

The Neoliberal Agenda



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Neoliberalism is an economic scholar that looks to **maximize economic efficiency** and **individual freedom** by **minimizing state intervention**. Neoliberal economists hold a strong believe in the **free market** and the **private sector** as means to efficiently allocate economic resources and generate wealth. They also believe in **small governments** that merely protect property rights and enforce contracts.

It is important to understand the neoliberal agenda as the neoliberal approach dominates the agenda of important international institutions such as the **International Monetary Fund (IMF)** and the **World Bank**. These institutions play a key role in **globalization** and helping **developing countries**.



The Neoliberal Agenda (1): Privatization

Neoliberal economists consider the **private sector**, with the profit motive and competition between firms, as the most efficient vehicle for the production of goods and services. Governments should not produce **public goods** through **state-owned enterprises** (SOEs), they should leave everything to markets in an act of **privatization**.

Public goods and services that should be produced by the private sector include:

- Health care
- Education
- Social security
- Infrastructure
- Prisons?



The Neoliberal Agenda (2): Deregulation

Deregulation is a process in which the government loosens its grip on markets in order to ensure the most efficient outcome for all parties involved. Or is it?



Bennett Chattanooga Times Free Press

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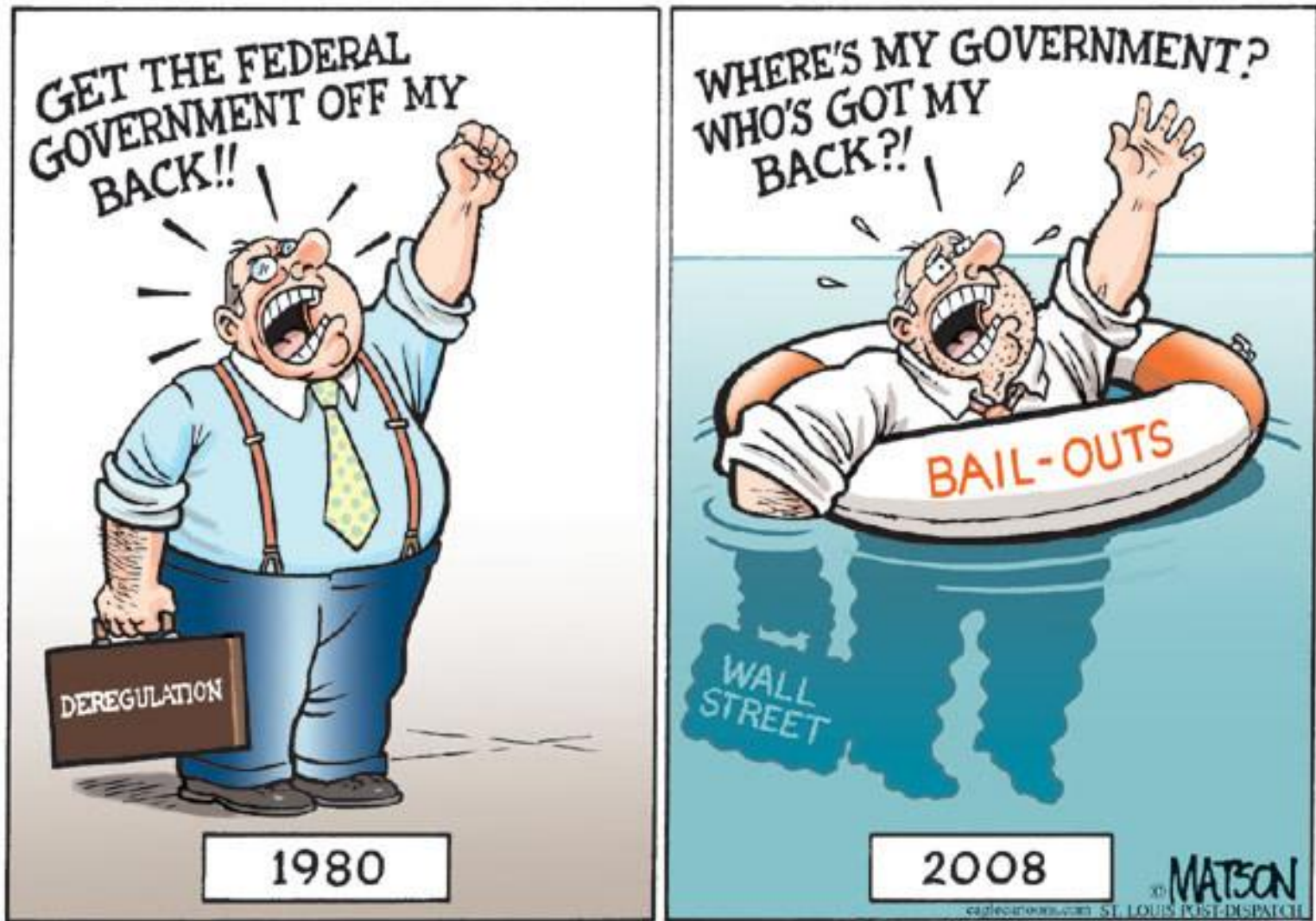
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The Neoliberal Agenda (2): Deregulation

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The Neoliberal Agenda (3): Budgetary discipline

In fear of bankruptcy and high interest rates the neoliberal agenda applauds **balanced government budgets** and minimal government debt. If a government does face a budget deficit and/or debt, **austerity measures** are the preferred way out. Institutions such as the **World Bank**, the **IMF** and the European Monetary Union (**EMU**) usually attach austerity requirements to loans issued to countries that are struggling financially.



The Neoliberal Agenda (3): Budgetary discipline



French Republic

Government debt and budget surplus/deficit in percent of GDP

For more details: debtclocks.eu/france

96.54839279 %

public debt to GDP ratio

-3.72023999 %

surplus/deficit (+/-) to GDP ratio



Hellenic Republic | Greece

Government debt and budget surplus/deficit in percent of GDP

For more details: debtclocks.eu/greece

183.69815581 %

public debt to GDP ratio

0.86268127 %

surplus/deficit (+/-) to GDP ratio



Netherlands

Government debt and budget surplus/deficit in percent of GDP

For more details: debtclocks.eu/netherlands

66.87803467 %

public debt to GDP ratio

-2.18401109 %

surplus/deficit (+/-) to GDP ratio

The Neoliberal Agenda (3): Budgetary discipline



The Neoliberal Agenda (4): Free Trade

The neoliberal agenda dictates that goods, services and capital should be traded without any **trade barriers**. Trade barriers are government-imposed **monetary (m)** and **non-monetary (nm)** restrictions on the international flow of goods, services and capital.

Examples include:

- Import tariffs (m)
- Export subsidies (m)
- Import quotas (nm)
- Trade embargos (nm)
- Local restrictions and requirements (nm)

Neoliberal economists argue that trade barriers **reduce economic efficiency** and can lead to **trade wars** and should therefore be abolished.

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Ukraine bans Russian foods as trade war escalates

Tit-for-tat move follows a Russian embargo on Ukrainian food in response to Kiev's free-trade pact with the European Union

Subtle Trade Barriers?



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The Neoliberal Agenda (5): Floating Exchange Rates

Exchange rates should float freely as supply for and demand of currencies fluctuates, this ensures the optimal international division of labor.

