

**Neoliberalism and its alternatives: orthodoxies and heterodoxies** (2 credits)

**Lecturer:** Attila Fölsz [folsza@ceu.edu](mailto:folsza@ceu.edu)

**Class:**

**Office hours:**

**Course description and objective:**

The course discusses the development of recent and contemporary economic policy paradigms. More concretely, it analyzes the causes and consequences of the rise and fall of neoliberalism, as an economic doctrine and what have emerged on its ruins. To put it differently, the course concentrates on the history of the so-called "Washington Consensus" and survey what alternative 'consensuses' have been put forward.

The course introduce students to the concept of policy paradigms and of policy diffusion, identifying the domestic and external factors affecting economic policy choices. It also aims at providing an analytical framework for explaining development of and changes in mainstream policy paradigms. Last but not least it enable students to analyze specific policy episodes from a comparative perspectives.

The course does not require any background in economics.

**Learning outcomes:**

Students will be acquainted with the themes and analytical apparatus of political economy of economic policy-making. The acquired knowledge will enable them to pursue individual empirical research on economic development, policies and reform episodes.

**Teaching format:**

Each topic is studied in class in a reading seminar format. Students are expected to read the assigned texts prior the classes.

**Requirements**

- Students are required to attend classes regularly and to participate actively in course discussions.
- Students are expected to formulate written comments and questions about the literature. These not more than half page long comments and questions will serve as basis for class discussions, and are to be submitted via e-mail by 8 pm preceding the day of the seminar.
- Students will write a short written test on the 7<sup>th</sup> class.
- Students make in-class presentations of some literature not included in the core readings or on their final easy topic.
- Students can choose whether to write either
  - an in-class final exam or
  - an around 1500 word essay (case-study) on a concrete government policy package and submit within a week after the 12<sup>th</sup> class. (The content of the essay is also to be presented in one of the last classes. see above)

**Assessment:**

In-class participation	10 %
Written questions and comments:	15 %
Short mid-term test)	25 %
In-class presentation	10 %
Final essay or in-class exam	40 %

## **1: Intro: the rise and fall (?) of neoliberalism**

**Rogers, Daneial (2018):** The Uses and Abuses of “Neoliberalism” *Dissent*, Winter 2018

<https://www.dissentmagazine.org/article/uses-and-abuses-neoliberalism-debate>

**Centeno, Miguel A., Joseph N. Cohen (2012):** The Arc of Neoliberalism. *Annual Review of Sociology Vol. 38:*

**Further reading:**

**Flew, Terry (2014):** Six theories of neoliberalism. Thesis Eleven 2014, Vol. 122(1) 49–71

**Schmidt, V. (2010):** ‘Taking ideas and discourse seriously: explaining change through discursive institutionalism as the fourth “new institutionalism”’, *European Political Science Review 2(1): 1 – 25.*

**Simmons BA, Dobbin F, Garrett G, eds. 2008.** The Global Diffusion of Markets and Democracy. *New York: Cambridge University Press. 367 pp.*

## **2: Policy paradigms**

**Hall, Peter.A. (1993)** ‘Policy paradigms, social learning, and the state: the case of economic policymaking in Britain’, *Comparative Politics 25(3): 275–96.*

**Laybourn-Langton, L., & Jacobs, M. (2018).** Paradigm Shifts in Economic Theory and Policy. *Intereconomics, 53(3), 113-118.,*

**Further readings:**

**Pierre-Marc Daigneault (2014)** Reassessing the concept of policy paradigm:aligning ontology and methodology in policy studies, *Journal of European Public Policy, 21:3, 453-469,*

**Princen, Sebastiaan & Paul 't Hart (2014)** Putting policy paradigms in their place, *Journal of European Public Policy, 21:3*

**Skogstad , Darlene (2011):** Policy Paradigms, Transnationalism, and Domestic Politics. *University of Toronto Press, 2011*

## **3: Cycles of state intervention**

**Bresser-Pereira, Luiz C.(1993) :** Economic reforms and cycles of state intervention *World Development Volume 21, Issue 8, August 1993*

**Further reading:**

**Krugman, Paul (2006):** ‘The Rise and Fall of Development Economics’, <http://www.pkarchive.org/theory/dishpan1.html>

**Andrew Baker (2013)** The New Political Economy of the Macroeconomic Ideational Shift, *New Political Economy, 18:1,*

## **4. The Neo-Liberal Era**

**Hall, Peter A, and Michèle Lamont (2013) :** Introduction: Social Resilience in the Neo-Liberal Era

**Evans, Peter and William H. Sewell , Jr (2013):** The Neo-liberal Era: Ideology, Policy and Social Effects both in: *Hall, Peter A, and Michèle Lamont. 2013.Social Resilience In The Neoliberal Era. Cambridge : Cambridge University Press.*

**Further reading:**

**Hirschman, A. O. (1989)** 'How the Keynesian Revolution Was Exported from the United States, and Other Comments', in P. A. Hall (ed.), *The Political Power of Economic Ideas: Keynesianism across Nations. Princeton University Press, Princeton, NJ.*

## **5. Neoliberalism and austerity: the theoretical underpinnings**

**Blyth, Mark (2013):** The intellectual history of a dangerous idea 1942 – 2012. Ch 5 in Blyth, Mark: *Austerity: The history of a dangerous idea.* Oxford University Press 2013

**Further readings:**

**Bresser-Pereira, Luiz C.(2009):** Assault on the State and on the Market: Neoliberalism and Economic Theory. *Estudos Avancados 23 (66), 2009*

**Whiteside, Heather (2016):** Neoliberalism as austerity: the theory, practice, and purpose of fiscal restraint since the 1970s In: S. Springer, K. Birch and J. MacLeavy (eds): *The handbook of neoliberalism.* Routledge 2016

**England, Kim & Ward, Kevin (2016):** Theorizing neoliberalization In: In: Simon Springer, Kean Birch and Julie MacLeavy (eds): *The handbook of neoliberalism.* Routledge 2016

**Wesley Widmaier (2016):** The power of economic ideas – through, over and in – political time: the construction, conversion and crisis of the neoliberal order in the US and UK. *Journal of European Public Policy Vol. 23 , Iss. 3,2016*

## **6: On the political economy of policy reforms**

**Dani Rodrik (1996):**Understanding Economic Policy Reform. *Journal of Economic Literature, Vol XXXIV, March 1996, pp. 9-41*

**A Alesina, S Ardagna, F Trebbi (2006):** Who adjusts and when? On the political economy of reforms. *IMF Staff Papers Vol. 53, Special Issue © 2006 International Monetary Fund*

**Further reading:**

**Abdul Abiad and Ashoka Mody(2005):** Financial Reform: What Shakes It? What Shapes It? *The American Economic Review, Vol. 95, No. 1 (Mar., 2005), pp. 66-88*

**Grindle, Merilee S. (1989)** "The New Political Economy. Positive Economics and Negative Politics" *Policy Planning and Research Working Papers. No. 304. The World Bank.*

**Balcerowicz, L. (2015).** On the economics and the political economy of reforms. *Decyzje, (24), 67-90.*  
<http://journal.kozminski.edu.pl/index.php/decyzje/article/view/311/264>

## **7: Foreign influence, domestic policies**

**Dobbin, F – Simmons –B – Garret, G. (2007):** The Global Diffusion of Public Policies: Social Construction, Coercion, Competition or Learning. *American Review of Sociology 2007. 33.*

**Jacoby, Walter (2006):** Inspiration, Coalition and substitution. External influenced on Post-Communist Transformation. *World Politics 58 (July 2006)*

**Further reading:**

**Appel, H., & Orenstein, M. (2016).** Why did Neoliberalism Triumph and Endure in the Post-Communist World? *Comparative Politics, 48(3), 313-331*

**Lucan A Way – StevenLlevitsky (2007) :** Linkage, leverage and the Post-Communist Divide.: *East European Politics and Societies Vol 21. No. .1*

**Simmons Beth A., Elkins Zachary (2004):** *The Globalization of Liberalization: Policy Diffusion in the International Political Economy The American Political Science Review, Vol. 98, No. 1 (Feb., 2004), pp. 171-189*

**Stallings, Barbara (1992)** 'International Influence on Economic Policy: Debt, Stabilization, and Structural Reform', in: *Stephan Haggard and Robert R. Kaufman(eds) The Politics of Economic Adjustment: International Constraints, Distributive Conflicts, and the State , Princeton, NJ: Princeton University Press, pp. 41–88*

## **8: Conditionality**

**Babb, Sarah L., Bruce G. Carruthers (2008):** Conditionality: Forms, Function, and History *Annual Review of Law and Social Science Vol. 4: 13-29*

**Copelovitch, Mark S.( 2010):** “Master or Servant? Common Agency and the Political Economy of IMF Lending.” *International Studies Quarterly 54 (1): 49–77.*

**Babb, S. and A. Kentikelenis. 2018.** “International Financial Institutions as Agents of Neoliberalism,” in *The SAGE Handbook of Neoliberalism, edited by D. Cahill, M. Cooper, M. Konings, & D. Primrose. SAGE Publications.*

**Further reading:**

**Pop- Eleches Grigore (2009):** From Economic Crisis to Reform: IMF Programs in Latin America and Eastern Europe, *Princeton: Princeton University Press.*

**Beazer, Q. H. and Woo, B. (2016),** IMF Conditionality, Government Partisanship, and the Progress of Economic Reforms. *American Journal of Political Science, 60: 304–321*

## **9: The “Washington Consensus” itself**

**Williamson, John (1990):** What Washington Means by Policy Reform. in: *Williamson (ed.): Latin American Adjustment: How Much has Happened? Institute for International Economics Washington D.C. April*

**Williamson, John (2004):** The strange history of the Washington Consensus |*Journal of Post-Keynesian Economics Vol. 24 No. 2*

**Marangos, John (2007):** Was Shock Therapy Consistent with the Washington Consensus? *Comparative Economic Studies, 2007, 49*

**Further reading:**

**Williamson, John (2003):** ‘From Reform Agenda to Damaged Brand Name: A Short History of the Washington Consensus and Suggestions for What to Do Next’, *Finance and Development , 10–3.*

**Marangos, John (2007):** Was Shock Therapy Consistent with the Washington Consensus? *Comparative Economic Studies, 2007, 49*

**Balcerowicz, Leszek (1995):** Common Fallacies in the Debate on the Economic Transition in Central and Eastern Europe. *In: Socialism, Capitalism, Transformation. CEU Press*

**A Alesina (2010):** Fiscal adjustments: lessons from recent history. *Paper Prepared for the EU ECOFIN Meeting in Madrid, April, 2010*

**Aslund, Anders (2012):** Lessons from Reforms in Central and Eastern Europe in the Wake of the Global Financial Crisis. *Peterson Institute for International Economics Working paper series 12-7 April 2012*

**Kopits, George (2008):** The political economy of fiscal reform in Central and Eastern Europe - *OECD Journal on Budgeting, 2008 - oecd.org*

**Staehr, K. – Tamazian, A. – Vadlamannati, K (2009):** Political Determinants of Economic Reforms in the Post-Communist Transition countries. *MPRA paper No. 15960*

**Bockman, J., & Eyal, G. (2002).** Eastern Europe as a Laboratory for Economic Knowledge: The Transnational Roots of Neoliberalism. *American Journal of Sociology, 108(2)*

### **10: The Aftermath of Washington Consensus:**

**Dani Rodrik (2006):** Goodbye Washington Consensus, Hello Washington Confusion? A review of the World Bank's "Economic Growth in the 1990's: learning from a Decade of Reforms" *Journal of Economic Literature, Vol XLIV, Dec 1996, pp. 9-41*

**Stiglitz, Joseph E. (2008)** 'Is There a Post-Washington Consensus Consensus?', in *Narcis Serra and Joseph E. Stiglitz (eds) The Washington Consensus Reconsidered: Towards a New Global Governance, New York: Oxford University Press, pp. 41–56*

**Jonathan D. Ostry, Prakash Loungani, and Davide Furceri (2016):** Neoliberalism: Oversold? Finance and Development June 2016, Vol. 53, No. 2. International Monetary Fund

#### **Further readings:**

**Marangos, John (2008):** The Evolution of the Anti-Washington Consensus Debate: From 'Post-Washington Consensus' to 'After the Washington Consensus'. *Competition and Change Vol. 12, No 3 September 2008*

**McCleery Robert K (2008):** The Washington Consensus: A post-mortem. *Journal of Asian Economics 19 (2008)*

**Commission on Growth and Development. (2008).** The Growth Report : Strategies for Sustained Growth and Inclusive Development. *Washington, DC : World Bank.. <https://openknowledge.worldbank.org/handle/10986/6507>*

**Serra, Narcis and Joseph E. Stiglitz eds. (2008)** The Washington Consensus Reconsidered: Towards a New Global Governance. *Oxford, UK : Oxford University Press, 2008*

**Kolodko, Grzegorz W (1998).** Transition to a Market Economy and Sustained Growth: Implications for the Post-Washington Consensus. *The World Bank Policy Research Department, December, 1998.* Extract: pp 1-26

**Morrison, Kevin K (2011):** When Public Goods Go Bad The Implications of the End of the Washington Consensus for the Study of Economic Reform. *Comparative Politics, 2011 Oct*

**Arne Ruckert, Laura Macdonald & Kristina R. Proulx (2016):** Post-neoliberalism in Latin America: a conceptual review, *Third World Quarterly, DOI:10.1080/01436597.2016.1259558*

### **11: Post-neoliberalism? varieties from Beijing to Bolivia (and Budapest)**

**Brenner, N., Peck, J., & Theodore, N. (2010).** Variegated neoliberalization: geographies, modalities, pathways. *Global networks, 10(2), 182-222.*

**Arne Ruckert, Laura Macdonald & Kristina R. Proulx (2016):** Post-neoliberalism in Latin America: a conceptual review, *Third World Quarterly, DOI:10.1080/01436597.2016.1259558*

**Lin, Justin Yifu (2015):** The Washington Consensus revisited: a new structural economics perspective. *Journal of Economic Policy Reform Volume 18, 2015 - Issue 3*

#### **Further readings:**

**Ramo, Joshua Cooper (2004):** The Beijing Consensus . *London: Foreign Policy Centre, <http://fpc.org.uk/fsblob/244.pdf>*

**Erik Berglof, Justin Yifu Lin & Slavo Radosevic (2015)** Transition economics meet new structural economics: editorial introduction. *Journal of Economic Policy Reform Volume 18, 2015 - Issue 3*

**Williamson, John (2011):** Is the "Beijing Consensus" Now Dominant? *Asia Policy, No. 13, January 2012*

**Yasheng Huang (2010):** Debating China's Economic Growth: The Beijing Consensus or The Washington Consensus. *Academy of Management Perspectives; May 2010, Vol. 24 Issue 2, p31*

**Lee Frederic S.(2012):** Heterodox Economics and its Critics. *Review of Political Economy Vol. 24 , Iss. 2, 2012*

**Kornai, J. (2012),** Centralisation and the capitalist market economy, *Economics of Transition, October, pp. 569–591.*

**Piasecki, Marcin A. (2015):** Was Viktor Orbán's Unorthodox Economic Policy the Right Answer to Hungary's Economic Misfortunes? *International Journal of Management and Economics. Volume 46, Issue 1, Pages 41–71*

### **12: The end of neoliberalism? Closing discussion**

**Damien Cahill (2011)** Beyond Neoliberalism? Crisis and the Prospects for Progressive Alternatives, *New Political Science, 33:4, 479-492*

**Streeck, W., & Livingstone, R. (2017).** The return of the repressed. *New Left Review, (104), 5-18.*

**Hendrikse, R. (2018).** Neo-illiberalism. *Geoforum Volume 95 October 2018)*

#### **Further readings:**

**Rodrik, Dani. (2017)** "Rescuing economics from neoliberalism." *Boston Review (2017). Boston Review, November 6, 2017 <https://bostonreview.net/class-inequality/dani-rodrik-rescuing-economics-neoli...>*

**Rodrik, Dani. (2018)** The Double Threat to Liberal Democracy Project Syndicate February 2018 <https://www.socialeurope.eu/double-threat-liberal-democracy>