what they saw as the threat posed by the expansion of socialism and the shortcomings of classical liberalism. Their efforts crystallized clearly in the aftermath of World War II, especially after the formation of the Mont Pèlerin Society. Nevertheless, the conditions created by the war made neoliberal ideas less attractive, especially amid the widespread support for Keynesian ideas. In light of the devastation caused by the war and the priority of launching reconstruction projects and plans, it was not possible to think of any path in which the state would not have a central and effective role. But despite going forward with what came to be known as ‘embedded liberalism’, neoliberals since the 1950s have been able to engage in many political fields. The most notable example in this respect is the central role played by the ordoliberals in establishing the social market economy, the economic model that was developed after the war under Ludwig Erhard in West Germany (Plehwe, 2016). The active involvement of neoliberals in the political and academic spheres from the 1950s until the mid-1970s (part of which is covered in Chapter

One) paid off later when the faltering Keynesian economics created an opportunity for neoliberalism to emerge as the only and best alternative out of the crisis.

Accordingly, and before discussing the global shift towards neoliberalism, it is first important to consider some of the aspects that have allowed neoliberal ideology to be put into practice. These aspects are related to the nature of neoliberal ideology and the alliances forged with the upper class and the economic and political elites. Such combination created the appropriate climate for the implementation of neoliberal policies, as well as ensuring that the neoliberal approach would continue to be supported and enabled it to dominate on a large scale. This was achieved by infusing neoliberal thought into social, political, and economic life. These three aspects are the focus of the following discussion.

The first aspect highlights the importance of recognizing the powerful influence of the ‘conceptual apparatus’ of neoliberal ideology, which derives from the fact that it is based on values deeply rooted in people's common sense such as human dignity and individual liberty. These values opened the door for neoliberal thought to reach a wide audience and influence public opinion. That is why great efforts have been put into this battle of ideas in many arenas around the world. It was remarkable, for example, how the transmission of neoliberal ideas through academic channels was intensified during the 1950s and 1960s to South American countries, particularly Chile. According to Fischer (2009), the United States was instrumental in promoting the neoliberal ideas of Latin America. This was achieved mainly through scholarships and training programs offered by American universities to students from Latin America. The most notable contributions came from the University of Chicago and the Point Four Program and also the United Nations Economic Commission for Latin America (ECLA). Also in the 1960s, neoliberal ideas calling for individualism and individual liberty converged with the slogans of student movements that were active in many countries at that period, especially in France during the events of 1968. Although neoliberal ideas at that time were not able to achieve the same effect on left-wing movements that were demanding social justice and the strengthening of solidarity among members of society, they were later able to mobilize more support after the dissolution of the left and the trade unions (Harvey, 2007). In the 1980s, freedom became a prominent slogan in discourses extolling the victory of the free individual over communism and the planned economy. This was at the heart of the US-led ideological and military campaign against the Soviet Union during the Cold War. The ideological conflict of the period prompted the United States to mobilize large efforts to celebrate radical individualism in order to distort the concept of collective economic action and everything associated with the communist approach (Palley, 2005). Thus, freedom, as Rose (2017, p.2) points out, "was not just a slogan of resistance, but a doctrine for governing" aimed at framing the behavior of individuals within a specific context that is consistent with neoliberal thought. The idea of individual liberty continued to be used to strengthen individualism and disperse the efforts of social forces seeking to achieve social justice, and most importantly, it linked individuals to the principle of the free market. In this way, "[t]he assumption that individual freedoms are guaranteed by freedom of the market and of trade" as Harvey (2007, p.7) noted has become the "cardinal feature of neoliberal thinking, and it has long dominated the US stance towards the rest of the world". From this perspective, Azevedo et al. (2019) assert that the social and economic dimensions of neoliberal ideology are intertwined and strongly interconnected with each other. They argued that neoliberalism's penetration into the public consciousness makes individuals more likely to find justifications for the consequences of the current economic and political system on their lives. Accordingly, they defend the importance of considering the role of ideology in shaping public opinion, stressing its essential role "in maintaining the legitimacy and stability of social systems, including the global capitalist system, with its high levels of social and economic inequality, even if that ideology promotes false, confused, or mistaken beliefs" (Azevedo et al., 2019, p.4). Their argument explains many contemporary events in which the idea of freedom has been systematically exploited to establish the neoliberal model, most notably the case of Iraq.

The second aspect indicates that in addition to preparing public opinion, putting the neoliberal agenda into action required building strategic alliances with big business. A notable example in this regard was revealed in a confidential memorandum entitled *Attack on American Free Enterprise System* written by Lewis Powell, an associate justice of the U.S. Supreme Court, in 1971 to the US Chamber of Commerce. In this memo, Powell discussed the importance of activating the role of large corporations, arguing that, unlike individual businesses, they are able to operate efficiently through their ability to organize and plan for the long term, in addition to the many sources of funding available to them. Accordingly, he urged the National Chamber of Commerce to direct its efforts towards reshaping the way individuals think about the role played by companies, which can be achieved with the contribution of universities, research centers, and various media and publications channels capable of marketing these ideas (Harvey, 2007; Birch, 2016). Since then, legislation and laws have been amended to become more in line with corporate interests. The 1970s were decisive in establishing policies and tax legislation in line with the interests of business owners, causing the working class to lose much of what it sought to achieve, especially its efforts to reform the labor law and to pass laws that guarantee consumer protection. By the 1980s, the working class had become more and more impotent due to the wave of neoliberal policies that were imposed on it. Take, for example, the Economic Recovery Tax Act (ERTA) that Reagan passed in his first year in office in 1981. This Act is still considered “the largest tax cut in American history”, and part of the policy that Republican politicians will continue to push for decades to come, to the point that many see it as the beginning of “the rise of the era of the market in which we currently live” (Prasad, 2012, p.351-352). Indeed, this act is the most prominent neoliberal policy in which neither the Reagan administration nor subsequent administrations allowed any concessions. This position becomes understandable when realizing the role played by this tax policy and the severe consequences it has had on the structural composition of public debt. This brings us to an important issue, the financialization of sovereign debt management, and its connection, as Karwowski (2019) explains, to the dramatic decline in tax revenue during the 1980s. Before that, governments used to establish long-term relationships with investors in their government bonds, but they were forced to abandon that strategy later due to the new tax policy. Because the significant decline in tax revenue and the rise in public debt has forced governments to rely more on financial institutions and private investors to finance their debt. Thus, the state became vitally linked to financial institutions and subject to the neoliberal financial logic. In this regard, it is important to note how these practices that have strengthened the companies' power came at the expense of governments, which have become financially weaker and thus often forced to privatize their public sectors.

The increase in the power of companies and financial institutions has enabled the economic elites to impose new conditions and norms in which the state would be in a position that does not conflict with their interests. This was evident even before the tax cut revolution, particularly the fiscal crisis that New York City experienced in the mid-1970s. The roots of this crisis date back to the 1960s, when the process of deindustrialization and transferring investment and jobs from the city to the suburban areas resulted in what became known as ‘the urban crisis’. Loss of job opportunities and poverty within cities led to the deterioration of living conditions and the outbreak of social unrest in many cities until the New York Municipality found that the expansion of public employment could solve this crisis. Banks provided the bulk of the funding that New York's sprawling municipal needed. With the increase in the amount of financing provided by banks, their ability to influence municipal decisions increased in a way that serves their interests. The New York City crisis demonstrated the state’s disability to save the city from bankruptcy without the help of financial institutions (Harvey, 2007). Likewise, many crises have been used to transform entire cities into centers of financial and service activities to serve commercial interests. Intense neoliberal policies have enabled corporations in an unprecedented way to gain more power and dominance to the extent that many of them, especially multinational corporations, are seen as actors standing alongside governments rather than in their shadows.

The economic elites would not have been able to make such gains at the expense of the working class, had they not first succeeded in building an alliance with the political class. That is why neoliberalism in practice, says Cahill (2014, p. ix), "is best understood as an evolving, socially embedded, policy regime". This brings us to the third aspect related to building political consent without which neoliberal ideology could not be put into practice. This alliance had an important impact in shaping the country's political life in a way in which economic elites enjoyed unparalleled hegemony. Perhaps the most important pillar of strengthening this alliance in the United State, for example, is a series of Supreme Court decisions in 1970s aimed at organizing spending on political campaigns, through which it became possible for political parties to receive unlimited financial contributions from companies. "The supposedly 'progressive' campaign finance laws of 1971" Harvey (2007, p:48) says, "in effect legalized the financial corruption of politics". And thus facilitated the political mobilization that played a key role in pushing policy makers to embrace the neoliberal approach.

Through this combination of alliances and intertwined relationships, neoliberal ideology dominated social, political, and economic life. Behind the alliances between the political and economic elites were strong motives closely linked to their respective interests. These motives, in Harvey's (2007) view, were associated with two threats, the first of which is the political threat coming from the communist and socialist parties and the expansion of labor and trade union movements, and the second is the economic threat resulting from the collapse of growth in the 1970s. These threats put the interests and power of the economic elites and ruling classes at risk and thus pushed them to search for a way out of their crisis. Putting neoliberal ideology into practice was the solution to confront these threats. According to this logic, Harvey (2007, p.19) linked the shift toward neoliberalism to "the restoration or reconstruction of the power of economic elites". He found compelling evidence to support his argument in his analysis of the consequences of neoliberal transformation, which clearly reveals that the redistribution of income, wealth, and power was in accordance with the interests of the elites. A similar conclusion was reached by Duménil and Lévy (2004, p.211) in which they found that “[n]eoliberalism is the fruit of a victorious comeback of a segment of the ruling classes”, stressing that the “the policies applied, their consequences concerning employment, crises, and the end of crises, express the interests of these classes, either simply and directly or within more elaborate social configurations, but always linked to the class structure”. Cahill (2014) also found that neoliberalism is associated with class relations and noted the new patterns of class power that accompanied the neoliberal rise. Likewise, Davis and Walsh (2017, p.28) noted that the neoliberal transformation led by the Thatcher government in the United Kingdom was carried out by “a new alliance of financial and emerging state elites against industrial and established state elites”. In any case, the transition to neoliberalism was supposed to appear as an alternative to the failure of the Keynesian policies, or “even wholly ‘natural’ way for the social order to be regulated” (Harvey, 2007, p.41) rather than as a project to restore class power. This is indeed what has been done through the media and universities, think-tanks…etc, which drew attention to specific ideas serving the shift towards neoliberal ideology without showing the main motives behind it. The process of producing this specific form of economic knowledge, as described by Birch (2016), has been carried out on a large scale, and was not, at the academic level, confined to the economics departments only. One of the most important steps that promoted market principles in the 1960s and 1970s came from business schools that developed what became known as financial economics. Through financial economics, notably the contributions of Eugene Fama and Michael Jensen, attention has been directed toward the pricing of investment assets, business financing issues and corporate governance, according to which the concept of the firm as a “nexus of contracts” was strengthened, and the monopoly of the company was further legitimized (Birch, 2016, p.321). In this way many students were trained and educated in line with neoliberal ideology, and they, in turn, put these ideas into practice after many of them got jobs in international institutions such as the International Monetary Fund and the World Bank.

In short, the hegemonic endeavors pursued by neoliberalism were driven by different forces and according to multiple paths that covered the economic, political and societal fields. The universities and think tanks that embraced the neoliberal intellectuals and thinkers had a major role in the architecture of the hegemony that neoliberalism desired. Neoliberal ideas did not achieve their spread through fighting, but through compromises and constant adaptation to identify with the dominant powers. The ability of the neoliberals to associate themselves in one way or another with the interests of businessmen and politicians opened the doors for them to obtain generous funding that enabled them to put their ideas into practice.

The foregoing identified some milestones that give an idea of the context of the events that preceded the launch of the wave of neoliberal transformation, which was embodied in a series of violent transformations that were first tested in the countries of the Global South.

2.1.2 Consolidation of neoliberal hegemony:

After examining the neoliberal agenda and how it has been shaped across different social, economic, and political trajectories, it is time to ask how this complex agenda has been translated into practice?

In practice, the neoliberal agenda has been implemented in several phases through which neoliberalism has been produced in various forms and in different spatial contexts. At the same time as neoliberal policies were put into practice, as this chapter shows, many principles embodied in its ideology were abandoned. While the extent of the congruence between neoliberal ideology and its practices is the focus of the next section, this section provides an overview of the phases that neoliberalism went through before it became the dominant world order. This, in turn, makes it possible to derive a number of distinctive features that are closely related to the practical experience of global neoliberalism.

2.1.2.1 Transition to the era of hegemonic neoliberalism:

More than 50 years after the establishment of the first neoliberal state, the path of the rise of neoliberal hegemony can be summarized in three distinct phases. The first is a phase of neoliberal consolidation, which extended from 1973 until the mid-1990s. The second phase is a mature neoliberalism that can be linked to the period from the mid-1990s to the 2008 global financial crisis. The third phase resulted from the global financial crisis, as neoliberalism entered a crisis of legitimacy.

The actual neoliberal turn is usually linked to a specific historical event, the creation of the first neoliberal state in Chile. It was a historical turning point that unleashed a series of significant changes that later extended to a number of major countries and reshaped the world in a way completely different from what it had been before. The Chicago economist Theodore Schultz, who considered Chile a ‘laboratory’ for testing his theories, helped prepare the first shifts toward neoliberalism. His efforts led to massive changes in Chilean academia and universities and paved the way for a new approach based on market logic. On several other fronts, preparations were made to overthrow the socialist government of Salvador Allende. Two years after the military coup led by Pinochet in 1973 with the support of the traditional upper classes and the US government, the neoliberal shock program was implemented. With the efforts of the ‘Chicago boys’ the country's economy was restructured through a series of privatizations in all major sectors (except for copper) and the country was pushed to abandon its import substitution policy at the expense of export-led growth. In 1977, Chile withdrew from the Andean Pact, declaring its commitment to the principles of free trade and financial liberalization, and opening the country to foreign investment. Social and institutional relations were also reconfigured under the plan of what was known as the ‘Seven Modernizations’, which included the creation of a new constitution for the country (Fischer, 2009; Kiely, 2018).

The neoliberal experiment in Chile opened the door to similar transformations in other countries, albeit by means that seemed less bloody. As was the case in Britain and the United States which, according to Palley (2005, p.24), can be seen “as inaugurating the formal period of neoliberal economic policy dominance”. In Britain, for example, Margaret Thatcher declared that there is ‘no such thing as society, only individual men and women’. In addition to her government's endeavors to curb the inflationary stagnation experienced by the country during that period, efforts were also devoted to promoting individualism and private property and pursuing anti-union policies to suppress everything that could revive social solidarity. Likewise, neoliberal change occurred in the United States and government priorities shifted from seeking full employment to combating inflation. Along with the monetary policy formulated by the chairman of the federal reserve Paul Volcker, Reagan Administration (1981-1989) put aside the New Deal and took neoliberal policy as an alternative approach. The consequences of deindustrialization were disastrous in many regions, from New York to northern Illinois, eastern Iowa, and southeastern Wisconsin, which became known as the Rust Belt. The Reagan administration also imposed restrictions on unions and labor movements, specifically targeting air traffic controllers in 1981 (Harvey, 2007; Springer et al., 2016).

The policy change that Reagan and Thatcher sought to achieve was based on their conviction that the state should be separated from the market, arguing that the latter could operate effectively and efficiently if freed from state interventions that distort prices and negatively affect competition. Their view of prosperity and economic growth was related to the ability to achieve technological progress, develop the financial sector, and reduce barriers to the free movement of capital. They considered that achieving stability in the economy depends on reducing inflation, which calls for activating monetary policies at the expense of fiscal policies (Fine and Saad-Filho, 2017). In this way, neoliberalism developed a new vision that changed the priorities of economic policies, especially with regard to issues related to income distribution and the determination of aggregate employment. For example, with regard to the issues of income distribution, the neoliberal vision emphasizes that the market mechanism ensures that each factor of production gets exactly what it deserves, an affirmation that eliminates the need for labor unions or any institutions that would protect the rights of the working class. Regarding the determination of aggregate employment, the neoliberal view stresses again that the efficiency of the price-adjustment mechanism will ensure that none of the factors of production, including labour, are wasted. In other words, there is no need for any intervention to achieve full employment as it is automatically achieved through the price adjustment mechanism. Accordingly, for the neoliberals "[e]fficient markets, regulated by the price mechanism, are seen as the raison d'être of successful capitalism" (Cerny, 2020, p.153). This neoliberal narrative contrasts clearly the Keynesian view which holds that unemployment is caused by the cyclical weakness in aggregate demand, which cannot be addressed without resorting to state intervention policies (Palley, 2005). Accordingly, Keynesian ideas were formally rejected and replaced with what Stiglitz (2002, p.13) referred to as a 'purge' process initiated by the World Bank's Research Department in the 1980s after which the World Bank and IMF became 'missionary institutions' of the neoliberal ideology. In this way and through 'structural adjustment' programs, neoliberal policies made their way as a promising solution to economic problems. One of the most prominent examples in this context is Mexico, which fell victim to these policies after the Volcker shock caused Mexico to default on its debts in 1982-4. A debt rescheduling program was aggressively proposed as a way to get the country out of its crisis, but this exit was conditional on Mexico's commitment to implement the neoliberal reforms formulated by the World Bank in line with American interests (Harvey, 2007). A similar collapse occurred in Argentina due to the repercussions of the neoliberal model established during the 1990s according to the so-called *Convertibility Plan*, which was aimed at combating inflation. The Argentine shift towards neoliberalism was formulated according to severe structural adjustments led by Menem and later continued by the administration of De la Rúa that resulted in extensive privatizations that completely opened domestic markets to the entry of foreign firms. The restructuring of the Argentine economy in this way led to an increase in the country's indebtedness, which made it hostage to the economic and financial pressures exerted by banks, large companies, and national and international economic groups whose power grew dramatically under the neoliberal system of accumulation (Teubal, 2004).

Although there are many other similar examples, especially from Latin America, this does not mean that the neoliberal transformation can be reduced to cases that occurred according to 'structural adjustment' programs. Some cases of neoliberal transformation took place independently of the dictates of international institutions as in the case of China and Malaysia, which refused to comply with IMF programs and proceeded to liberalize their economies according to their own recipes (Stiglitz, 2002).

What the previous examples seek to present is a rapid panorama of a long period that lasted until the mid-1990s. During this period, the first phase of the consolidation of neoliberalism, known as the 'shock' phase, was implemented. It is useful to draw attention to two main points that this phase shows:

- The first relates to the way in which neoliberalism has replaced embedded liberalism, and the actors who benefit most from this shift. The first experiences show how the actual neoliberal transformation took place, if not by imposing military force, then by financial force and political pressure. In this context, it is necessary to point out that recent experiences of the neoliberal transition indicate the continuation of this type of practices. This is clearly evident when looking at the case of Iraq and the neoliberal transformation imposed on it by the US occupation. After 2003, Iraq underwent comprehensive privatization at all levels and the country was opened to foreign companies and banks, not to mention the policies that were established to restrict the work of unions, ban strikes, as well as impose a very retrogressive 'flat tax' (Harvey, 2007). There are many other examples that make it possible to argue that repressive practices and political pressures are an almost permanent feature of the neoliberal system. The third chapter shows that this feature is not limited to the neoliberal consolidation phase but extends through the various phases of neoliberalism.

  Besides, the transitional period showed how American investment banks became more active internationally after the 1973 oil embargo (that is, about a month after Chile's military coup) particularly by lending foreign governments. This tactic adopted by the United States during that period, which strengthened its financial dominance at the international level, can be considered as an indication of a link between American imperial power and the spread of neoliberal policy. At the same time, this does not mean that US interests are behind every neoliberal turn, a point that Harvey (2007) had emphasized.

Indeed, the experiences of many countries preclude the possibility of any generalization in this regard despite the fact that the United States is the biggest beneficiary of the creation of the global neoliberal model.

- The second point concerns the role of the state during this transitional phase. The above examples have reaffirmed what was stated in the first chapter regarding the essential role of the state in neoliberal thought and practice. State intervention was centered on strengthening the power and transnational integration of capital on the one hand, and the dismantling of trade unions and the resistance of forces opposing the neoliberal project on the other. In this way, the neoliberal model was entrenched in its economic and political form designed to keep the majority isolated and severely constrained.

After that, neoliberalism entered a new phase, arguably the mature neoliberalism. This phase extended from the mid-1990s until the global financial crisis in 2008, and, ironically, was associated with politicians not affiliated with the parties that adopted neoliberalism in the first phase. The success of politicians from the New Labor Party in the United Kingdom, the New Democrats in the United States, and the New Social Democrats in Germany, for example, did not contribute to reversing the neoliberal agendas promoted by Thatcher and Reagan. On the contrary, the policies pursued by Bill Clinton, Tony Blair and Gerhard Schröder led to a greater expansion of the financial sector and the penetration of neoliberal ideas into society (Plehwe, 2016). To further legitimize the neoliberal system of accumulation, neoliberal policies have been promoted as exemplary and democratic. However, this was accompanied, in fact, by restricting the activities of leftist movements, blocking opposition voices, while creating conditions for the growth of the extreme right in light of the increasing circulation of issues related to nationalism, racism and religion. Accordingly, this advanced stage of neoliberalism involves a wide range of significant changes in the nature and stability of social relations. Once again, the state had a major role in organizing this phase, as it had to contain what resulted from the reduction in public spending, the loss of millions of jobs and the decline in job stability and social welfare (Saad-Filho, 2021). The global financial crisis of 2008 defined what could be considered a third phase of neoliberalism. It is the stage in which neoliberalism has lost much of the legitimacy it had previously acquired, as this crisis has shaken the confidence of many in the effectiveness of neoliberal policies and raised many questions about the stability of the entire current system (Fine and Saad-Filho, 2017; Saad-Filho, 2021). At the same time, however, the crisis did not result in an anti-neoliberal movement, in the sense that it did not effectively mobilize the left-wing forces and those opposed to market fundamentalism but rather paved the way for the rise of populist, far right and authoritarianism (this point is the focus of the next chapter). Thus, the neoliberal crisis was symbolically contained without drastic changes or real market reforms.

2.1.2.2 Distinctive features of neoliberal practices:

Given the various phases that neoliberalism has gone through and its widespread in many countries, whether through 'shock therapy', Washington Consensus policies, or otherwise, it is difficult not to acknowledge the dynamism and adaptability of neoliberalism. This, in turn, expresses the fact that the global shift towards neoliberalism did not take place according to a specific and unified recipe. Rather, each transformation represents in itself a case worthy of analysis. Nevertheless, it is possible to identify some features closely related to neoliberalism, the most important of which are presented below, with particular emphasis on their impact on the form and role of the state.

The neoliberal policies, in their various ways, seek to intensify the concentration and centralization of capital. For this, they constantly need to create conditions in which investment is directed to the financial markets and not to real production. This is achieved mainly through financialization and privatization.

Financialization is one of the most prominent features of the neoliberal era. Davis and Walsh (2017, p.28) identify five epistemological elements that characterize financialization, namely: "the creation of money in financial markets, the transactional basis of finance, the centrality of financial markets to economies, the orthodoxy of shareholder value, and the intense microeconomic focus of investors". All of them indicate that financialization is primarily concerned with financial markets, banking services and everything related to investors, market transactions and liquidity, or in other words, it does not focus on non-financial markets and issues of production and consumption. As Harvey (2007, p.33) puts it "[n]eoliberalization has meant, in short, the financialization of everything[..]There was unquestionably a power shift away from production to the world of finance". Similarly, Duménil and Lévy (2004, p.16) assert that in neoliberalism "there is an obvious financial component, taking us to the heart of capitalist relationships, the various fractions of the dominating classes. and the institutional frameworks through which this power is exerted". In the same vein, Karwowski (2019) argues that financialization provides the state with an opportunity either to overcome budget constraints or to advance the interests of certain groups and elites.

While the process of financialization around the world has developed unevenly, Lapavitsas and Powell (2013) pointed out that in general it expresses three distinct trends. The first trend is that financialization has made non-financial enterprises gain the ability to conduct financial activities independently in open markets. Second, it strengthened the banks by activating their role as intermediaries in the open markets and directing their activities towards lending to individuals. Finally, financialization has made households more involved in the financial system. These three trends give an idea of the significant changes that financialization has brought about in the economic structure and the relationship between individuals and capital.

Hence the importance of Marxist discussions in explaining the form of the system of accumulation established by neoliberalism through financialization processes. Precisely because Marxist political economy distinguishes between money as credit and money as capital (that is, interest bearing capital) and thus comprehensively explains the role that financialization plays in the accumulation and restructuring of capital at the global and social levels (Fine, 2013).

In *Capital*, Marx considered that capitalist society is nothing but "an immense accumulation of commodities" (Marx, 1887, p.27) and in order to achieve capital accumulation at the highest possible level, capitalist societies develop means of financing and credit that allow them to increase their productive capacity and, by synchronizing several stages of circulation and production, they start a new production even before getting the profit from the previous one (De Brunhoff and Foley, 2006). The development of credit allows for relative independence of circulation with regard to production creating a quantitative difference between price and value. Accordingly, the development of credit coincides with the emergence of what Marx called *fictitious capital*. On this basis, Fine (2013, p.55) defines financialization as "the intensive and extensive accumulation of fictitious capital or, in other words, the increasing scope and prevalence of IBC [interest bearing capital] in the accumulation of capital". Nevertheless, it is important to note that Marx's concept of *fictitious capital* has been subject to various interpretations, some of which are not in line with the aforementioned. For example, Brunhoff (1990, p.187) mentioned that fictitious capital appears in some interpretations with a 'pejorative character' because it appears as a synonym for borrowed money and not as a derivative of it. In particular, she refers to the interpretation given by Hayek, in which he links *fictitious capital* with the occurrence of what he calls 'over consumption' crisis. In his argument, fictitious capital results from an increase in bank credit operations as compared to savings. But the explanation provided by Mollo (2011) shows that the concept of *fictitious capital* is too broad to be confined to credit operations only, because the latter is nothing but a means to provide value for capital and accelerate its reproduction (through banks), while capital becomes as it is, only through the productive process that creates added value. Hence, capital, according to Mollo (2011, p.451) "is said to be fictitious because it loses relation to real production in which the value is generated and expanded in order to reproduce it as a value that is valued" (my translation). In other words, fictitious capital must be considered as a departure from the productive process in which the workforce generates added value.

Accordingly, since the process of financialization imposes a certain form of accumulation system, it in turn affects the role of the state. Financialization, Lapavitsas (2014, p,170) asserts, "would have been unthinkable without the systematic intervention of the state in the economy, which has gained effectiveness due to the state's command over domestic money operated via the central bank". Once again, the process of financialization that accompanied the rise of neoliberalism shows a very fundamental and effective role of the state, which contrasts the skeptical tone of the role of the state that characterizes neoliberal discourse. Furthermore, Karwowski (2019) notes that while the literature deals extensively with financialization per se, it does not focus much on issues of state financialization. Thus, she proposes to reconsider this approach because an examination of state financialization reveals "the increasing influence of financial logics, instruments, markets and accumulation strategies in state activities, which can diminish the duties of the state and reduce its accountability towards the citizens" (Karwowski, 2019, p.1019).

On the other hand, financialization requires the integration and international ties that globalization provides. When a state engages in financialization, it shares its ability to control its resources with a globally integrated financial system. This matter, although it provides the state with ample funding resources, but it also makes it more vulnerable to speculation (Saad-Filho, 2019), For this reason, the period of financialization was accompanied by "instability as well as uncertain and generally weak growth in mature capitalist countries" (Lapavitsas, 2014, p.170).

Furthermore, the 1980s established new perceptions quite different from those shaped by Keynesian policies, especially on issues of public good. Under neoliberalism, the state is gradually evading its obligation to provide social welfare, infrastructure, public health programs, and other social services, and is increasingly pushed towards the private sector through privatization. When these vital aspects become in the hands of the private sector, they become subject to the logic of profitability. That is, they turn into financial assets and enter the context of financial speculation, assures Fine (2013), which makes them in a continuous state of instability (Karwowski, 2019). In the Argentine case, for example, Teubal (2004) points out that the measures taken by the administration of Menem, in which the new foreign debt was combined with the privatization programs, led to the establishment of the neoliberal model in the country quickly and comprehensively. These measures resulted in the concentration and intensification of capital in large sectors, most notably in the agricultural industries, where two dairy companies managed to acquire 80 percent of the market, and 7 companies acquired 60 percent of the country's grain exports. It was also remarkable the acquisitions in the Argentine banking sector, which until 1995 included 205 banks, 33 of which were owned by the public sector, before the number of banks in the country decreased in 1998 to 127, of which 17 remained owned by the public sector (Teubal, 2004).

Neoliberalism not only restructured the economy but also produced a new form of society in which many suffered from poverty and indebtedness. Its policies had devastating distributive effects on the nature and conditions of the labor market. Under neoliberalism, new unfair conditions and requirements were imposed on workers whose wages had been subjected to sharp declines. Millions of jobs secured by the public sector have been abandoned, and many professions and small businesses have disappeared. The situation for informal workers was more acute as they lost their chances of getting stable jobs. For this reason, neoliberalism is not only about restructuring the economy and promoting policies based on privatization and financialization. The class struggle is also at the core of neoliberalism.

Also, on the social level, what distinguishes neoliberalism is the climate of competition that made it dominate all aspects of our lives. Neoliberalism, as Dardot and Laval (2013, p.8) put it, "is not merely destructive of rules, institutions and rights. It is also productive of certain kinds of social relations, certain ways of living, certain subjectivities". What they seek to highlight here is the climate of competition that neoliberalism has made to appear as if it were the entrance of societies to 'modernity'. Under this framework, individuals enter into a constant competition between each other, and their social relations are reshaped in line with the market model. That is, they call for a comprehensive view of the neoliberalism that takes into account not only economic aspects but also, and equally important, the various aspects that makeup what they have called the new global rationality that "integrate all dimensions of human existence" not only the economic and political one (Dardot and Laval, 2013, p.8).

2.2 The gap between neoliberal ideology and its practice:

Adding the above discussion about neoliberal practices to what was previously mentioned about neoliberal ideology opens the door for further discussion about the gap that can be observed between neoliberal ideology and its practice in reality.

In this regards, Harvey (2007) distinguishes between two aspects included in neoliberalism, the first represents its 'utopian project' that seeks to reorganize international capitalism, while the second is the political neoliberal project aimed at recreating the appropriate conditions for capital accumulation in a way that enables the economic elites to restore their power. He emphasizes the gap between the two by noting that neoliberalism was able to restore the economic power of the elites and has even contributed to its establishment in some cases, as in Russia and China, while it cannot be said that it succeeded in achieving its utopian project. This argument shows the centrality of restoring (or sustaining) the power of the elites in neoliberal ideology, whereas the theoretical utopia serves as "a system of justification and legitimation" for what it would take to realize the neoliberal political project even if achieving this required abandoning the theoretical utopia itself. Azevedo et al. (2019, p.12) go further to argue that neoliberalism is a "victim-blaming ideology" because it instills the idea that individuals' loss or failure is the result of their mistakes, their lack of responsibility, and ambition. According to this logic, capitalism and the arrangements resulting from it bear no responsibility for poverty and inequality, rather the responsibility lies entirely on the individuals themselves and their failure to put in the sufficient and required effort to achieve success and wealth. In this sense, Azevedo et al. (2019, p.12) view neoliberalism as "a system-justifying ideology par excellence". This was accompanied by neoliberal rhetoric which promoted more freedom of work and the advantages of flexible specialization through which capital, and not workers, enjoyed benefits. Soon the workers fell under the clutches of an exploitative system in which their real wages decreased. As for unemployment, the neoliberal thought has argued that it is the result of the worker choosing not to work when the "reserve price" of his work is higher than the wage given to him. Accordingly, unemployment under this ideology is always voluntary.

Furthermore, the gap between neoliberal theory and its practice reveals a number of (overlapping) paradoxes in neoliberalism. Kiely (2018, p.5) classified these paradoxes as follows: "market and the state, decentralised markets and corporate power, freedom and virtue, liberty and democracy, elitism and populism, neoliberal renewal in the face of adversity".

The argument I defend here is that all these contradictions can be reduced to the logic of the market, which, under neoliberalism, is not limited to the economic aspect, but extends to all aspects of life. This logic made neoliberalism (in practice) anti-liberal and anti-democratic, i.e., against its basic principles that neoliberal ideology is supposed to protect. While neoliberal ideology places individual freedom first, in practice we find widespread monopoly of big business everywhere. We do not find any trace of freedom and human dignity in the practices of these companies, especially in poor countries where they violate workers' rights and force them to work under miserable conditions and low wages. The major corporations that control technology, the press, and the media exercise extensive restrictions on individuals' freedom of expression. The power that companies gain enables them to control political circles in a way that undermines the principle of democracy. Since the logic of the market is the main pillar in neoliberalism, the next section deals with the relationship between the state and the market under neoliberalism, both in ideology and in practice.

2.2.1 Market mechanism and state intervention:

It is not surprising that the 'pure' view of neoliberal ideology leads to a kind of association between neoliberalism and the concept of small government. Take, for example, how neoliberals' embrace of the neoclassical methodology reinforced effective market logic over state intervention. Or what neoliberals have consistently said about achieving balance, stability, and economic growth through market dynamics and under the logic of competition, without the need for an active role of the state. Even adherence to the idea of individual liberty was very instrumental in promoting neoliberal anti-state discourse. The advocates of neoliberalism claimed that human dignity and individual liberty "were threatened not only by fascism, dictatorships, and communism, but by all forms of state intervention that substituted collective judgements for those of individuals free to choose" (Harvey, 2007, p.5). These issues, among others, contributed to constructing a certain perception about the policies dictated by neoliberal ideology, in which the market mechanism is given utmost importance while the role of the state appears to be very marginal if not harmful. This perception is consistent with what Reagan declared in his inaugural address when he said that "government is not the solution to our problem; government is the problem" (quoted in Cerny, 2016, p.89). This neoliberal anti-state discourse, according to Dardot and Laval (2013, p.7), has led some to interpret neoliberalism as "a pure and simple rehabilitation of laissez-faire". Indeed, both neoliberal and laissez-faire policies believe in the efficacy of market forces and question the effectiveness of the state's interventionist role. But as explained in the previous chapter, there is a great fallacy in interpreting neoliberalism in this way because the practical application of neoliberalism does not show any isolation of the state from the market, the former continues to intervene but in different ways from those followed under the Keynesian state. Thus, as Fine and Saad-Filho (2017, p.690) rightly put it, "Market-state dualism is insufficient because neoliberalism is not defined by the withdrawal of the state from social and economic reproduction". Remarkably, this duality is still not fully understood by many, and this was clearly demonstrated in the aftermath of the recent financial crisis when the beginning of government bailouts was interpreted as the end of neoliberalism. Until it became clear later, especially since 2010, how inaccurate it is to consider state intervention as a deviation from the neoliberal path. The crisis did not limit neoliberal policies, but rather reinforced them more than before and this is one of the neoliberal paradoxes pointed out by Kiely (2018).

In fact, when neoliberals find themselves in need to explain state intervention, they justify it by saying that state intervention, at a minimum level in some cases, is acceptable. However, this in itself raises another series of questions about what neoliberals consider an acceptable minimum for state intervention. It also raises questions about the cases in which they do not consider the state's interference to be negative. In this context, Chang (2002, p.542) states that "the mode of neoliberal discourse itself is problematic, as defining the free market, and therefore defining what counts as state intervention, is a highly complicated exercise" as it varies not only between countries, but also from one government to another within the same country.

Furthermore, the relationship between the market and the state was also the subject of disagreement between the various schools of neoliberalism. The ordoliberals were more successful than other neoliberals, closer to the Austrian school and the Anglo-American school, in articulating their position on the role entrusted to the state. Despite their deep belief in the principle of competition and its role in ensuring market efficiency, the ordoliberals drew special attention to the requirements of effective competition. They did not view market efficiency as 'automatic' and argued that the absence of the state's role would have a negative impact on competition because it would allow market actors to

> "act in hierarchical and 'opportunistic' ways, seeking to control markets and prices, create cartels and monopolies, extract 'rents' (proits over and above those that would be made in a genuinely competitive market), and, worst of all, ally with

> state actors to impose centralised planning, fundamentally undermining both competition and efficiency. Labour unions and, of course, bureaucrats and politicians were equally in the sights of the Ordoliberals as collusive in this process" (Cerny, 2016, p.85).

Therefore, the state intervention that Ordoliberals accept is the one that corrects market failures and promotes competitive and entrepreneurial behavior among individuals.

In short, the Ordoliberals realized that the state, through its regulatory role, creates the conditions and forms the legal and social frameworks that guarantee the achievement of economic freedom. "It is an effort in aligning citizenship to entrepreneurship, private property and the market price mechanism" as Bonefeld (2012, p.651) puts it. This is the reason for their argument about the existence of the state's role in regulating society's relations and establishing laws.

Nevertheless, neoliberal visions, even if they differ in the form of the relationship between the state and the market, all agree that the core of the dynamism of the neoliberal order is the market. The discussion that follows makes clear that the issue for neoliberals is not the presence or absence of a role by the state but rather the nature of that role. More specifically, under neoliberalism, any role of the state must serve and reinforce the logic of the market. This is further illustrated by discussing other levels of relations in which neoliberalism enables the logic of the market, particularly by linking individual liberty to the mechanism of the market.

2.2.2 Market mechanism and individual liberty:

While the relationship between the market mechanism and the state is related to the role of the latter and the extent of its intervention, the second level of the relationship discussed in this section is related to the entanglements created by neoliberalism to ensure that the behavior of individuals is in a manner that serves or conforms to the logic of the market.

The principle of competition links the market mechanism with individual liberty. The Mont Pèlerin Society's 1947 draft Statement of Aims indicates that neoliberals saw competition as a guarantor of individual liberty. For them, the absence of competition will restrict the freedoms of individuals, which will negatively affect the efficiency of production processes. Hayek attached great importance to individual liberty, stressing that "both economic and political freedom demand that people subjugate themselves completely to the workings of the market and the pricing mechanism" (Raschke, 2019, p.103), which should not be subject to any kind of restriction. The deep neoliberal belief in the principle of individual liberty defines the neoliberal view of the role of the state. Accordingly, the task of state institutions is to guarantee these freedoms by protecting private property rights and the rule of law, and by removing what hinders free trade and the functioning of markets. Both individuals and corporations (as a juridical person) fall under this principle, and the state, by all available means, must guarantee the freedom of their work. The principle of freedom extends to capital, where any type of barriers such as tariffs or environmental controls, will contribute to restricting capital movement in a way that affects local and international competition. Here again, the role of the state appears to reduce these barriers by using its negotiating power and through its cooperation with other countries, as is the case in the agreements concluded under the framework of the World Trade Organization or the G7 group.

Neoliberals argue that through the state's protection of private property and intellectual rights and the free flow of capital, initiatives and business flourish, and their positive effects on productivity and growth prevail over all members of society. Under this free system, individuals become directly responsible for the results of their work. In this context, society becomes associated with another fundamental neoliberal principles which are individualism and entrepreneurship. The individualism intended here is the one that attributes the success of individuals in any business or project to their entrepreneurial sense, their ability to innovate and work hard while linking failure to personal causes. What this logic of individualism provides is that it ignores the systematic flaws inherent in neoliberalism and places the responsibility for success or failure entirely on individuals, i.e., for reasons unrelated to the neoliberal order. And thus, obscuring the important issues related to discrimination, class exclusions, and others. In this way "if we ended up in poverty, it was because we had not invested correctly in ourselves. If we got into poverty, it was our fault. It was not the system's fault; it was our fault. If we lost our houses to foreclosure, it was not the system's fault, it was our fault" as Harvey (2020, p.40) explains. Therefore, the neoliberal formation of the relationship between individuals according to the logic of the market has important implications and needs special attention as it explains the position of neoliberalism on important issues such as poverty and inequality.

In a related context, the issue of protecting private property is linked to one of the main neoliberal policies, namely privatization. Privatization is the most important pillar that neoliberal policies strive to support. Advocates of neoliberalism argue that what prevents developing countries from attaining the development and welfare of their developed counterparts is closely related to the fragility, if not the absence, of their private property rights. For them, refraining from transferring public ownership to private property will only contribute to delaying the development process and exacerbating the so-called “tragedy of the commons”. Privatization will eliminate bureaucracy, they claim, which will positively reflect on business efficiency and productivity and is followed by cost reduction and quality improvement (Harvey, 2007). Therefore, according to the neoliberal logic, everything from the education and transportation sectors to the army (mercenaries) and even prisons must be privatized. In the context of its justification for privatization, neoliberalism frequently refers to the corruption and inefficiency of the state. Then privatization comes as a solution because it reduces the role of the state to the lowest level (to maintain law and order) and makes room for private money, which neoliberals consider to be more efficient in managing resources. Within these frameworks, states justify their adoption of austerity plans that put everything previously considered public rights that the state should protect into private hands.

The previous two sections show two levels of interrelations :(1) between market mechanism and state intervention. (2) between market mechanism and individual liberty. On both levels, one can see how neoliberalism, based on the principle of individual liberty and individualism, justifies on the one hand its position on state intervention and on the other hand reinforces the conviction that the market mechanism is effective and efficient. On this basis, neoliberalism spreads the logic of the market in various aspects of life. However, the next section argues that the contradictions between neoliberal ideology and its practices show that the alleged association between neoliberalism and its core principles is nothing but an illusion.

2.3 Tensions and contradictions between neoliberal ideology and its practice:

So far, the previous discussion has shown how the neoliberal narrative, through its focus on individual liberty, individualism, entrepreneurship, and other neoliberal principles, anchors the logic of market efficiency and promotes neoliberal policies. By highlighting political corruption, bureaucracy, mismanagement, and other issues associated with the state, neoliberalism promotes the virtues of privatization and the ability of the private sector to manage resources efficiently and effectively, and thus legitimizes the idea that the state's role should be limited to protecting private rights and the rule of law.

2.3.1 In practice, market mechanism is not efficient:

There is great importance in highlighting the contradictions of the myth of the market mechanism, as it is like the backbone of neoliberalism, from which it is possible to understand the role entrusted to the state and individuals, and the real limits that restrict individual freedom and even democracy. This section and the one that follows show that market logic is at the heart of the debate about the tensions and contradictions inherent in neoliberalism.

One can start from the assumptions and conditions on which neoliberalism built its conception of market mechanism. In this context, it can be seen that the neoliberal narrative obscures the fact that market effectiveness is based on a number of exaggerated, if not unrealistic, assumptions. Most notable are those related to the availability and accessibility of information by all market participants, those who rely on this symmetries information to make 'rational' decisions (This point is discussed in detail in Chapter One). Such assumption, as Harvey (2007, p.68) says, is "either innocently utopian or a deliberate obfuscation of processes that will lead to the concentration of wealth and, therefore, the restoration of class power". Because it does not represent the reality that proves a clear disparity in the ability of participants to obtain information, as a number of them use their influence or authority to obtain information before it becomes available to others. This point leads us to consider the efforts of companies to own property rights and patents, for example, a perspective different from that which is limited to the purposes of protecting innovations. This highlights the companies' intentions to obtain monopoly rights to achieve the maximum possible level of profitability. According to Pagano (2014, p.1413), this form of "privatisation of knowledge" has intensified during the past three decades as intellectual property has become a prominent component of corporate capital assets.

Intellectual property protection measures have been expanded within the framework of free trade agreements, specifically TRIPs agreement (Trade Related Aspects of Intellectual Property). Although such measures were supposed to encourage companies to invest more in research and development, they also opened the way for monopolistic practices, especially for pharmaceutical companies (Sparke, 2016). Property rights and patents facilitate rent-seeking activities, as the company's possession of these rights gives it the ability to determine the terms and prices under which technology will be transferred. In this way, intellectual rights become privileges that give their holders the right to exclude others from entering a particular market, i.e., they distort the principle of competition which is central to the neoliberal argument about efficient market mechanism.

Nevertheless, neoliberal advocates do not view monopoly or oligopoly as a problem created by neoliberal policies. For them, implementing intellectual property protection laws and other elements of the Washington Consensus would ultimately create an efficient, open, and competitive market. As for the fact that there are cases of monopoly, neoliberalism places this within the framework of the responsibility of the state, whose policies are supposed to be dedicated to preventing such cases. Monopoly is precisely the key point on which neoliberals justify their argument that the state should not withdraw completely from the market. From this neoliberal narrative, two interrelated issues can be drawn that merit scrutiny. The first is the lack of recognition that monopoly is an internal problem produced by the neoliberal system itself and not the product of external factors. The second issue is the underestimation of the extent of power and dominance that companies can achieve through monopolistic practices, which may reach the point where the company becomes able to influence state policies, and not the other way around. The tendency of neoliberals to downplay the importance of these issues is a clear disregard of the large-scale monopolies that neoliberalism has produced. With regard to intellectual monopolies, for example, Pagano (2014, p.1414) asserts that:

> "the holders of property rights on knowledge end up with rights equivalent to the imperial powers of the past. They can decide whether a certain production process can be undertaken in a particular country and they thus come to own the future opportunities of firms in other countries".

Therefore, it does not seem possible to ignore the fact that what drives monopolistic practices is primarily the logic of profit maximization rooted in neoliberalism (capitalism in general). In other words, it can be said that placing monopoly within the responsibilities of the state diverts the discussion away from the flaws and structural imbalances in the neoliberal system.

Not only that, but the neoliberals, Palley (2005) notes, sometimes resort to a counterargument in which they claim that state intervention to address market failures, especially with regard to monopoly, may exacerbate the problem rather than solve it. This view is consistent with neoliberal narratives that limit the role of the state to address market failures. Despite the fact that the role of the state through its legal system and fiscal and monetary policies extends to include facilitating the work of private markets and stabilizing the business cycle, in addition to providing essential services that the private sector may be reluctant to invest in due to its low profitability.

In a related context, attempts to blame the state for the failure of the market mechanism can be seen in the events that accompanied the 2008 global financial crisis. Arguably, the massive bailouts carried out by countries involved more than just correcting market failures.

However, referring the discussion to the market mechanism (or the structure of the neoliberal system) does not mean underestimating the role that the state can play in addressing market failures and monopolies in particular. In fact, Palley (2005, p.09) questions the belief that unregulated markets operate in a balanced manner. "Left to itself" he says, the market "generates a 'bad' equilibrium in which all agents pay bribes". He added that dealing with such imbalances is not done through the market mechanism, but through imposing deterrent penalties, which is a task that falls to the state. Again, in the absence of any interference from the state, it is not expected that the growth of monopolistic powers will stop. For instance, the power that technological monopoly has brought has made technological reform a strategic matter, regardless of its potential environmental degradation or instability. The desire of companies to acquire more dominance has become the main driving force behind their investment in new innovations and production methods. The same applies to countries that devote a large part of their budgets to technology investment, especially in the military field. Not only that, but there are also full sectors operating in the field of technological innovation, as is the case in pharmaceutical products. The neoliberal theory of technological change explains existence "an inner connection, therefore, between technological dynamism, instability, dissolution of social solidarities, environmental degradation, deindustrialization, rapid shifts in time–space relations, speculative bubbles, and the general tendency towards crisis formation within capitalism", as Harvey (2007, p.68) mentioned.

In short, neoliberalism does not mean the withdrawal of the state or the retreat of its interventionist role, but rather the creation of a certain form of the state. The state that legislates laws and takes decisions that change the financial structure and the legal framework in line with the neoliberal agenda, the one that imposes neoliberal policies and expands the privatization of public assets.

2.3.2 In practice, neoliberal freedom is fragmented and limited:

As I noted in the previous chapter, the rise of neoliberalism was a response to the expansion of socialism and a planned economy. The neoliberals considered their anti-fascist and anti-totalitarian vision as a means to establish a free society that would prevent the return of such forms of government. Despite this, the priority of freedom for them was mainly related to the core of the economic system, and this did not necessarily apply to freedom in the political system. Turner (2007) explains this point by referring to what was mentioned in the early works of Hayek. It was common during the war years to criticize collectivism by associating it with dictatorship, and Hayek's book *The Road to Serfdom*, published in 1944, is one of the most prominent examples in this regard. In this book, Hayek discussed at length issues relating to freedoms and government authority. He did not differentiate between the forms of socialism but considered them as one unit that will always lead to the same results. Accordingly, Hayek concluded that it is not possible to have democratic planning because the state when it controls the means of production, will not make room for democratic transformation, but will lead to dictatorship and coercion. According to this logic, Hayek was not primarily advocating democracy and political freedom but rather the economic freedom that would allow the market mechanism to function effectively. That is, the freedom neoliberals called for was not freedom at all levels, but mainly on the economic level. This has become evident in recent years, as many examples can be cited in which economic interests are favored over political and civil rights, and even people's lives, as demonstrated during the Covid-19 pandemic.

Economic freedoms are always at the top of the list of neoliberal priorities, while freedom of expression is constantly curtailed, except for those where neoliberal policies are not criticized. Here another contradiction is revealed between the practices of neoliberalism and individualism that neoliberal ideology emphasizes. While freedom of expression and choice that all individuals are supposed to enjoy takes a large part of the neoliberal discourse, enthusiasm towards individual freedom fades, if not say disappears, once this freedom leads individuals to the choice of collective action within the framework of trade unions, for example. Instead, collective initiatives are limited to the framework of voluntary associations with limited influence. In short, no collective action should lead to individuals forming political parties that may at some point accept policies that give the state a margin to interfere (Harvey, 2020). In this way, political freedom and the democratic process, for neoliberals, are limited to the right to vote and nothing more (to achieve a peaceful transition of power). It is not about the ability of individuals to bring about a change in legislation or participate in any initiative that might change the course of the neoliberal state. Rather, what was required was that individuals who were angry and resentful of their deteriorating living reality would not be able to form social movements that put forward political demands. The consolidation of individualism also contributed to the neutralization of individuals from political life. Because mistakes are now being placed on individuals as a result of their failure to take responsibility, and not on the state and the neoliberal system.

Not only that, but contradiction in neoliberalism also extends to the ways in which the neoliberal states take steps to limit the growth of the power of any collective action. The more mass movements tend to be influential and powerful, the more the state abandons its commitment to freedom and democracy. It becomes legitimate to suppress these movements by all means. Harvey (2007, p.69) suggests that this may be done by restricting democratic governance and "relying instead upon undemocratic and unaccountable institutions (such as the Federal Reserve or the IMF) to make key decisions". This is further evidence that neoliberal freedom is restricted in practice. It is freedom linked to individuality and should not lead in any way to the establishment of a strong and effective collective form. It is also evidence of the link between neoliberalism and repressive authoritarianism. This shows the tension in the relationship between the concept of neoliberal freedom and democracy, especially in recent times, where this tension has created a state of resentment and hostility that has led to the growth of the far right, such as Trump, Bolsonaro, and Narendra Modi (More on this in Chapter Three).

The relationship between neoliberalism and democracy is very problematic. Because, as the previous discussion showed, neoliberalism is based on the logic of the market, that is, all economic, political and social relations aim at making a profit. Within this logic, there is no space for social justice, solidarity among members of society, social responsibility, nor even for self-determination. Friedman and Hayek's support for the authoritarian Pinochet government reflects neoliberalism's true stance on democracy. Hayek said he preferred an authoritarian liberal regime to democracy that introduces planning (the New Deal and other post-war experiences in Europe). Despite this, serious work has been done to invest the principles of individual liberty and individuality to establish a certain image in which neoliberalism appears as supportive of freedom and democracy. The fact that neoliberalism has instituted a set of policies that serve a small group of individuals at the expense of the interests of the majority of the population is often hidden by blaming the mismanagement of the state and the corruption of its institutions.

But the reality shows that since neoliberalism is based on the logic of the market, neoliberal policies are in constant conflict with the principles of justice, equality and democracy. Again, it is sufficient to consider the consequences of the transition towards neoliberalism on the role of the state and its institutions. It is not only about the extent of the state's intervention, but also the form and objective of this intervention, which has become clear that it is in harmony with the interests of the economic and political elites. Changes in the way election campaigns are financed have played a critical role in undermining democracy. Because campaign financing is no longer dependent, as in the past, on public funds, but instead becomes dependent on donor funds. That is, the political value of each party has become dependent on the money provided by donors who represent major companies and businesses. In this way, neoliberal policies opened the way to political corruption and undermined the foundations of democracy.

In sum, neoliberalism manifests itself, in many respects, in an anti-liberal and anti-democratic manner. Recently, the results of the study conducted by Azevedo et al. (2019) prove that economic conservatism and neoliberal ideology are positively correlated with authoritarianism. For this reason, Adaman and Akbulut (2021, p.1) noted that the changes that the world has witnessed recently, from the rise of nationalist-populism and authoritarian governments, have recently become "a new entry point for research on neoliberalism". The next chapter elaborates on this point in more detail.

Conclusion:

This chapter examines neoliberalism in practice. First, by looking at the neoliberal agenda, which made it possible to identify the conditions and links that were built within and between the economic, political and social levels without which neoliberal ideas would not have been translated into action. And secondly, by summarizing the journey of neoliberalism towards hegemony and the different stages it has gone through. This sheds light on the changes that have swept the world since the establishment of the first neoliberal state in Chile. In order to demonstrate the diversification of neoliberal configurations, this chapter reviewed several experiences from the world, including the United States, Britain, Mexico and Argentina. This was also helpful in identifying the most important features of neoliberalism.

Both discussions show that neoliberal efforts to consolidate its hegemony have been accompanied by a departure from its original ideology. The study of the various neoliberal experiences gave an idea of the diversity of neoliberal methods and strategies, and thus indicated the high dynamism and pragmatism that characterizes it. This contributed to clarifying the problematic relationship between the state and the market, and emphasized the primary role of the former in neoliberal thought and practice. Besides, the consolidation of the neoliberal model showed that the relationship between neoliberalism, authoritarianism and repressive practices is an existential one. This chapter emphasized that these aspects are necessary for a better understanding of the reasons for the departure of neoliberal practices from the principles articulated by their ideology.

The most prominent contradiction in neoliberalism highlighted in this chapter is the principle of competition, which, unlike the neoliberal narrative, creates monopolies and cartels that clearly characterize the reality in which we currently live. Thus unfolds the exclusionary mechanism that governs the work of the market.

Against this background, it became possible to realize the severe tensions and contradictions that characterize the relationship between neoliberal ideology and its practices. More importantly, it highlights the fact that this contradiction lies at the heart of the basic principles underpinning the neoliberal system. All this makes the neoliberal system in a permanent state of instability and prone to crises. Moreover, by developing the discussion to include two levels of interrelationships, the first between market mechanism and state intervention, and the second between market mechanism and individual freedom, it became possible to conclude that neoliberalism is anti-liberal and anti-democratic. These conditions create the environment that pushes neoliberalism to shift from one form to another in order to maintain its own survival. From this point we can construct an explanation for the recent shift towards authoritarian neoliberalism.

Chapter 03. Authoritarian Neoliberalism: Lessons from the Brazilian experience during the Covid-19 pandemic

Introduction:

The discussion presented in the previous chapter demonstrated the extent of tensions and contradictions inherent in neoliberalism and indicated that this nature constantly creates crises and disturbances. It also concluded that after every crisis, neoliberalism restructures itself in a way that somehow guarantees its continuity and survival. During this restructuring process, a transition from one form of neoliberalism to another may occur.

Ironically, the notable shift that has occurred recently has led to what has become known as authoritarian neoliberalism, a form of neoliberalism in which anti-democratic practices are clearly implemented in stark contrast to the core of neoliberal ideology which is based on the idea of individual liberty. But how did neoliberalism so conspicuously abandon the position of 'defender of liberties'? And most importantly, how did it justify its shift towards repressive and authoritarian practices? This chapter answers these questions by highlighting again the role of the state in the neoliberal system. To show how neoliberal efforts to establish the logic of the market at all levels, which requires an active role for the state, are not always carried out by peaceful and democratic means. As Gallo (2021, p.16) puts it, "[m]arket purity requires guardians, and guardians cannot always be selected democratically". Indeed, this trend towards authoritarianism became increasingly evident in the wake of the 2008 global financial crisis. This does not mean that authoritarian practices did not appear until recently, because they accompanied the consolidation of the neoliberal project in several previous phases. Rather, it refers to the increasing frequency and spread of these practices in several countries. As it became known, the measures taken by the world's governments after the recent financial crisis were not in the context of breaking away from the neoliberal project, but on the contrary, they led to its further consolidation. While this has not contributed to resolving the economic crisis, especially as widespread austerity measures have added to the suffering of millions, it has led to serious political instability exemplified by the rise of the far right, populism, and, most dangerously, the formation of authoritarian governments. Some of the most visible authoritarian turns in recent years have occurred in countries such as the United States, Turkey, India, the Philippines, Egypt, Hungary, Poland, and Brazil.

As authoritarian tendencies extend, a bleak picture has taken shape of a world filled with hostile and racist rhetoric, restrictions on civil society, militarism, separatism, and all that portends further democratic decline. This recent global shift towards authoritarianism has called for the development of a new line of research that delves into the political economy of neoliberalism, because authoritarian neoliberalism, as this chapter shows, cannot be separated from overlapping economic and political crises. So far, however, there is little focus on this aspect. A recent study by Arsel et al. (2021, p.261) suggest that “what remains less well analysed is the political economy vision championed by these[authoritarian] leaders”. Similarly, Tansel (2018) emphasized the centrality of addressing issues related to authoritarianism and democracy through the lens of political economy. This came in the context of his warning that most discussions about Turkey's authoritarian turn tend to separate the economic and political aspects of the ruling Justice and Development Party (AKP), stressing that this problem is mainly overcome by discussing the concept of authoritarian neoliberalism.

Therefore, to bridge this gap in the literature, the discussion in this chapter is organized in a way that first covers the theoretical dimensions of authoritarian neoliberalism by clarifying the relationship between neoliberalism and authoritarianism, and the causes and diversity of forms of this undemocratic transformation. Clarifying these issues includes many projections on the experiences of different countries that are part of the rise of authoritarian neoliberalism. This makes it possible to understand authoritarian neoliberalism as a global turn and to recognize its differences from a broad perspective before moving to focus on a particular case. This discussion is then used to explore the manifestations of authoritarian neoliberalism in the case of Brazil, particularly what has been revealed during the COVID -19 pandemic. In fact, there are several reasons why Brazil is one of the interesting cases. Recently, the authoritarian populist regime has brought Brazil to the list of countries engaged in ‘democratic backsliding’. The Brazilian president's style of governance is widely seen as one of the most blatant examples of authoritarian neoliberalism, particularly his management of the country during the COVID-19 pandemic. The way the pandemic has been handled in Brazil highlights a deep commitment to neoliberal logic and the ability of the existing system to create spaces for exclusionary discourse and authoritarian practices. President Jair Bolsonaro did not break with the existing neoliberalism in the country, but rather re-established it further through the economic and political practices led by his government. This is a prominent feature of authoritarian neoliberalism, where authoritarian leaders criticize existing regime and promise to bring about change in it, which does not happen when they come to power. The case of Brazil also provides ample scope for future investigations into the fate of the neoliberal project and the prospects for anti-neoliberal movements, which will be unfolded in the coming years, especially in light of the changes that Latin American countries are currently going through. Finally, the discussion of neoliberalism in Brazil is in response to the calls of several studies, most notably Bruff and Tansel (2019, p.03), to move beyond the focus on the countries of the Global North because neoliberalism in the Global South "has come to mean much more than what can be captured through the use of the traditional 'structural adjustment programme' analytical prism".

In this way, this chapter seeks to provide a contribution that helps addressing the research gaps in the contemporary literature dealing with the shift towards authoritarianism. More importantly, it contributes to clarifying that the transition towards authoritarian neoliberalism is not a unique process related to a particular country, nor can it be summarized by a coincidence that brought a personality with authoritarian tendencies to the leadership. Rather, it proves that the recent shift towards authoritarian neoliberalism must be framed in the context of neoliberal global restructuring. Understanding this dynamic requires looking at the roots of neoliberal thought (Chapter One) and realizing its inherent contradictions (Chapter two) and proceeding from that, and from the perspective of political economy, to analyze neoliberal recent shifts towards authoritarianism. Brazil, as a case study of authoritarian neoliberal turn, adds more illuminations in this regard.

3.1 The conceptual framework of authoritarian neoliberalism:

3.1.1 What is authoritarian neoliberalism and why is it important to include it in current discussions?

Academic interest in authoritarian neoliberalism has increased significantly in recent years (for example, Bruff and Tansel (2019); Bruff (2014); Fabry (2019); Saad-Filho (2020); Bilgiç (2018)). It was not the novelty of the subject that stimulated this increased interest, or rather it was not uncommon to discuss neoliberalism and authoritarianism together, neither from an intellectual or practical point of view. On an intellectual level, for instance, shifts towards authoritarian policies have been documented in several important earlier contributions, notably the work of Nicos Poulantzas and Stuart Hall in the 1970s and 1980s, and prior to that, in Antonio Gramsci's writings on the crisis of capitalism in the 1930s. On a practical level, the process of consolidating the neoliberal project, as mentioned in the previous chapters, was not free from authoritarian practices. Starting, for example, from the use of force that accompanied the creation of the first ever neoliberal state in Chile, and the subsequent coercive practices that coincided with the implementation of trade agreements and the imposition of the role of international organizations. Hence, the following questions arise: what is the reason for opening the debate with such momentum recently about authoritarianism? What does the focus on authoritarian neoliberalism add to previous discussions and how might it contribute to deepening our understanding of the status quo?

In fact, much of the increased interest in authoritarian neoliberalism is related to the recent transition of authoritarian practices from a level where they were confined to specific cases to one that can be seen as a global shift. This shift has been manifested in a widespread increase in anti-democratic practices and nationalist and racist discourses that have proliferated in many countries. This can be seen by comparing the period since the 1990s with the recent years. At the time, as Ayers and Saad-Filho (2020) noted, it was common to associate countries that followed the neoliberal path with being democratic. This is what neoliberalism seriously sought to consolidate by linking economic liberalization with political and sociocultural liberalization. Thus, under this logic, it is unlikely that the neoliberal state would head toward democratic regression. But, since the 2008 global financial crisis, an increase in the erosion of democratic norms and the emergence of authoritarian tendencies has been observed in several countries such as India, Hungary, Brazil, and even in countries that have long been presented as established democracies such as the United States and the United Kingdom.

Since these recent transformations have reproduced capitalist social relations in a different way than in the past, authoritarian neoliberalism has been considered a new phase of neoliberalism (Boffo et al., 2019; Saad-Filho, 2021). A phase that explains, as Bruff and Tansel (2019, p.02) put it, "how contemporary capitalism is governed in a way which tends to reinforce and rely upon practices that seek to marginalize, discipline and control dissenting social groups and oppositional politics rather than strive for their explicit consent or co-optation". Based on their study of Croatia, Hungary, and Poland, Stubbs and Lendvai-Bainton (2020, p.02) conclude that authoritarian neoliberalism can be understood as

> "a governmental project that uses social, political and economic means to produce targeted and systematic divisions, insecurity and abandonment resting, inter alia, on a renewed

> heteronormative familialism, repatriarchialization, national and ethnicized demographic renewal, and anti-immigrant sentiments".

As a result, it has been necessary to study the recent global shift toward authoritarianism more closely, especially from the perspective of comparative political economy.

The growing interest in authoritarian neoliberalism has been accompanied by the diversity of methods and visions that have been relied upon to explore the multiple dimensions of this new phase. For example, Bruff and Tansel (2019) discuss authoritarian neoliberalism drawing on rich discussions from the late 1970s through the 1980s found in the works of Nicos Poulantzas on the authoritarian statism and Stuart Hall on authoritarian populism. The writings of Poulantzas and Hall highlight an important point that authoritarianism involves more than direct practices of force and coercion. Everything that can lead to the restructuring of the state and its institutions in a way that marginalizes the political and social movements opposed to the hegemony of the existing system also falls from their point of view within the context of authoritarian practices (Bruff, 2014; Tansel, 2018). In his analysis of authoritarian neoliberalism in Hungary, Fabry (2019) also drew on Hall's insights but chose to include them with those of Antonio Gramsci, who, while imprisoned by Mussolini's fascist regime, wrote about the authoritarian policies that accompanied the crisis of capitalism in the 1930s. That crisis, Gramsci says, is nothing but an 'organic crisis' or 'crisis of hegemony', explaining that the choices of the ruling classes to respond to it were either to turn to fascism or to embrace 'Americanism'. Both aim to reshape the state and its economy, the first by combining "an authoritarian regime with direct economic policies (including government control of prices, trade, and the establishment of a public credit system), and expansionist nationalism" and the second through "the rationalisation and intensification of production ('Fordism')" (Fabry, 2019, p.132). Gramsci's writings played a key role in Hall's development of what he called 'authoritarian populism', the concept he used to describe the Thatcher government's approach to promoting the neoliberal project in Britain. Ayers and Saad-Filho (2020, p.232) also discuss the rise of authoritarian neoliberalism based on a Gramsci perspective.

The aforementioned interpretations of authoritarian neoliberalism, along with the insights of Poulantzas, Hall and Gramsci, share the assertion that neoliberalism's tendency toward non-democratic forms is not the result of factors outside the neoliberal system, but rather part of its dynamics. Accordingly, considering the 2008 financial crisis as a reference point does not mean that the neoliberal practices that preceded that crisis were more democratic, nor should it be considered as a separate part of the debate on capitalism. Rather, it is to say that the financial crisis, due to the disruption it caused in the global system, has reinforced the factors that pushed towards more authoritarian practices. The next section elaborates this argument in more detail.

3.1.2 What leads to authoritarian neoliberalism?

Given the increasing global trend towards authoritarian neoliberalism, it becomes necessary to know the motives that have recently led more countries to drift towards authoritarian practices. Ayers and Saad-Filho (2020) explain that the authoritarian turn is the result of the inability of the neoliberal order to continue to contain the crises it produces. Similarly, Bruff (2014, p.124) argued that authoritarian neoliberalism is "a response both to a wider crisis of capitalism and more specific legitimation crises of capitalist states. Therefore, authoritarian neoliberalism simultaneously strengthens and weakens the state as the latter reconfigures into a less open and democratic polity". More specifically, Saad-Filho (2021) links the shift towards authoritarianism with the tensions that neoliberalism constantly creates on the economic and political levels and whose effects have largely unfolded after the global financial crisis. He details that neoliberalism has created two paradoxes, one economic and the other political. Both stem from the claim that neoliberalism creates unprecedented opportunities for profitability and leads to democratic stability. A claim that was later refuted, with the decline in the performance of neoliberal economies and their increased vulnerability to deep and long-term crises, as well as the increasing control of elites over policy decisions. It follows that the conditions created by the economic and political paradoxes pave the way for what Saad-Filho (2021) describes as the paradox of authoritarian neoliberalism. Primarily because the economic and political crises fuel public discontent with traditional institutions and parties, which for those affected become the main responsible for the suffering of unemployed individuals and heavily indebted families. The desire to move away from the existing political and economic synthesis leads to the rise of certain personalities who are described as exceptional because they appear to be in conflict with the existing regimes and closer to popular public opinion. This aspect, according to Regilme (2019), is central to understanding the rise of Donald Trump as he has been somehow considered to be outside traditional political parties. The problem is that most of these exceptional personalities often resort to an exclusionary populist discourse that promises to find solutions to current problems in ways associated with the use of force.

This generates a state of political polarization that does not end with these personalities seizing power, because the new administration does not practically contribute to solving the problems created by neoliberalism, but, on the contrary, pursues policies that lead to a further concentration of power and wealth in the hands of the elites. This narrative falls within the framework that explains Hall's inclusion of authoritarianism and populism together under one term, ‘authoritarian populism’, which links authoritarian transformation to a form of popular consent. On the other hand, there is a different view that argues that the rise of authoritarian personalities is more likely to be linked to political settlements than to popular discontent. This view points to the challenges politicians face when their parties are in decline, or their interests are under threat. In this case, “if a charismatic outsider emerges on the scene, gaining popularity as he challenges the old order, it is tempting for establishment politicians who feel their control is unraveling to try to co-opt him”, especially when politicians believe they can redirect that popularity to serve their own agenda (Levitsky and Ziblatt, 2018, p.19). In other words, this view, unlike the previous one, holds that even with a popular response to demagogic discourse, what is decisive is the reaction of the political elites and the alliances among them. Yet in both viewpoints, the economic or political crisis, or both, plays a key role in opening the way for authoritarians to gain power. This supports one of the main arguments defended by this thesis, which is the need to understand neoliberalism and its contradictions to realize the current transition towards authoritarian neoliberalism.

The importance of exploring the dynamics that led to the emergence of authoritarian neoliberalism lies in its emphasis on two main issues. The first is that what leads to authoritarian practices are the internal conditions produced by the neoliberal system itself that make repressive means part of the necessities of stabilizing neoliberal rule. From this point of view, the authoritarian state is a response to the crisis created by neoliberalism. Therefore, understanding authoritarian tendencies requires the recognition of the severe crises caused by neoliberal visions at the economic and political levels. The second issue is that any system of government, even an electoral democracy, is likely to experience democratic decline when economic hardship and political instability combine (The following section, by presenting various forms of authoritarian neoliberalism, provides further support for this argument). This is an interesting point because it indicates the form of the relationship that elites establish within the institutional state. Traditionally it has been argued that strong institutions limit the power and ability of elites to manipulate state policies. The writings of Douglass North have been pioneering in this regard, providing many important insights into the institutional establishment and its role in driving economic development. For example, North and Weingast documented in one of their well-known articles published in 1989 how the constitutional revolution brought about by the Glorious Revolution (1603-1688) made England ahead of European countries in economic growth. For them, England would not have become a great power at the time, had it not been for institutional changes that restricted the legislature of the Crown and its power to levy taxes and allocate funds, and ensured spending control by the parliament (North and Weingast, 1989). However, recent literature has proven the ability of elites to reshape institutional systems in a way that enhances their presence and dominance over state decisions, and not the other way around. This point of view does not assume with certainty that institutionalization imposes effective constraints on power. On the contrary, it argues that elites use institutions to enhance their power and protect their interests, which may eventually lead to the formation of authoritarian institutions (Pepinsky, 2014). As Levitsky and Ziblatt (2018, p.13) put it "[t]he tragic paradox of the electoral route to authoritarianism is that democracy's assassins use the very institutions of democracy—gradually, subtly, and even legally—to kill it". This opens the door to thinking about the role that institutions themselves play in shaping authoritarian practices.

Therefore, it is important to realize that what neoliberal changes cause in the economic and political structure is related to the creation of authoritarian neoliberalism and is not separate from it. When these parts are tied together, neoliberal authoritarian patterns become more visible and thus easier to detect and resist.

3.1.3 How is authoritarian neoliberalism manifested?

Levitsky and Ziblatt (2018) open the introduction to their book *How Democracy Dies* by recalling what Santiago witnessed on September 11, 1973, which they believe sums up what comes to minds of many when they think of the death of democracy. At that historical moment there was a heavy overflight of warplanes, the sound of bombs, the burning of *La Moneda* (Presidential Palace) and the death of President Salvador Allende. This, say Levitsky and Ziblatt (2018, p.09) is the way "we tend to think of democracies dying: at the hands of men with guns".

The same can be said of authoritarian neoliberalism, whose mention evokes the thought of governments that come to power through coups, or military rule. But in fact, in addition to this specific form of authoritarianism, the combination of political and economic formations may make authoritarian neoliberalism unfold through various other forms. According to Saad-Filho

(2021), besides authoritarian neoliberal governments that followed military coups, as in Egypt and Thailand, countries such as Bolivia, Brazil, Honduras, and Paraguay have experienced authoritarian neoliberalism through judicial-parliamentary coups. Also, authoritarian governments made their way to power by violating the constitution, as in Brazil, Hungary, India, Russia, and Turkey. Even some governments that came to power through democratic elections also engaged in neoliberal authoritarianism, most notably in Austria, Chile, Italy, Philippines, Poland, the United Kingdom, and the United States. Differently, but not inconsistently, Gallo (2021) presents another arrangement that differentiates three forms of authoritarian neoliberalism: populist nationalism, technocracy, and traditional authoritarianism. Populist nationalism is a common form in right-wing governments. It is characterized by an exclusionary discourse that carries with it a lot of xenophobia and anti-immigration. Gamble (2021) notes the association of this form of authoritarian neoliberalism with the earlier practices of Thatcherism and Reaganomics. More recent examples of this form include Hungary under Prime Minister Viktor Orbán. In this regard, Fabry (2019) points out that Orbán's commitment to the neoliberal project and unjust austerity measures explains why the European Union condoned his authoritarian policies, not to mention that many European countries have similar positions to Orbán on immigrant and refugee issues. In addition to populist nationalism, Gallo (2021) argues that authoritarian neoliberalism also manifests itself in two other forms. Technocracy, the most prevalent form among EU governments, and Italy in particular. Armed with their scholarly reputation and professional merit, technocrats embark on fiscal austerity, privatization, and other neoliberal policies. The other form is the traditional authoritarianism that spread in the 1990s, especially in the context of consolidating the neoliberal project in the former Soviet bloc. Neoliberalism in Russia and China, Kazakhstan, Modi’s India, and Bolsonaro’s Brazil are also notable examples of this form of authoritarian neoliberalism. Controversy has also been raised about the form of authoritarian neoliberalism that has emerged in a number of European countries despite their strong social contracts based on solidarity. Including Poland, whose powerful trade unions were unable to prevent it from falling victim to ‘shock therapy’ in the early 1990s, and Croatia, which, although the war delayed its integration into global capitalism, turned into an authoritarian neoliberalism not only because of the rise of the far right but also as a result of the domination of ‘clientelism’ over the country's social policy that resulted from the expansion of benefits granted to war veterans and their families (Stubbs and Lendvai-Bainton, 2020).

Recognizing the diversity in the manifestations of authoritarian neoliberalism breaks down the dichotomies that tend to associate authoritarianism with the countries of the Global South or with the governments formed in the aftermath of military coups. Instead, an exploration of authoritarian neoliberalism suggests that authoritarian practices do not disappear as countries transition from military rule to electoral democracies. This weakens the arguments that link the neoliberal path to democracy and economic prosperity.

3.1.4 Characteristics of neoliberal authoritarianism:

While authoritarian neoliberalism manifests itself in different ways, it remains possible to identify some features that point to a possible democratic backsliding.

It is noticeable that regardless of the form of authoritarian neoliberal practices, they all reflect a constrained structure of democracy in which neoliberal policies become able to penetrate more into the institutional and legal structure of the country. The restructuring of the state under neoliberal authoritarian regimes is carried out by relying on several elements, the most obvious of which are related to social elements. Authoritarian neoliberalism in Croatia, Hungary, and Poland, for instance, has brought about “a kind of layered social divestment” that provides “a radical new vision of social reproduction and fundamental differentiations in terms of access to social citizenship” (Stubbs and Lendvai-Bainton, 2020, p.02). Similarly in Turkey, the Justice and Development Party (AKP) legitimized its authoritarian practices by “exploiting the existing socio-economic, political and cultural lines of stratification” (Tansel, 2018, p.14). Gradually, this structure allows for the practices of exclusion, marginalization, violence, and coercion against certain social groups. These authoritarian neoliberal practices are systematically directed to weaken the efforts of movements against neoliberal hegemony and to thwart attempts to find alternatives that would open the way to change the current system.

Authoritarian neoliberal practices are often justified either as an economic necessity to solve a particular crisis (Bruff, 2014) or as an inevitable option to ensure law and order or even protect freedoms and national security. To justify Hungary's authoritarian turn, for example, Orbán has repeatedly claimed that the liberal democracy promoted by Western countries suffers from many shortcomings and that the challenges his country face require different and more assertive measures (Fabry, 2019). Likewise, Trump has adopted the ‘America First’ mantra, claiming that his strategy based on the national interest will restore the country's greatness. But Regilme Jr (2019), who studied American hegemony, asserted otherwise. For him, Trump's authoritarian practices and hostile rhetoric have only contributed to undermining the foundations of democracy and creating more divisions in the country, which will accelerate the decline of US global hegemony. The Turkish Justice and Development Party (AKP) consolidated its dominance by invoking the narrative of ‘national will’ that has long been the basis of the country's centre-right discourse. According to Bilgiç (2018, p.03), this discursive strategy adopted by Prime Minister Recep Tayyip Erdoğan, especially in the ‘Respect for the National Will’ meetings, has been used extensively after the failed coup attempt in 2016, “to bolster the resilience of authoritarian neoliberalism” in Turkey.

Most of these justifications ultimately fall within what Arsel et al. (2021) call ‘authoritarian developmentalism’, that is, when authoritarian leaders resort to justifying their undemocratic practices by drawing attention to economic achievements that are portrayed as the salvation of society from all its problems. But since this alleged economic salvation does not contribute to improving the living conditions of large segments of society, authoritarian leaders tend to constantly level accusations against others: the 'external enemies'. This is why under authoritarian neoliberalism more space is often created for exclusionary populist discourse, firstly to contain the growing resentment among those affected by neoliberal policies, and secondly to provide additional justifications for their authoritarian practices. Here neoliberalism makes additional gains because this discourse deflects the accusations away from neoliberal policies and instead directs them to external factors including immigrants, refugees, foreigners, minorities, the poor and other marginalized groups. In this way, more exclusionary practices are applied to those groups who are seen as ‘unworthy’ either because they are weak, idle, or foreign or for any other reason that make them a burden on society and thus responsible for hampering the process of economic development and prosperity. Such practices were evident, according to Stubbs and Lendvai-Bainton (2020), in a number of European Union countries that adopted a form of authoritarian neoliberalism that combined welfare chauvinism, layered social welfare and nationalist populism. All are strategies that restructure social policy in such a way that groups of individuals are excluded from social welfare benefits. In some cases, these exclusionary practices take a very dramatic form. Fabry (2019) points out, for example, how, after major cuts in public spending and denying many unemployment benefits, the Hungarian constitution was amended to make homelessness a criminal offence. This measure added more suffering to the most vulnerable groups in society, especially in the absence of social solidarity policies.

Regarding authoritarian personalities, Levitsky and Ziblatt (2018, p.24) identify four criteria that they consider to be indicators of authoritarian behavior, which appear when a politician does one of the following: "1) rejects, in words or action, the democratic rules of the game, 2) denies the legitimacy of opponents, 3) tolerates or encourages violence, or 4) indicates a willingness to curtail the civil liberties of opponents, including the media". According to them, these criteria make it possible to identify potential authoritarians, a fundamental task that they believe political parties must master because, being the 'democracy's gatekeepers', they are able, if they want, to keep such personalities from coming to power. This certainly requires great awareness of the ramifications of any action that might put democracy at stake. But it is also a very complex issue because some authoritarian turns are hard to predict. Take, for example, the case of Hungary's Prime Minister Orbán, who during his first term from 1998 to 2002 demonstrated a great commitment to democratic standards, and who has only been seen as an authoritarian leader since his return to power in 2010 (Fabry, 2019; Levitsky and Ziblatt, 2018). This aspect can be linked to the challenges facing the analysis of authoritarian modalities of governance. Specifically, the issue of determining the main turning point that led a particular government to move away from the democratic path. A good example of this can be found in the Turkish case. During two electoral periods (2002-2007 and 2007-2011) the Justice and Development Party (AKP) gained significant popularity. However, things began to change since 2011 and especially in 2013 with the Gezi Park protests, and only since then has it been consistently pointed out that the party's practices are authoritarian. But while Tansel (2018) acknowledges that the AKP's recent practices have been clearly authoritarian, he criticizes the common tendency that separates the post 2011-2013 period from the party's previous practices. He refers to the existence of authoritarian tendencies through different stages of the party's rule, and does not limit them, as others did, to recent years only. For this reason, he refuses to portray Turkey's authoritarian model as arising from a previous 'democratic' model.

Several points in the conceptual framework presented above will be clarified in the following discussion. An assessment of the experience of the pandemic and the strategies used to combat it highlight the shortcomings and imbalances of the current neoliberal order. It also shows how authoritarian neoliberal governments, particularly in Brazil, have dealt with the latest crisis of neoliberalism.

3.2 Authoritarian neoliberalism in the time of the pandemic:

At the end of January 2020, the WHO's statement to the International Health Regulations Emergency Committee praised the Chinese government's speed in detecting and isolating the emerging virus. The statement clearly stated that there is no need to take any measures to limit international travel and trade (World Health Organization, 2020a). But these reassurances did not last long, as the virus spread rapidly across the world. On February 11-12, 2020, the WHO reassessed the global situation and urged the development of a scientific strategy to contain the outbreak. One month later, the Director-General of the WHO classified the outbreak of the COVID-19 as a pandemic, expressing deep concern about the serious effects of its global spread (World Health Organization, 2020 b). Although not the first global pandemic, COVID-19 was considered exceptional because the spread of its infectious agent was much faster than that observed in the previous outbreaks. In just three months, Covid-19 was classified as a pandemic, while the Spanish Flu (1918–1919) took nearly a year to become a global pandemic (Jeanne et al., 2022). Indeed, Covid-19 was highly transmissible, reaching Latin America even before it was classified as a pandemic, with Brazil being its first victim. Three weeks after its first case, Brazil had registered more than 700 cases (González-Bustamante, 2021) and by November 2020, the country’s death toll had reached 164,000 (Nassif Pires et al., 2021). The numbers will continue to increase significantly after that, reaching 34,837,035 confirmed cases and 688,219 deaths, according to the latest WHO statistic for the month of November 2022 (World Health Organization, 2022).

Under these conditions, countries around the world were faced with an unprecedented health crisis, which would test not only their health system, but their efficiency at all levels. Although the WHO has constantly issued a set of measures required to confront the pandemic, countries have widely differed in terms of the extent to which they adhere to these measures, especially regarding general or partial lockdown. In an early study of the pandemic, Bobylev and Grigoryev (2020) mentioned the lack of compatibility in the precautionary measures taken by European countries, and they also expected that confusion in a prolonged phase to combat the pandemic would be a possible scenario in countries such as the United States, Brazil and some Asian countries. In all cases, the response to the pandemic required rapid adaptation by governments and broad changes in their public policies. They had to adopt complex strategies that would end the health crisis without causing much harm to economic interests. Besides, governments have had to deal with waves of shock and uncertainty caused by the spread of the virus, in addition to the feelings of sadness, anxiety and anger that pervaded societies with the daily rises in the number of cases and deaths. Inaction in this regard was threatening to cause a financial panic that could eventually lead to a market crash. The seriousness of such threats can be demonstrated by looking, for example, at the Brazilian market's reaction to the first wave of the Covid-19 pandemic. According to Costa et al. (2022) the Brazilian stock indices recorded a significant decline in March 2020, reaching 34.0% in the electrical energy (IEE) sector and 54.4% in the real estate (IMOB) sector. They also observed that the Bovespa, a major stock market index, was influenced by both mortality and case data, and was more sensitive to local and global mortality data than the number of cases.

Despite this, it is difficult to attribute the challenges the world has faced recently to the emergence of the pandemic alone. The conditions that existed in each country prior to the outbreak have played a major role in their respective efforts to manage the health crisis. This view is supported by González-Bustamante (2021), who studied the differences in the experiences of South American countries during the pandemic and noted the ability of countries such as Uruguay and Paraguay to relatively control the spread of the virus compared to Brazil and Peru, which have shown less efficiency in dealing with the pandemic. According to him the institutional and sociocultural factors in Uruguay are likely behind its ability to achieve good containment of the pandemic without resorting to a strategy of suppression. He also noted that the popular protests that preceded the pandemic in countries such as Bolivia and Chile affected the ability of their governments to implement social distancing measures. Similarly, Saad-Filho (2020 a) draws attention to the fact that the pandemic has spread in a world already exhausted by the repercussions of the global financial crisis. And Tooze (2020) points to the sectors that are heavily indebted and the difficult situation the global manufacturing industry experienced in 2019, as well as the eurozone crisis. Added to that, the situation in countries like Brazil, which was hit by the pandemic at a time when the country was still suffering from the repercussions of the economic recession that led to a decline in its GDP by 3.8 percent and 3.6 percent in 2015 and 2016, respectively (Marquetti et al., 2020). The fiscal austerity measures implemented during that period also contributed to a significant increase in unemployment, causing further pressures on the Brazilian economy (Feijó et al., 2022). Taken together, these studies highlight the pre-pandemic state of instability. The following discussion starts from this point to confirm that what the pandemic has caused is nothing but a crisis on top of other accumulated crises that the neoliberal order has produced for decades. This provides further evidence for the thesis's arguments about the structural flaws of the neoliberal system.

What the world has witnessed since 2020 cannot be reduced to a health crisis, nor can it be analyzed by separating it from the context in which it occurred. Instead, the pandemic should be discussed in the context of neoliberal globalization. For this reason, and in continuity with the previous discussions, the following examines some of the relevant aspects in which the pandemic has exposed weaknesses and systemic flaws in the current global order. These aspects are framed within three interconnected levels, economic, political and moral, reflecting the reality of a deeply flawed global order with a fragile democracy and an unjust structure. Each is discussed with a special focus on the Brazilian government's response to the pandemic. Not only because this is in line with previous discussions, but also because Brazil has received global attention during the pandemic due to its high rates of infection and death, as well as the controversial statements of its president. The fact that Brazil is a source of many important commodities also makes it among the most important cases to be studied as part of international efforts to accelerate the global recovery in the post-pandemic period.

3.2.1 The pandemic exposed the dysfunction of the global economic order:

COVID-19 pandemic has challenged the main pillars of neoliberalism and forced governments to break away from a number of beliefs that have long been considered the backbone of capitalist economies. This has been manifested in a discourse and practice that differs from what we have witnessed in the past to the extent that it can be said that the pandemic has become one of the remarkable turning points in the course of global neoliberalism. The pandemic has revealed a different global economic order than that described in the neoliberal narrative.

For decades before the pandemic, neoliberal globalization was portrayed as an ideal model for economic development. It has been consistently argued that international economic integration opens the door to the broad exchange of goods and technologies, providing continuous opportunities for capital growth. Accordingly, national policies in most countries have been designed in line with this model that promotes market liberalization and global integration policies. Later it became clear that the economic development and welfare that neoliberal globalization claimed to provide were not universal but limited to a certain number of countries, entities, and individuals. While the countries of the Global South have experienced little economic development, the gap between rich and poor countries continues to widen amid further deterioration of working conditions and the ecosystem. Concerns have also been raised about the fate of democracy in the context of global economic integration. Perhaps the most prominent is what came in Dani Rodrik's (2000) *international trilemma*, which includes international economic integration, the nation-state, and mass politics, where he explained that this trio cannot be achieved together, but only two of them can meet at the same time. In other words, he suggests that economic integration is either accompanied by national sovereignty or democracy, not both.

In the same way that the global financial crisis raised doubts about the efficacy of the hyper-globalization approach that has prevailed since the late 1990s, the pandemic has clashed with these doubts again to reveal more clearly the fragility and instability of the structure produced by neoliberal globalization. By developing a linear regression model (OLS) that combines mapping the global spread of the virus with data and socioeconomic variables, Jeanne et al. (2022) discussed the role that globalization has played in driving the spread of the virus. Their study confirmed that the number of cases was significantly affected by the country's development and its integration into international trade, as the network of links that had been strengthened between and within countries acted as channels for the spread of the virus. This led them to consider the COVID-19 pandemic as “the first real pandemic of the age of globalization” (Jeanne et al., 2022, p.07), to cause a crisis in both developed and developing economies.

As a result, the pandemic has eroded the rhetoric of encouraging cross-border flows of capital and labor and replaced it with unprecedented sets of restrictions that have hampered the functioning of global supply chains and restricted the free movement of people (Leach et al., 2021). This in turn showed that neoliberal policies that pushed countries to integrate into global supply chains made many of them unable, particularly due to deindustrialization, to meet the basic needs of their people. Like never before, it has become clear that the world needs to reconfigure a new balance between globalization and self-reliance (Stiglitz, 2020). Where the rhetoric of fiscal austerity could no longer continue, Keynesian policies came back to the fore, promising massive and effective bailouts. The neoliberal skepticism of the interventionist role of the state has completely disappeared.

In addition to the shift in neoliberal rhetoric at the international level, it has also been remarkable what the pandemic has demonstrated on a practical level. The performance of the world's countries during the pandemic has exposed the inaccuracy of neoliberal narratives in at least two major respects. The first relates to the individualism that neoliberalism sought to promote at the expense of the collective sense and moral commitment to the common good. Social solidarity has been systematically marginalized by claiming that it ignores and limits individual freedoms. Moreover, the sense of belonging to society, as a whole, has been diminished by the neoliberal rhetoric that has become more exclusion and hostile to certain groups of society. On the other hand, under neoliberal privatization policies, many social welfare services were reduced and passed on to the private and voluntary sectors. Thus, what was a reliable structure regulating the work of social services was lost and replaced with a structure dominated by a profit nature. The pandemic has signified "a basic crisis of solidarity and as such a profound crisis of public trust" that can only be resolved through the reconfiguration of a new socially responsible order (Pentini and Lorenz, 2020, p.09). Because, contrary to what neoliberalism claims, it turns out that individualism can never replace society.

The second aspect relates to claims of a coherent structure of the neoliberal state. The pandemic has undermined the image that has been sought to establish about the economic and political power that states can achieve by adopting the neoliberal approach. Especially with the strongest economies faltering in implementing effective and rapid policies to contain the pandemic. The confidence of many countries in the capabilities of their health systems negatively affected their initial response, as it was not expected that the health infrastructure in those countries would face difficulty in absorbing the increasing cases. Many of these considerations can be understood in light of assessments prior to the pandemic period where several studies, including Moore et al (2017) and Oppenheim et al (2019), developed a set of indicators that classify countries into several categories according to the degree of their preparedness for the outbreak of infectious diseases. According to these global assessments, the health system in the United States, along with Canada, Australia, New Zealand, and Western European countries, ranks first in terms of preparedness to deal with pandemics. Despite this, the United States, for instance, experienced high mortality rates and, contrary to what was expected, faced great difficulties in containing the pandemic. This may point to the fact that such assessments did not anticipate massive disruptions to global supply chains, or at least at the magnitude that the COVID-19 pandemic has caused. Indeed, the impact of the pandemic on supply chains has been enough to change what many global indicators have predicted about health systems. Especially since China, the first affected by the pandemic, was not in a position to increase its production capacity in a number of vital sectors, which increased the possibilities of shortages and delays in the supply of several products, including medical equipment and medicines

(Jeanne et al., 2022). This situation had a significant impact on the response of several countries to the pandemic, including the United States, which depends on the import of many medical equipment, such as ventilators, protective gear such as masks, and other medical products, including items that are used in the manufacture of medicines and the like (Stiglitz, 2021).

Prior to the pandemic and according to the above-mentioned global assessments, Brazil also appeared well prepared to manage public health emergencies. Especially since the country has a healthcare system (SUS: Sistema Único de Saúde) that has proven to be efficient in dealing with many health crises, including HIV, Dengue, Zika, and Yellow Fever. Nevertheless, in April and May 2020, the pandemic challenged the Brazilian government in the Amazon region, which made headlines after news of the collapse of the health system in its largest city, Manaus. Intensive care units were filled with patients, and hospitals could not accommodate the increasing number of cases (Smith, 2020). The damage done by years of neoliberal reforms and fiscal austerity programs soon became apparent. In particular, the results of Michel Temer's 2016 constitutional amendment that froze fiscal spending, except for the interest on the public debt, in real terms for twenty years (Saad-Filho, 2020 b). Such actions have undermined the efficiency of public and health services and weakened social security programs. Moreover, the pandemic has created great challenges for the Brazilian health system, especially at the level of coordination between states and municipalities (Béland et al., 2021). It will later become clear that much of the administrative confusion and the lack of coordinated decisions are due to the role played by the Brazilian president. Despite all this, it was necessary to effectively manage the available resources and provide adequate financial support to hospitals and other health care providers to avoid shortage of necessary medical supplies and equipment (Jeanne et al., 2022). For this reason, the Brazilian government has created a so-called ‘War Budget’ to separate the expenditures of measures related to combating the pandemic from the regular government budget. It also approved the Constitutional Amendment 10/20, March 3, 2020, which allowed the Central Bank of Brazil to purchase public and private bonds on the secondary securities market, and the Treasury to make additional investments to combat the pandemic (Nassif et al., 2020).

However, González-Bustamante (2021) explained that among the Latin American countries, Brazil was the only one that did not follow at the national level strict measures to contain the pandemic, nor did it implement a clear systematic policy to detect COVID-19 cases. While other countries in the region have taken more decisive measures, despite concern about their repercussions on the economy, as is the case in Argentina, which imposed mandatory social isolation by a presidential decree announced by President Alberto Fernández at the beginning of the crisis. Regarding monetary policy, the Brazilian monetary policy committee's response to the initial price shock was to raise the basic interest rate by 0.75 percentage points. However, Feijó et al. (2022) criticized this measure because it ignores the fact that inflationary pressures are not only caused by the demand side, explaining that treating inflation in this way neglects two basic features of the Brazilian economy. The first relates to the supply structure shaped by years of deindustrialization and a growing reliance on commodity exports that has made the country's inflation highly dependent on both the inflation of Brazil's trading partners and on international commodity prices. The second relates to prices included in the official inflation index (IPCA), especially administered prices, since they are not very sensitive to the conditions of supply and demand, that is, they do not respond to changes in interest rates. Accordingly, Feijó et al. (2022) conclude that raising the basic interest rate, especially under the uncertainty caused by the pandemic, is not effective in fighting inflation in Brazil but rather a great indication that monetary policy is aligned with the interests of the rentier class.

There are other factors that have exacerbated the challenges that Brazil faced in its fight against the pandemic, particularly those related to the political crisis that the country is going through. Therefore, it would be useful to consider this aspect, especially as it confirms what was raised at the beginning of this discussion about the health crisis being part of the series of accumulated economic and political crises created by neoliberalism. The following covers the relevant political aspect of the pandemic in more detail.

3.2.2 The collision of the pandemic with fragile democracy:

The COVID-19 pandemic has created exceptional circumstances that have profoundly affected the lives of people around the world. It also placed extraordinary pressures on governments that had to respond quickly and efficiently to contain the health crisis. In the meantime, the responses of a number of world leaders to the pandemic, especially in Brazil and the United States, have sparked widespread controversy due to their denial of the pandemic, their defiance of scientific views and their opposition to the lockdown measures under the pretext of protecting economic interests. Although there are other examples of leaders have downplayed the risks of COVID-19 and defied social distancing and lockdown measures, there are strong reasons why Trump and Bolsonaro's response to the pandemic is so stark. Both are right-wing populists with authoritarian tendencies and head one of the most populous countries. Neither of them showed sympathy or care, although the United States and Brazil were among the countries with the highest rates of infection and death. Their statements also expressed their evasion of responsibility and a great deal of disregard for the pandemic containment measures. In short, the pattern they both took before and during the pandemic is in line with their being part of an authoritarian neoliberal ascendancy, which is based on a strategy fueled by conflict and political polarization. This in itself is dangerous and troubling, As Levitsky and Ziblatt (2018, p.13) put it "if one thing is clear from studying breakdowns throughout history, it's that extreme polarization can kill democracies". As explained earlier, the rise of authoritarian figures, and right-wing populists, is linked to their ability to take advantage of tensions and crises in a way that consolidates their power. Due to deteriorating social and economic conditions, voters tend to accept voices that emulate feelings of public anger and resentment, even emotional and extremist rhetoric finds supporters amid turmoil. And as they come to power, authoritarian leaders continue to rely on this popular base for further personal and political gain. In the case of Bolsonaro and Trump, Béland et al. (2021) point out that their controversial statements during the pandemic expressed their adoption of two strategies, the first is the blame-avoidance strategy, which accuses governors and mayors of dereliction of duty, and the second is the credit-claiming strategy, in which they claim that their policies have protected the country's economic interests. Indeed, this seemed clear, especially in the Brazilian case. In addition to the fact that Bolsonaro's statements during the pandemic were aimed at blaming various other parties to justify his mismanagement, Smith (2020) stated that the behavior of the Brazilian president during that period also contributed to distracting public opinion from the sharp acceleration of environmental violations. Especially in the Amazon region, where forest invaders have found in the health crisis an opportunity to attack nature reserves and increase illegal logging and mining practices. The chaos in the country has also distracted attention from reports that the president and his family were involved in corruption cases. On the other hand, Béland et al. (2021) note that Bolsonaro used the credit-claiming strategy when emergency aid was passed during the pandemic to back up his claim to be on the side of the poor and low-income (More details in the next section). In all cases, what the authoritarian figures seek is mainly related to their political agendas and electoral strategy, and not the public interest. This is evident in the performance of many authoritarian governments during the pandemic.

Although the pandemic has made the behavior of authoritarian leaders more visible, it is still very important to consider what lies behind this pattern of performance. That is, the problematic authoritarian pattern should not obscure the fact that it reflects deep-rooted ideological and institutional ties. Looking at the ideological foundations adopted by authoritarian personalities, for example, enables us to analyze authoritarian practices from a broader perspective than that of individual personality traits. An example of this is a recent study carried out by Farias et al. (2022) in which they analyzed the Brazilian president's approach during the COVID-19 pandemic. Their study not only describes the president's approach as a cruel but considers it to be "a case of cruelty, based on indifference and inaction, condensed in the reaction 'so what?'", referring to Bolsonaro's answer in April 2020 when asked about the high number of COVID-19 deaths in his country (Farias et al., 2022, p.02). They argue that cruelty is not about personality traits but is strongly rooted in the exclusionary ideology of far-right populists. Therefore, their argument does not include all types of populism nor is it limited to totalitarian regimes, but rather to the radical right-wing populism that can emerge in democracies (which, as described in the previous section, is among the most prominent types of authoritarian neoliberalism). Ideological influences can also be seen in the reluctance of several authoritarian governments, including the United States, the United Kingdom, and Brazil, to take strict measures to combat the pandemic. These governments seemed unaware that the economic crisis cannot be resolved until the pandemic is contained and the health crisis is ended. According to Saad-Filho (2020 a, 2021), the pandemic showed that the trade-off between profits and people's lives is not excluded, especially among the right-wing neoliberal leaders who tried to refrain from imposing the lockdown and preferred instead to promote the strategy of 'herd immunity'. Saad-Filho (2021, p.136), also stressed that "there is no dichotomy between democracy and efficiency", which is extremely important because it drops the arguments put forward by many Western governments in justifying their inaction or slow response during the pandemic, including the claim that adherence to the principles of freedom and democracy was the motive behind refraining from taking strict measures. In fact, these trade-offs and excuses are nothing but the difficulty of abandoning the logic of profitability rooted in the existing neoliberal order. This proves, as Regilme Jr (2019, p.164) stated, that neoliberalism "has normalized routinized suffering, life-threatening inequalities, extreme poverty, and governments that are wholeheartedly willing to throw away huge amounts of money to save corporate behemoths rather than actual people's lives". Thus, even with the threat of millions of lives, economic and financial stability remained a top priority in the neoliberal system.

Besides the ideological foundations, it is also important to consider the institutional frameworks within which authoritarianism is practiced. Although the rhetoric of authoritarian personalities tends to show them as if they are separated from the existing economic and political structure in the country. However, Béland et al. (2021, p.416) links Trump and Bolsonaro's public statements during the first year of the COVID-19 crisis, with the policies of the existing institutions in both countries (particularly federalism and party systems), stressing that the position of both presidents reflects “well-known political strategies and existing institutional legacies”. This raises serious questions about the future of democracy, especially in light of the global rise of neoliberal authoritarianism. This is certainly true in the case of Brazil, where there are good reasons for concern about the country's democratic prospects. Before the pandemic, Brazilian democracy was not at its best but was under constant threat created by a series of challenges the country faced. Since 2013, Brazil has faced economic problems, mass protests including those that accompanied the 2014 World Cup, the ‘Lava Jato’ corruption scandals, and Rousseff's impeachment in 2016 over allegations of fiscal mismanagement. The threat intensified with Rousseff's successor, Michel Tamer, who is involved in corruption scandals. Later and even since his candidacy was announced, Bolsonaro was considered the Brazilian version of Donald Trump, especially given Bolsonaro's past positions on gender, race, women and his nostalgia for the dictatorship. Threats to Brazilian democracy escalated after Bolsonaro took office, especially as his enthusiasm for military intervention in the country continued (Béland et al. (2021). Interestingly, Smith (2020, p.85) stated that “the crucible of the pandemic may have strengthened democracy against some of Bolsonaro’s attacks”. She argues that the pandemic, without diminishing the human tragedy it has caused, has mitigated the danger the country was heading towards under Bolsonaro rule. In other words, Brazilian democracy would have been at greater risk in a pandemic-free scenario. Because the pandemic had contributed to revealing the weakness of Bolsonaro's ability to run the country. Also, his indifferent attitudes and statements about the seriousness of the pandemic, which spurred local and international public opinion against him, may have prevented him from obtaining the support he hoped for, especially from the military. More importantly, the pandemic has revealed that some of Bolsonaro's threats, especially those represented by military intervention, are “hollow” (Smith, 2020, p.77). This view does not underestimate the danger of Bolsonaro's approach to democracy, but rather argues that the pandemic may have contributed to changing the course of this danger without removing it. More precisely, Bolsonaro could have led the country's anti-pandemic policy, as Nayib Bukele did in El Salvador, toward authoritarian repression, especially given his tremendous efforts to build a strong alliance with the military. Instead, Bolsonaro has chosen “a mediated strategy that heightens political polarization and social-media “culture wars”. He had previously tested the role that social media can play, as it, along with the evangelical churches, had ensured his victory in the presidential elections (Smith, 2020, p.77). However, this strategy is no less important than that based on direct violence. The greatest example of this is the American experience, where democratic norms have eroded tangibly in the Trump era due to his pursuit of a strategy based on extreme partisan polarization that "extends beyond policy differences into an existential conflict over race and culture" Levitsky and Ziblatt (2018, p.14).

Both the ideological and institutional ties mentioned above emphasize a central point discussed earlier in this chapter, which is the importance of analyzing the rise of authoritarianism within the context of neoliberalism. In other words, not to consider the authoritarian practices as exceptional occasional cases that are alien to the system, but rather to consider the ideological connections and the nature of the existing system that facilitated their rise. Most importantly, such practices must be examined in a broad framework, beyond the Covid crisis, that includes the future of democracy in these countries. This brings us to another aspect exposed by the pandemic, which is the depth of inequality that neoliberal policies have produced within and between societies.

3.2.3 The pandemic has exposed structural injustice:

For decades before the outbreak of the pandemic, the neoliberal narrative consistently promoted that international economic integration and neoliberal policies would drive economic growth and prosperity for all countries of the world. This narrative based on the myth of the trickle-down economics concealed the intentions of the neoliberal approach directed at serving the interests of capital in the advanced countries. Within this structure, inequality, and divisions within and between societies have continually deepened, and more instability had been created in poor and emerging countries. Neoliberalism, as Regilme Jr (2019, p.164) stated:

> "has commodified human beings as tradeable entities in a market ruled by the logic of capital accumulation [….]. This logic of commodification has systematically killed millions of financially underprivileged people, with women, disabled individuals, and persons of color heavily bearing the brunt".

Therefore, when the pandemic hit an already turbulent world, previous imbalances and problems added further complexity to the ways to combat the virus. With high rates of poverty and inequality, as well as precarious employment, it has been difficult for a large group of people living in severe conditions to adapt to social distancing measures or adhere to preventive measures due to overcrowded housing, lack of access to clean water, sanitation services problems, etc. (Tavares and Betti, 2021). Even during the lockdown, ‘essential services’, which include many low-paying jobs, have had to continue to operate. Women also faced great difficulties, in addition to an increase in cases of domestic violence (Pentini and Lorenz, 2020).

In the case of Brazil, large disparities in income levels have long been one of the main problems in the country. With the outbreak of the pandemic, it was necessary to pay great attention to the most vulnerable groups in society. The actions taken by the Brazilian government in this regard were mainly the provision of emergency aid (Auxílio Emergencial) to vulnerable families. In late March 2020, the National Congress agreed to provide a monthly aid, of 500 reais, later increased to 600 reais, for people who lost their income due to the pandemic. In August, 67 million people benefited from this measure (Béland et al., 2021) and by January 2021 the value of the aid was reduced to 250 reais per month. Although this measure eased the burden of the pandemic on several groups, it cannot be said that it was sufficient. Mainly because these measures are temporary and do not address the main problem in the country. It does not consider low wage levels, inadequate working conditions, persistent cuts in social services spending, and other neoliberal policies that further marginalize many social groups. The pandemic has exposed the country's ‘structural deprivations’ and the great disparities in living conditions between different regions and ethnic groups were revealed (Tavares and Betti, 2021). Therefore, instead of temporary emergency measures, Brazil needs more robust and coordinated programs and initiatives at the national level aimed at radically combating poverty and inequality.

Internationally, the concentration of wealth and power in the hands of a certain number of companies and individuals has been evident for many years. However, the pandemic has revealed other, more brutal aspects of our unequal world, particularly with regard to the distribution of Covid-19 vaccines. The research and development efforts mobilized at the global level have had great success in developing the vaccine at a record speed compared to other vaccines, the fastest of which took four years to develop (for mumps). But the distribution of vaccines was not done fairly and safely for everyone. While more than 70 percent of the population of high-income countries have been fully vaccinated by 2022, less than 10 percent of Africa's population received the vaccine (Agarwal and Gopinath, 2022).

It is important to take a closer look at what this unfair distribution indicates. It exposes the false globalization and the brutality of the logic of profits upon which neoliberalism is based. Instead of international cooperation to combat the pandemic in all countries, pharmaceutical companies have taken the intellectual property rights regime as an excuse to restrict many countries' accesses to vaccines and tests. These companies relied on their market power which had grown exponentially under neoliberal policies. Their monopoly power has allowed them to refrain from sharing vaccine technology, which has greatly hampered global efforts to combat the pandemic (Stiglitz, 2021). Accordingly, and contrary to the logic promoted by neoliberalism, the pandemic has shown that strengthening essential sectors, especially the health system, is not a secondary matter, but rather a vital issue that cannot be left subject to considerations of profitability that dominate the private sector. If it were not for profitability considerations, the process of distributing vaccines would have been fairer. On the other hand, financial resources have been a critical component in determining countries' response to the pandemic, especially for those that were already experiencing financial problems. The lack of funding has limited access to needed vaccines and medical equipment. In this context, Agarwal and Gopinath (2022) argue that providing adequate and timely funds would have reduced the costs of the pandemic. More specifically, they attribute the high economic costs of the pandemic to two main categories, the first imposed by funding barriers, and the second caused by changes in supply chains and trade barriers. In addition, the financial burden that the pandemic has left on all countries of the world makes it unlikely that developing countries will receive sufficient financial and technical support that enable them to face the effects of the pandemic on their already exhausted sectors. This will hinder the efforts of these countries to achieve the sustainable development goals and global commitments to mitigate the effects of climate change (Barbier and Burgess, 2020). It will also, according to Stiglitz (2021), add more burdens to heavily indebted countries, which will increase the likelihood of debt crises in the future. Adding that the temporary suspension of debt service by the G-20 is not enough to make poor countries overcome the burdens of the pandemic. Instead, he suggested additional measures, including debt restructuring, as well as allowing poor countries to benefit from low-cost financing options such as Special Drawing Rights (SDR’s) provided by the International Monetary Fund.

3.2.4 What is next?

More than two years after the outbreak of the pandemic, it has become clear that the challenges left by it are complex and their repercussions will continue for many years to come. On this basis, several studies have warned that the post-pandemic period will inevitably witness an exacerbation of poverty and inequality, increased instability, and the potential for intensification of authoritarianism (Leach et al., 2021). Furthermore, considering the existing possibilities of the emergence of a pandemic or another health crisis in the future, Petersen et al. (2020) stressed the need to learn from recent experience and not underestimate the importance of historical analysis of previous influenza pandemics. They added that the continuation of international coordination and cooperation to develop epidemiological research and studies will be essential to face the upcoming challenges, especially as new waves are likely to occur in the first 2-5 years after the pandemic. In a related context, Agarwal and Gopinath (2022) emphasized that international coordination should also extend to the areas of financing and development assistance for low-income countries where the health sector is already facing significant challenges.

As the recovery from the pandemic is not yet fully completed, it is difficult to ascertain the overall repercussions of the rifts that have befallen the globalized world. But there is no doubt that restrictions on international and domestic trade and travel, and disruptions in global supply chains will significantly deepen the economic downturn. According to the latest International Monetary Fund reports issued in April 2022, it is expected that by 2024 the global economic loss caused by the pandemic will reach about $13.8 trillion (Agarwal et al., 2022). This raises concerns about the repercussions of the pandemic on poor countries as well as the most vulnerable groups in various countries, including developed ones. Stiglitz (2021) does not seem optimistic about the conditions of these countries and groups in the post-pandemic period, as he expects a K-shaped recovery. In other words, improving economic conditions will not end the suffering of those most affected by the pandemic. This, in turn, will lead to an increase in the number of unemployed, and many of those who remain in their jobs will have to adapt to unfavourable working conditions.

Conclusion:

The main point that the discussion presented above sought to make clear is that the shift towards authoritarian neoliberalism does not reflect a transitional phase or an accidental shift whose negative effects can be reversed by returning to the democratic path and by electing balanced, less extremist, and controversial personalities. What drives voters to elect authoritarian leaders is their discontent with their miserable reality, the livelihood insecurity, and the aggravation of poverty. The shining promises of authoritarian leaders succeed in promoting them as the savior's hope for groups impoverished by neoliberal policies. But the promises of authoritarian leaders to break with neoliberal policies are unreal, as their access to power only serves to strengthen the neoliberal project further. For this reason, the lack of serious and effective moves and tangible alternatives may deepen the damage created by these personalities.

In this way this chapter demonstrated that authoritarianism is as a systematic feature of neoliberalism and a representation of a feature inherent in capitalism. And authoritarian neoliberalism is not an accidental or temporary deviation from the democratic path of neoliberalism. Rather, it is part of neoliberalism's response to the crises created by its profound contradictions at the political, economic, and social levels. Because of this dynamism, it is difficult to expect sober leadership figures, despite their important role, to contribute to reversing the consequences of neoliberal contradictions because the core of the dilemma lies in the structure of the existing system. Additional support for this argument is added in the second section of this chapter by discussing what the pandemic has exposed of the structural flaws of the neoliberal system.

The COVID-19 pandemic is a turning point in every sense of the word. The response of governments was decisive. Countries around the world entered a race to contain the pandemic, aiming to return to normal life as quickly as possible. However, their responses to the pandemic were uneven, some of which contributed to alleviating the severity of the crisis, while others exacerbated it.

The pandemic has exposed the depth of the deep economic divisions in and between societies and has clearly widened the gap between the rich and the poor. Moreover, economic downturn will lead to more precarious employment and more income inequality. Even the discovery of COVID-19 vaccines, which brought the hope of saving millions of lives, has brutally exposed wide social and economic divisions and high degrees of inequality between peoples. Indeed, the world we live in now, as Stiglitz (2021, p.09) stated, combines "simultaneously a pandemic, an economic crisis, a climate crisis, and an inequality crisis". Although it may seem too early at present to consider a full assessment of the global or Brazilian response to the Covid-19 pandemic. This chapter shows that it is difficult to ignore a number of indicators that highlight the slowness and inefficiency of measures and strategies taken by a number of governments to prevent the spread of the virus. Discussing the challenges posed by the pandemic and their impact on different countries clearly highlights the weaknesses of the current global system. On the other hand, preparation to ward off future pandemics depends on the continuous evaluation of all stages of the pandemic experience, including the current stage.

Just as happened in the aftermath of the global financial crisis, those who begged the state to increase its spending and expand its rescue plans will likely return to the discourse of questioning state intervention and adherence to the effectiveness of the market mechanism. Therefore, the crisis created by the COVID-19 pandemic should not be seen as an accident or, as some wish to portray it, as a flaw in the health system, but rather as a structural crisis that indicates the fragility of neoliberal policies. It reflects the systematic policies that dismantled state structures and institutions and stripped individuals of their collective sense. In this sense, the Covid-19 crisis raises valid questions about the legitimacy of the existing neoliberal order and the implications of the political and economic choices it dictates.

Furthermore, ever since the COVID-19 pandemic has invaded our lives, it has become clear that the world is on the cusp of major and complex changes. The health crisis has added more pressures to a world already suffering from the repercussions of climate change, rising poverty and inequality. At the same time, the current situation does not seem to bode well for the possibility of mobilizing serious efforts to address pressing issues. On the contrary, it seems that the world is heading towards more racist tendencies, extremism, and authoritarian regimes. Because, the crisis created by the COVID-19 pandemic, which has severely affected the world economy, has become justifications for governments to pursue austerity measures. This matter will increase the burdens of a wide segment of society (which did not even get the gains made by neoliberal policies in the past) who will form the base on which authoritarian figures will work to win their votes. These challenges underscore the importance of a more in-depth reconsideration of neoliberalism. And as crises form the basis of the rise of authoritarian neoliberalism, what will be the situation in the coming period, especially after the Covid-19 pandemic in light of the high expectations of economic and climate crises? Even if this question remains open, what can be asserted is that its discussion will require us to delve deeper into the implications of neoliberalism and the authoritarianism inherent in it.

Final considerations:

The thesis aims mainly at enriching our knowledge of neoliberalism in a way that allows the development of a better understanding of the global shift towards authoritarian neoliberalism. The literature on authoritarian neoliberalism has increased recently, but it often tends to focus on a specific case and pay limited attention to authoritarian connections to the neoliberal path as a whole. For this reason, the thesis sought, through its three chapters, to build a deep discussion that addresses the recent shift towards authoritarian neoliberalism without neglecting the connection of this shift with the historical course of neoliberalism. Thus, the thesis follows a chronological path that starts from a point in the past and leads us towards the recent crisis that struck neoliberalism with the outbreak of the Covid-19 pandemic. Although authoritarian neoliberalism is a current issue crystallized in the wake of the global financial crisis, the thesis argues that its explanation depends on our awareness of past neoliberal transformations and the contradictions inherent in the core of today's dominant thought. Taking this into account allows emphasizing the critical role of the state in building and consolidating the neoliberal order, thus avoiding the fall into the mistake of inaccurate reductionisms that show neoliberalism as an anti-state ideology. Such issues regarding the position of neoliberal thought toward the state and its role are not separated from the goal of exploring authoritarian neoliberalism but are rather an essential part of it. On the other hand, although the third chapter focuses on the Brazilian experience, the thesis is keen to present, albeit briefly, various examples from different countries. This stems from the conviction that the analysis of any neoliberal experience should not be in isolation from the context of other global neoliberal experiences.

The thesis begins by questioning the extent to which we know neoliberalism, a position that derives first from the shortcomings and ambiguities observed in the literature review on neoliberalism, and secondly from the circumstances revealed by the Covid pandemic, which brought back memories of the global financial crisis, and our need for a more accurate and comprehensive understanding of the current dominant system. To bridge this gap, the first chapter is devoted to an analysis of neoliberalism in a way that clarifies its origins, meanings and historical schools. This has been achieved by relying on the approach of the history of economic thought, which provided a great benefit in this regard, as it allowed to delve into the historical roots of neoliberalism and enabled the identification of its different schools of thought, specially Ordoliberalism. It also clarifies one of the problematic issues related to the confusion between neoliberalism and classical liberalism. Besides, scrutiny of the meaning of neoliberalism and its various definitions has provided the opportunity to identify the aspects that made neoliberalism a contested term. On the other hand, discussing the transformations that neoliberalism went through before the 1970s made it possible to note the dynamism and pragmatism that characterizes neoliberal thought. Not only that, but it also revealed the political orientations of early neoliberal thought mainly represented in its opposition to collectivism and socialism. Furthermore, the first chapter made another important contribution related to the position of neoliberal thought towards the state. While neoliberalism is still often understood as an anti-state ideology, the chapter explained how neoliberalism, while pro-market, has never meant the withdrawal of the state from the market. This argument gains more strength through the discussions that were developed successively in the second and third chapters, which shed light on the essential role of the state in all phases of the neoliberal rise, and in ensuring its hegemony as well. Most importantly, neoliberalism did not hesitate to defend the interests of the market, even if it required an authoritarian approach and undemocratic means. In other words, even if at the expense of the basic principles of neoliberal ideology. Accordingly, the thesis claims to have contributed to filling in several gaps related to the conceptual and theoretical aspects associated with neoliberalism.

The second chapter has focused on explaining three main points: neoliberalism in practice, the points of interaction between ideology and practice, and the extent of contradictions between them. One of the chapter's contributions is its explanation of the aspects included in the neoliberal agenda, in which the role of political and economic elites has been highlighted, in addition to the role of neoliberal discourse in mobilizing public opinion. This allowed to show the structural changes that neoliberals were able to achieve through the alliances they built in political and business circles. This came as a continuation of what was presented in the first chapter about the efforts made by the neoliberals to spread their ideas in academic circles. In this regard, and by addressing the paths through which neoliberal ideas flow and the factors that enabled these ideas to dominate, it can be said that the thesis has responded to the Plehwe’s (2016, p.62) call, who stated “[I]nstead of looking for the one comprehensive neoliberal system or regime, students of neoliberalism really need to look both at neoliberal ideas carefully and at social, political and ideological power relations”.

Besides, summarizing the neoliberal journey towards hegemony and the different stages it went through, provided a great benefit in identifying the various neoliberal formations, especially as they were accompanied by a presentation of examples from different experiences around the world. This discussion has also been complemented by identifying the most important features of neo-liberalism including privatization, financialization. Thus, the thesis claims that by discussing the methods and practices that led to the consolidation of neoliberalism, it has contributed to emphasizing an important point showing that neoliberal efforts to expand and dominate were at the expense of its ideology, rather than in accordance with it. It has also showed that the relationship between neoliberalism, authoritarianism, and repressive practices is an existential one. An argument that was further emphasized in Chapter Three.

Furthermore, exploring the contradictions between neoliberal ideology and its practices has provided the opportunity for a better understanding of both. This has made it possible to obtain further evidence that the problematic nature of the relationship between neoliberal ideology and its practices is a strong reflection of the structural contradictions inherent in the neoliberal order, which is a fundamental argument defended by the thesis. By linking this argument with the analysis of authoritarian neoliberalism, the thesis asserted that the global shift toward authoritarianism is, more than anything else, a product of the crises and upheavals in neoliberalism itself. From this viewpoint, the thesis has called for a reconsideration of the interpretations that address authoritarian neoliberalism by focusing on authoritarian leaders and their personality traits. There is no doubt that this aspect is important, but it is not sufficient alone to explain the authoritarian neoliberalism rise because it is based on a limited perspective separate from the comprehensive view of the neoliberal approach. Such explanations often link authoritarian shifts and the failure of the neoliberal system to the practices of specific leaders, or in other words, to factors not related to the nature of the neoliberal system itself. This obscures the role of contradictions inherent in neoliberalism and the crises it produced in the transition towards authoritarianism, which appeared, in turn, as a temporary situation that ends with the arrival of democratic leaders to power.

Linking authoritarian neoliberalism to the electoral process and voters' choices makes it appear as a product of external factors that are being imposed on the neoliberal system rather than being a product of it. However, the thesis, in its third chapter, stresses the need to explain authoritarian neoliberalism without separating it from the context of the neoliberal approach that has been prevalent since the 1980s. More precisely, the thesis contributes to explaining how the economic distress, political instability, and problems afflicting societies, which naturally raise questions about the identity of the perpetrator, impose the need to create an ‘imaginary’ enemy from outside the system to divert the attention from the contradictions of the neoliberal system. This is what neoliberal discourse provides by blaming the corrupt state, bureaucracy, and other external factors such as immigrants, refugees, China, etc. Despite this, at some point, it becomes impossible to contain the repercussions of neoliberal policies and the consequences of their frequent crises and instability without resorting to force and undemocratic means. It is precisely the role that is embodied in the arrival of authoritarian leaders to power. In this way the thesis contributes to explaining the role of economic crises and political instability resulting from decades of neoliberal policies in paving the way for more repressive practices and democratic backsliding.

In its quest to prove that its arguments are, above all, realistic, the thesis is keen to include experiences from different countries, especially in the second and third chapters. It has reviewed the various manifestations of authoritarian neoliberalism revealed by the experiences of different countries such as the United States, Turkey, Hungary and others. It also provides an assessment of the Brazilian experience during the COVID-19 pandemic, thus combining its critical discussion with a contemporary analysis of a practical case that had recently aroused interest. The importance of discussing authoritarian neoliberalism stems from the reality of the current challenges facing democracy, freedom and social justice in many countries, especially in Brazil. Therefore, the discussion developed by the thesis in its third chapter adds further support to the arguments drawn up by chapter two about neoliberalism being anti-liberal and anti-democratic. The thesis considers that there is great benefit in considering Brazil an essential part of future research areas on authoritarian neoliberalism and the prospects for capitalism in general.

The last lines of the thesis were written at time when the Brazilian elections took place. Although the elections led to Bolsonaro's defeat, the danger to Brazilian democracy is still on the edge. Brazil will have to march a long way to heal the wounds left by authoritarian neoliberalism and to narrow the sharp divisions that already exist in the country. With the expansion of ‘Bolsonaroism’ and its acquisition of the largest number of seats in both chambers of Congress, it is not clear what form the exit from authoritarian neoliberalism in Brazil will lead to. Accordingly, it will be interesting to supplement the findings of the thesis in the future, especially since the transition of power led not only to the victory of the left, but also to the return of a leading figure like Luiz Inacio Lula da Silva.

In short, the thesis provides a critical assessment of the current hegemonic order, highlights its contradictions and structural flaws, and most importantly opens the door to a debate analyzing authoritarian neoliberalism, one of the most disturbing contemporary developments. All this without separating the current issues from their historical roots.

The conditions created by the recent global shift towards authoritarian neoliberalism pose more challenges to the anti-neoliberal and leftist forces. This in turn increases the need for those forces to engage in further research into the comparative political economy of neoliberalism. In one way or another, the historical reading of the neoliberal path sheds light on the importance of the role played by intellectuals and academics through their critical study and their presentation of new ideas that are indispensable in formulating alternatives and new visions that may one day lead to finding ways for a more just and equitable society.

Accordingly, the thesis falls within the context of the literature critical of neoliberalism and argues that a deep understanding and constructive criticism of neoliberalism is an essential step towards creating an alternative order that is more just and equitable than the current neoliberal order. The arguments and ideas put forward can be said to be part of a wide range of investigations and studies that anti-neoliberal movements, in particular, have to intensify.

It is not easy to understand neoliberalism. It is problematic, complex and includes a wide range of configurations and relationships that make it impossible to rely on a single model to decipher its secrets. This makes us always need to examine the different experiences of neoliberalism in order to observe its formations and the diversity of mechanisms adapted to the circumstances of each case and according to the conditions dictated by each time and place. This will enable us to understand the drivers and prospects for the transformation. Yet many questions will remain open, particularly those regarding the fate of neoliberalism and the form in which its future transformations may take shape.

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