

# Neoliberalism Explained: The Free Market Recipe for Society | Easy Wisdom

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## What is Neoliberalism?

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Neoliberalism is like a recipe for organizing society, focusing on free markets and limited government involvement. Imagine a playground where children (businesses) play freely with minimal adult (government) supervision. This philosophy gained popularity in the 1980s, championed by leaders like [Ronald Reagan](#) and [Margaret Thatcher](#).

## Key Principles

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- 1. Free markets:** Think of the economy as a giant farmer's market. Neoliberalism believes that if everyone is free to buy, sell, and trade as they wish, the market will naturally balance itself, leading to the best outcomes for all. Example: The deregulation of the airline industry in the U.S. in 1978 allowed new airlines to enter the market, increasing competition and often reducing prices for consumers.
- 2. Privatisation:** This is like turning a public park into a private amusement park. Neoliberals argue that private ownership leads to better maintenance and more innovative attractions. Example: In the UK, Margaret Thatcher's government privatized many state-owned industries, including British Telecom and British Airways, in the 1980s.
- 3. Deregulation:** Picture removing speed limits from highways. Neoliberals believe fewer rules allow businesses to operate more efficiently and innovatively. Example: The U.S. banking deregulation in the 1990s removed barriers between commercial and investment banking, leading to the creation of financial supermarkets like Citigroup.
- 4. Globalisation:** Imagine the world as one big shopping mall where goods, services, and money can move freely between stores (countries). Example: The North American Free Trade Agreement (NAFTA) in 1994 reduced trade barriers between the U.S., Canada, and Mexico.

[See also Realpolitik Explained: Pragmatic Power Politics in IR | Easy Wisdom](#)

## Impact on Society

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- 1. Economic landscape:** Like a game of Monopoly, wealth has become concentrated among fewer players.
- 2. Public services:** Schools and hospitals increasingly operate like businesses, focusing on efficiency and cost-cutting.
- 3. Labor market:** Workers are seen more like independent contractors than long-term employees, with reduced job security and benefits.

## Criticisms and Debates

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Critics argue that neoliberalism has unintended consequences:

- 1. Inequality:** The “rising tide” of economic growth hasn’t lifted all boats equally.
- 2. Social welfare:** Essential services may become less accessible when profit is the primary motive.
- 3. Economic instability:** Reduced regulations can lead to risky behavior, as seen in the 2008 financial crisis.

As global challenges like climate change and wealth disparity grow, the neoliberal “recipe” is being re-examined. Some argue for tweaks to the recipe, while others call for a completely new approach to organising our economic and social lives.

## **Comparison**

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<b>Concept</b>	<b>Key Principles</b>	<b>Role of Government</b>	<b>Economic Focus</b>	<b>Social Policies</b>	<b>Differences from Neoliberalism</b>
Neoliberalism	Free markets, privatization, deregulation, globalization	Minimal intervention	Market-driven growth	Individual responsibility	–
Classical Liberalism	Individual rights, free markets, limited government	Protect individual rights	Laissez-faire capitalism	Limited social programs	More emphasis on individual rights; Less focus on global free trade
Keynesianism	Government intervention, demand-side economics	Active economic management	Full employment, economic stability	Support for welfare state	Favors demand-side economics; Supports more active government intervention
Social Democracy	Mixed economy, welfare state	Significant involvement	Regulated capitalism	Strong social safety net	Advocates for stronger welfare state and more market regulation
Socialism	Collective ownership, economic planning	Central economic control	Equitable distribution	Comprehensive social programs	Supports collective ownership; Relies on economic planning rather than market forces
Conservatism	Traditional values, free markets	Limited, but stronger than neoliberalism	Pro-business, often protectionist	Limited social programs	Often favors protectionist policies; Emphasizes traditional social values