

REVIEW OF GARY GERSTLE, *THE RISE AND FALL  
OF THE NEOLIBERAL ORDER: AMERICA AND THE WORLD  
IN THE FREE MARKET ERA*,  
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MATILDE CIOLLI\*

Thirty years after the publication of *The Rise and Fall of the New Deal Order* (1989), Gary Gerstle updated his main arguments to illustrate the transition, in the 1970s and 1980s United States, to what he defines the “Neoliberal Order”. By “political order” Gerstle means the “constellation of ideologies, policies, and constituencies that shape American politics” (p. 2) with a specific program of political economy capable of compelling “all meaningful players in the political arena to abide by its principles” (p. 45) for a period longer than electoral cycles. Moving from this definition, in *The Rise and Fall of Neoliberal Order* (2022), he traces the political history of U.S. neoliberalism from the 1980s to the first two decades of the 21st century, that is, from Ronald Reagan’s administrations (1981-1989) to Donald Trump’s (2017-2021).

The distinctiveness of Gerstle’s book can be grasped by placing it within the debate on the political nature of neoliberalism that has emerged over the past decade and that he directly engages with. A broad strand of scholarship recently highlighted the antidemocratic (Brown 2015; Dardot and Laval 2016; Slobodian 2023), anti-egalitarian (Dardot *et al.* 2021), conservative (Cooper 2018; Brown 2019), and authoritarian (Bruff 2014; Bonefeld 2017; Biebricher 2020; Wilkinson 2021) nucleus within neoliberalism. Gerstle, instead, attributes to neoliberal ideology and policies a structurally “protean” nature, taking up Foucault’s definition of the “many sided, ambiguous” character of neoliberalism (Foucault 1979) and thus siding with Jamie Peck’s (2010) and William Callison and Zachary Manfredi’s interpretations (2020). In this respect, similarly to Nancy Fraser,

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\* Università degli Studi di Milano. Address for correspondence: matilde.ciolli@unimi.it.

who acknowledged the “neoliberal cunning” (Fraser 2009) and the existence of both a progressive and a reactionary neoliberalism (Fraser 2017), he disavows the long-acknowledged association of American neoliberalism with conservative thought, highlighting its more “dynamic, irreverent and emancipatory” aspects as well. The identification of neoliberalism as an actor loyal to traditions and hostile to change was prompted, in his opinion, by the culture wars, which broke out in the late 20<sup>th</sup> century. Gerstle recognizes neoliberalism’s orderly and hierarchical side, which allowed it to assume, at certain stages of its development, on the one hand, a “neo-Victorian” morality. On the other, to adopt repressive and racist practices, such as the mass incarceration of those, especially blacks and Latinos, who contravened social norms and proved unfit for the market. However, interpretations that reduce neoliberalism to its authoritarian aspects are, in his view, only partial, since they fail to grasp the scope of its founding operation: the breaking of constraints in the movement of both goods and people, in order to create space for economic growth and innovation. According to the author, the neoliberal order is, in fact, based on the need to “liberate market forces from regulatory normative controls” (p. 2), break traditions, modernize technology and revolutionize finance. In support of this hypothesis, Gerstle places neoliberalism in line with the principles of classical liberalism. Although with major internal contradictions, these principles promoted, in his view, on the one hand, market dynamism guaranteed by the removal of incumbrances such as monarchy, mercantilism or bureaucracy, and on the other, an emancipatory drive toward individual fulfillment. Therefore, the prefix ‘neo’ does not mark a radical difference with classical liberalism, but the intent of U.S. supporters of market economy to distinguish themselves from the liberalism inaugurated by Franklin D. Roosevelt, which called for a state intervention diverting and controlling the market’s effects. It was precisely this critique of New Deal dirigisme and statist bureaucracy, as well as the strong defense of individual liberty, that, according to Gerstle, allowed neoliberalism to attract the New Left ‘anti-system’ drives and obtain wide legitimacy. Nevertheless, despite his firm refusal to associate neoliberalism and conservatism, Gerstle is constantly compelled to show how the libertarian thrusts of neoliberal rhetoric and policies are regularly matched by attempts to limit and discipline the freedom promoted. It is, therefore, in this plastic and even contradictory nature of neoliberalism – which justified the market economy through a claim to both order and freedom – that Gerstle found the key to its establishment as a “hegemonic ideological force” in the 1990s. A success also ensured by the fall of the Soviet Union between 1989 and 1991. As a matter of fact, the collapse of the most feared antagonist of the capitalist system set the conditions not only for capitalist penetration in ex-communist areas, such as Russia or Eastern

Europe, but also for the dissolution of the U.S. compromise between capital and labor, allowing the full functioning of market economy.

After enucleating the distinctive aspects of the neoliberal order, Gerstle tests them throughout U.S. political history. The book is divided into two parts: one, shorter, summarizing the salient features of the New Deal Order; the other, more extensive, devoted to the Neoliberal Order.

The New Deal order rested, according to the author, on the belief that the market, if left to its spontaneous functioning, had nefarious effects on society, producing inequality and economic instability. To moderate these effects, state intervention was needed. The transition of the New Deal from political movement to political order occurred, however, only when the Republican Party, led by Dwight Eisenhower, embraced its basic principles in an attempt to curb the advance of communism. Its slow erosion was, instead, produced by multiple factors. Firstly, the unrelenting mass protests over the Vietnam War and the rise of countercultural movements. Secondly, the urban uprisings that many blacks sparked, dissatisfied with the persistence of racial segregation, unresolved by the laws and reforms adopted first by John Kennedy and then by Lyndon Johnson. The 1973 oil crisis, which brought the United States to its knees and pitted the white working-class and lower-middle-class against black working-class, handed to Jimmy Carter a country in crisis. Moving steadily between deregulation and industrial policies, Carter was, according to Gerstle, a “transitional president” (p. 64) who created the institutional conditions for the overcoming of the New Deal order.

While mentioning the origins of the neoliberal doctrine, namely the Colloque Lippmann in Paris (1938) and the birth of the Mont Pelerin Society in Switzerland (1947), Gerstle focuses on U.S. neoliberal thought and its institutionalization. The former is analyzed in its multifaceted character, that is, through the three different “reform strategies” of liberalism it introduced between the late 1940s and the late 1960s. The first strategy still required strong state intervention in the economy and consisted of “encasing free markets in rules governing property and exchange and the circulation of money and credit” (p. 88). The second, which the author identifies as the most innovative, was represented by the theory of human capital, developed by the Chicago School, and involved the extension of market principles to all areas of human activity. While the first two strategies emphasized more order and control, the third sought to recover the utopian promise of personal freedom embedded in classical liberalism, encouraging entrepreneurial mentality and removal of state and institutional constraints that hindered individual freedom. These three different theoretical approaches oriented the manifold shapes that U.S. neoliberalism assumed on the institutional level.

The formation in the early 1970s of an “anti-New Deal counter-establishment” – consisting of capitalist donors, intellectuals, think tanks, politicians, media, and business and personal networks linking them together – silently prepared the rise of neoliberal order. It was, however, only with Reagan that neoliberalism began to shape the policy agenda of the federal government through deregulation of the market, the consequent weakening of workers’ bargaining power, and the reduction of the tax system and its progressivity. To facilitate these changes and make them unassailable, key institutions were drastically reconfigured, beginning with the judiciary, with the appointments of numerous conservative, “originalist” judges. Far from weakening the state, Reagan expanded its power by investing in the military and the national prison system with the aim of disciplining, in particular, the “black underclass” (p. 131). If prison was thought of as a place to isolate those who did not fit in the market, the Victorian moral code adopted by the Reagan administration was aimed at countering the deviant effects of liberation movements and overly generous welfare programs.

The real consolidation of the neoliberal order was due, according to Gerstle, to Democratic President Bill Clinton, who, in the early 1990s, invested in libertarian rhetoric and policies capable of a wider appeal. While following up on the mass incarcerations and the reduction of welfare programs initiated by the Republican Party, he promoted a multicultural, cosmopolitan morality that celebrated diversity, winking at the identity politics claimed by social movements in those years. Fueling the illusion of the liberating power of cyberspace, he financed various forms of venture capitalism emerging in Silicon Valley, enabling them, through the unlocking of telecommunications, to fully capitalize on their technical innovations. He also supported the NAFTA and the WTO and initiated a process of “financial modernization” (p. 173).

It was George Bush, according to Gerstle, who gave the first blows to the neoliberal order. At the international level, the intervention in Afghanistan and then Iraq to redeem America from the 9/11 assault did not have the desired effects. The reconstruction of Iraq through U.S. multinationals and neoliberal measures was a complete failure and raised doubts about the efficacy of neoliberal principles. At the domestic level, the ambition to make America a “ownership society” (p. 210) by considerably extending to minorities the possibility of becoming homeowners, did not reckon with the dynamics of the subprime mortgage market. In 2008, the bankruptcy of Lehman Brothers triggered a financial crisis with global reach. The subsequent Obama administration, using the same economic advisers as the Clintons, restored confidence in America’s banking giants, but failed to take on the “precariat”, blacks and Latinos, and the white working class,

who were overwhelmed by the effects of the Great Recession of 2008. The first reaction to neoliberalism and its multicultural cosmopolitanism came from the Tea Party, proponents of an “ethnonationalist populism” (p. 248) that combined anger over economic inequality with ethnic resentment. A radical critique of free market’s inequalities came from the left as well, namely from the Occupy Wall Street movement. While the demands of the Tea Party were picked up by Donald Trump, those of Occupy Wall Street opened a political space for Bernie Sanders. Their double attack, albeit from different perspectives, on the effects of free trade and globalization on the American working class was, according to Gerstle, a symptom of the fall of the neoliberal order. Trump’s triumph in particular is read by the author as the outcome of growing frustrations with the neoliberal political order and elite, entrenched in both the Republican and Democratic parties, that shaped American society.

While recognizing in Trump’s deregulation, judicial appointments, and tax cuts a continuity with the neoliberal agenda, Gerstle especially points out the elements that challenged it: public opposition to NATO and the TPP, protectionist tendencies, and walls against Mexican migrants. If Trumps showed the decline of the neoliberal order, Joe Biden, could be, according to the author, a potential lever of the transition to a new political order. Huge expenditures on material and social infrastructure, rising wages for low-income workers in 2021, the proliferation of new ideas and political activism and a liberal bloc of newspapers and magazines, suggests, according to Gerstle, that a “new progressive political order was taking shape” (p. 285). For this to happen, Biden would have to respond, for the author, to the climate crisis, the race justice uprisings and a divided Congress. Certainly the “vestiges of the neoliberal order will be with us for years”, but “the mere survival of the elements of an order should not be mistaken for the order itself surviving” (p. 293).

The book shows with extreme accuracy and strong historical support the malleable character of neoliberalism by analyzing it through the agenda of the very different political actors who shaped its order. The exclusive focus on U.S. political history vis-à-vis an order that developed on an fully global scale, however, risks neglecting some important phenomena – such as the neoliberalism’s spread in Latin America and Asia, the role of the European Union in its hold, the emergence of China as a global economic and geopolitical power – that, together with the decline of the Soviet Union, directly impacted the development of the U.S. neoliberal order, and are therefore relevant to fully understanding it. Although it is evident that many elements of the neoliberal order are readjusting or transforming in this political phase, political movements such as the Tea Party and Occupy Wall Street, as well as the rise of Donald Trump and Bernie Sanders, have so far

not had such a transformative impact as to produce a shift to a new political order. The “vestiges” of neoliberalism may still be entrenched enough to make this order more stable than its internal transformations suggest.

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