

Neo Liberalism and the State

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Neoliberalism is a policy model that encompasses both politics and economics. It is a political and economic philosophy that emphasizes free trade, deregulation, globalization, and a reduction in government spending. It is related to laissez-faire economics, a school of thought that prescribes a minimal amount of government interference in the economic issues of individuals and society.

Neoliberalism is essentially an economic ideology. The policies of neoliberalism are more narrowly focused and are primarily concerned with markets and the policies and measures that influence the economy. It gives primacy and supremacy to the markets. If one look at a policy perspective a neo-liberal state favours private enterprise and seeks to transfer the control of economic factors from the government to the private sector. Many neoliberal policies concern the efficient functioning of free market capitalism and focuses on limiting government spending, government regulation, and limiting public ownership.

In summation some of the policies that concern Neo-Liberal ideology are:

- Free market capitalism and the efficient allocation of resources- here the emphasis is on giving primacy to the market and not to any form of government intervention
- Supports Globalization rather than heavily regulated markets and protectionism
- A reduction in government spending and lower taxes- generally government spending primarily on developmental programs is not encouraged in the neo liberal ideology.
- Less government control over economic activity to enhance the efficient functioning of the economy- neoliberalism gives to supremacy of the market and limits government interference on market activities.
- An increase in the impact by the private sector on the economy- gives emphasis on the private sector of the economy. As far as policy making is concerned a neo liberal state does not give much supremacy to the government owned enterprises, according to them the private sector can provide more efficiency to the economy.

- A reduction in union power and greater flexibility in employment- neo liberalism as an ideology does not support employee union and discourages strikes as a matter of policy.
- A neo liberal state though supports government intervention when it's needed to help implement, sustain, and protect free market activities

Criticism of Neoliberalism

One common criticism of neoliberalism is that advocating for a free market approach in areas such as health and education is misguided because these services are public services. Public services are not subject to the same profit motivation as other industries.

Contrary to what proponents of neoliberalism typically claim, capital deregulation has not necessarily helped economic development. Rather, capital deregulation has led to an increase in financial instability including economic events that, at times, have sent shockwaves around the world.

Hence a state which supports a neo liberal form of policy making process may not successfully implement welfare programs for their population and in the end result in rising inequality between the rich and the poor.