

Economics School of Louvain - ESL

Economics School of Namur - ESN

Neoliberalism, Neoclassical economics and the Mont Pelerin Society

Methodenstreit

Author : Zoé Evrad

Thesis Director : Prof. dr. Michel De Vroey *

Academic Year 2019-2020

Master in Economics – 60 credits

* No thesis reader is required for a 60 credits Master

Page intentionally left blank

Table of content

- 1. Introduction 2**
- 2. Approaching the “n-words”: neoliberalism and neoclassical economics 5**
 - 1.1. Overview and epistemic strategy 5**
 - 1.2. Neoliberalism, a short sketch 7**
 - 1.2.1. Early neoliberalism and the creation of the MPS 7
 - 1.2.2. A turning tide towards a new hegemony 8
 - 1.2.3. Strengths and limits of the thought collective approach for this work 10
 - 1.3. Neoclassical economics: from the neoclassical synthesis to the new classical revolution
12**
 - 1.3.1. Marginalism, interwar pluralism and the first references to “neoclassical economics” 12
 - 1.3.1. Postwar formalist revolution and short-lived Keynesian orthodoxy 16
 - 1.3.2. A politics of neoclassicism? 24
- 3. The methodenstreit about economics within the MPS 26**
 - 1.4. Economics and neoliberalism, view from the inside 26**
 - 1.1. The 1996 methodenstreit panel 26**
 - 1.2. When methodology touches politics and ideology 28**
 - 1.3. Economics as an “ideological weapon” 29**
- 4. Conclusion 31**
- 5. Bibliography 34**

1. Introduction

Prominent critics of neoliberalism have conflated it with neoclassical economics. For instance, Harvey in his *Brief History of Neoliberalism*, while writing about the early MPS founding members, stated that “The neoliberal label signaled their adherence to those free-market principles of neoclassical economics that had emerged in the second half of the nineteenth century (thanks to the work of Alfred Marshall, William Stanley Jevons, and Leon Walras) to displace the classical theories of Adam Smith, David Ricardo, and, of course, Karl Marx”.¹ Similarly, Bourdieu (1998) points to the key role played by “the economists” who, whatever their own beliefs about neoliberalism, were keen to “dress [the neoliberal utopia] with mathematical reason” and key in its “production and reproduction”. Without explicitly using the term neoclassical economics, Bourdieu is also quite precise in the type of economics in his sight, which he traced back to Walras and describes as ‘separated from the economic and social world’. Economists are described as “Confident in models that they almost never have the opportunity to put to the test of experimental verification, inclined to look down on the achievements of other historical sciences, in which they do not recognize the purity and crystalline transparency of their mathematical games, and of which they are most often unable to understand the true necessity and profound complexity”.² More recently, Christensen who in his work on tax reforms, opposed “neoclassical economists” to “Keynesian economists”. On the other hand, recent work suggests that the relationship between neoclassical economics and neoliberalism is more complex than generally asserted. For instance, Mirowski insisted that the two concepts (neoliberalism and neoclassical economics) have two distinct origins.³ Besides, although certain neoclassical economists, e.g. the Chicago school, were neoliberal, not all neoliberal economists were neoclassical economists. A typical case is Hayek. Conversely, not all neoclassical economists are neoliberal.⁴ Take the case of Samuelson, Arrow, or more recently, Thomas Piketty. It has even been argued that the profession considered as a whole might well include slightly more liberal-leaning economists (in the American sense) than conservative ones.⁵

This research explores the relationship between neoliberalism and neoclassical economics by taking the perspective of the MPS (MPS). It follows Mirowski and Plehwe’s approach, who apprehended neoliberalism as a ‘thought collective’, studying it inductively starting from individuals and groups related to the MPS.⁶ Concretely, the archives of the General Meeting Files of the MPS, which are available at the ‘Liberaal Archief’ at Ghent, have been examined diachronically. These archives contain the conference papers distributed during the sessions until 1998, as well as the annual president meeting reports. The first and main finding of the study is that the *MPS members were divided about neoclassical economics*. In fact, the appreciation of neoclassical economics by MPS members evolved over time, partially reflecting the changing composition of the MPS.⁷ From the 1970s on, with the rise

¹ Harvey, *A Brief History of Neoliberalism*, pp. 20 - 21

² Bourdieu is criticizing the economics supporting the Washington consensus when it was dominant within international institutions including the OECD and the IMF. Bourdieu, ‘The Essence of Neoliberalism’, own translation; For a more recent example, see: Christensen, *The Power of Economists within the State*.

³ Mirowski, ‘The Political Movement That Dared Not Speak Its Own Name: The Neoliberal Thought Collective Under Erasure’.

⁴ Van Horn and Mirowski, ‘The Rise of the Chicago School’.

⁵ Offer and Söderberg, *The Nobel Factor*.

⁶ Mirowski and Plehwe, *The Road from Mont Pèlerin*.

⁷ Audier, *Néo-Libéralisme(s)*.

of neoclassical neoliberal economists *inter alia* from the Chicago and the Virginia school of public choice (including prominently Gordon Tullock and James Buchanan), the original one-sided critique of mainstream economics turned into an internal methodological debate, which culminated in 1996 with a panel on the *methodenstreit*.⁸

It is already a relevant contribution to the literature to lay down the history of this controversy. However, it also raises additional interesting questions: if not methodology, what tied MPS members together? Was this internal debate detrimental or beneficial to the broader diffusion of neoliberal ideas? These questions are addressed in the third section, which starts by presenting the presidential address of Pascal Salin titled “Who Are We? Where Are We?”. In a nutshell, Salin (ibid: 4) suggested that “ideology” was what tied MPS members together.⁹ Besides, he gave a name to that ideology: “individualism”.¹⁰ In the next step, the ‘Methodenstreit’ between Austrian and neo-classical members of the MPS is recast as an *internal pluralism*. Concurring with previous findings in the literature, I suggest that this internal pluralism constitutes an asset rather than an obstacle for the diffusion of neoliberalism.¹¹ Very illustrative with this regard, is the intervention of Henri Lepage who, as a ‘second-hand dealer of idea’ explains how he aggregates and merges elements coming from the two sides of the ‘methodenstreit’, namely Chicago positivism and Austrian subjectivism, as well as ‘Libertarian constructivism’, to build “an intellectual and ideological tool of a remarkable dialectic efficiency”.¹²

Finally, I further elaborate this point by turning to the history of economics as a discipline arguing that neoclassical and Austrian economics offer very different but *complementary* channels to diffuse the neoliberal ideology. On the one hand, neoclassical economics being part of mainstream economics, of ‘what economists do’, it might have any chance of being adopted first by other economists and secondly in (more technical) policy circles, such as the Council of Economic Advisors. This I believe might not be the case of Austrian economics. It is interesting to note that these strategic and political questions were intertwined with the theoretical debate taking place at the MPS. For instance, Rosen (1996: 6) stated that excluding “most of the things that most economists do” (at least partially) explains “why so few Austrians are found in the professional economics community today”.¹³ On the other hand, and precisely because it is a ‘social-engineering approach’ neo-classical economics is not particularly rich, convincing and appealing in terms of philosophy and ontology. In other words, what constitutes a quality for being accepted in the Council of Economic Advisors is not one for developing into a popular philosophy, which is equally important for the broader diffusion of neoliberal ideas. This was very well understood by Henri Lepage who finished his intervention by stating that “The young expect us to speak more of political or moral philosophy, and less of economics in the strict sense”.¹⁴ Austrian economics (as well as libertarianism in fact) does just that. For instance, Austrian economics provided a *theory of entrepreneurship* which is nowhere to be found in neoclassical economics and

⁸ The full title of the panel was: “‘Methodenstreit’: The Austrian vs. Neoclassical Approaches to Economics”.

⁹ Salin, ‘Who Are We? Where Are We?’, p.4

¹⁰ Salin., p.3

¹¹ Plehwe, Neujeffski, and Krämer, ‘Saving the Dangerous Idea’.

¹² Lepage, ‘The Open Society and the Welfare Trap’, p. 10

¹³ Rosen, ‘Austrian and Neoclassical Economics: Any Gains from Trade?’, p. 6

¹⁴ Lepage, ‘The Open Society and the Welfare Trap’, 1981., p. 13

proved crucial for the diffusion of neoliberalism. Similarly, De Soto and Streissler pointed to a major 'asset' of the Austrian theory: being able to 'demonstrate' the theoretical impossibility of socialism.¹⁵

In the remaining part of the article, the broader validity of the same argument, namely that the internal pluralism of neoliberal economics constituted an asset for the broader diffusion of neoliberal ideas is pushed further in two ways. First, the perspective of the history of economics is taken to illustrate neoclassical economics' strengths in pervading the mainstream of the economic discipline and policymaking circles. It is worth keeping in mind here that Keynesianism rather than neoliberalism dominated the main institutions of the economic discipline such as the MIT or the Cowles commission in the post-war period, which coincides with the formalist revolution and the process of unification and hierarchization of the discipline.¹⁶ One of the victories of neoliberal neoclassical economists might well have been the ability to articulate and blend their economic theories with that of other economists who did not necessarily share their political views. It is quite ironic that after having taken upon themselves to respond to the Chicago faction (including Hayek and Friedman), the members of the Cowles commission and the National Bureau of Economic Research in fact adopted most of the 'neoliberal mindset'.¹⁷ In a second step, attention is turned to discourse and broader cultural analysis, whereby summarizing already existing literature, it becomes apparent that the neoliberal turn was congruent with the prevalence in public discourses of key elements of Austrian economics.

Concretely, this work is structured in two main parts which would certainly have deserved to constitute two separate essays. The first part disentangles the notion of neoliberalism and neoclassical economics, mainly based on secondary literature. In the second part, I detail my findings based on the MPS archives, starting with presenting the internal methodological debate to the MPS. Then, the extent to which this internal pluralism constituted an asset for the diffusion of neoliberalism is discussed.

¹⁵ de Soto, 'The Ongoing Methodenstreit of the Austrian School. Comment on Profs. Rosen's and Streissler's Papers'; Streissler, 'Methodenstreit: The Austrian vs. Neo-Classical Approaches to Economics'.

¹⁶ Backhouse and Medema, 'Retrospectives: On the Definition of Economics'; Blaug, 'The Formalist Revolution of the 1950s'; Cherrier and Svorenčik, 'Defining Excellence: Seventy Years of the John Bates Clark Medal'.

¹⁷ Mirowski, *Machine Dreams*.

2. Approaching the “n-words”: neoliberalism and neoclassical economics

1.1. Overview and epistemic strategy

This work **aims at assessing the relationship between neoliberalism and economics**, and within the latter, more specifically what has been called “neoclassical economics”. This stems first from a willingness to refute misunderstanding regularly coming back in the literature that neoliberalism is simply equivalent to neoclassical economics. At a deeper level, it also grounded on the hope that contributing to disentangling the packet of binding and loosening knots between the two will enable to contribute to a better understanding of neoliberal economics, i.e. economic theories, concepts, assumptions or models producing neoliberal political arguments, and in a second (and yet distinct) step, their use in public debates and impact in terms of policy change. However, simply devising a sensical **epistemic strategy** to study and define both the terms neoliberalism and neoclassical economics is in itself a challenging task as the meaning of both concepts changed over time and have been strongly contested as they were part of broader political and jurisdictional struggles, respectively. Besides, they have suffered **the same fate**: once self-identification terms, they gradually turned into one-sided critique around the 1970s so that today, one seldomly proclaims oneself neoliberal or a neoclassical economist.

In an invaluable contribution to its historiography, Taylor Boas and Jordan Gans-Morse documented the **dramatic shift in meaning and use of the concept of “neoliberalism”**.¹⁸ While being used as a positively appraised self-identifying term designating a newly revamped liberalism (which was more moderate vis-à-vis of the range of possible state intervention) in the interwar period, from the 1970s it had acquired the meaning of a negatively appraised new market radicalism. This produced what Boas and Gans-Morse casted as a **paradox**: the post-1970 meaning of the term neoliberalism seemed not contested (and thereby clarified via the debates ensuing from controversies) despite bearing all the features of “essentially contexts concepts” as defined by Gallie, i.e. being normatively appraisal, internally complex, variously describable and open to redefinitions in the face of changing historical circumstances. The **terminological contestation** surrounding the concept of neoliberalism from the 1970s, i.e. disagreement about whether neoliberalism was the appropriate term to use, provided the explanation. In a nutshell, the concept of neoliberalism was refused by those designated with it and not thoroughly substantiated by those using it, which prevented further clarification of its meaning via thorough debates and confrontation of views about its **general meaning (or “intension”), range of applicable cases (“extension”) and “normative valence”**. In their view, the solution was to propose and discuss definitions so that the concept of neo-liberalism gradually regains a substantive meaning through this succession of debates.

However, Mirowski and Plehwe argued that once the caricatured vision of monolithic neoliberalism is overcome, the question arises: how can its undeniable pluralism be both accounted for and rigorously empirically studied? As a solution to this conundrum, Mirowski et Plehwe suggested to study neoliberalism taking as starting point the whole network surrounding the MPS. Conceptually speaking,

¹⁸ Boas and Gans-Morse, ‘Neoliberalism’.

they apprehend it following Fleck as a “thought collective”, i.e. “community of persons mutually exchanging ideas or maintaining intellectual interaction” which is rived by internal power dynamics (which distinguishes it from the Kuhnian model of paradigm) but nevertheless shares a series of values and principled beliefs.¹⁹ Methodologically, they included in the “neoliberal thought collective” any « target person or group bore any links to the MPS since 1947, directly or at one remove”.²⁰ To the authors, this approach is justified by the fact that the MPS “has been the central thought collective that has conscientiously developed the neoliberal identity for more than sixty years now”.²¹

Could this “thought collective” approach also be applied to the study of neoclassical economics which seems to face similar issues? Indeed, if anything, contemporary historians of economics contributed to deconstruct the unity and coherence of ex-post historical construction of that thing that we call neoclassical economics. It came ‘came into being’ after so many ironies that it would be hard to point to the principled belief, let alone common identity, shared by the historical actors involved in such a thought collective. To circumvent such a need and given the limited nature of this essay, it is sufficient to focus on the historically documented use of the term “neoclassical economics”, in a logic of historical reconstruction, thus taking into account its meaning in the historical context in which it was developed.²² Besides, “neoclassical economics” also has a contemporary conventional meaning which, even if mostly used by critical voices, is well defined. For instance, Christian Arnsperger and Yanis Varoufakis define neoclassical economics through three axioms that are presented as necessary features to qualify as neoclassical. First, *Methodological individualism* requires that any explanation of macro social and economic phenomena should be explained in terms of individual behavior. Secondly, following *methodological instrumentalism*, all individual behaviors are explained through the maximization of individual utility (or profit concerning firms), which is determined by individual preferences. Individual preferences themselves are apprehended as exogenous and constant. Finally, the emphasis put on equilibriums constitutes the hallmark of *methodological equilibration*.²³

All what it does is to show that both concerning the historically documented use of the term “neoclassical economics” as well as the contemporary conventional meaning given to it by its critics to investigate first, whether it makes senses to qualify them as neoliberal (as done by authors such as Harvey or Bourdieu) and more generally, the relationship between their work as economists and their politics. As the aim of this work is to contribute to a better understanding of the role of economic ideas to the broader construction and legitimization of neoliberalism, it is beyond its scope to discuss the content and legitimacy of the critique underlying this one-sided use of the term neoclassical economics. While I myself have an opinion on these questions, this work makes no claim about whether neoclassical economics constitutes a useful analytical category or not (in general), or about

¹⁹ Fleck, Ludwik. 1980. Quoted in Mirowski and Plehwe, *The Road from Mont Pèlerin*. p. 428

²⁰ Mirowski et Plehwe, *The road from Mont Pèlerin*, p. 428.

²¹ Plehwe, « Introduction », p. 4.

²² Richard Rorty famously distinguished between historical and rational reconstructions. Historical reconstructions seek to understand part ideas based on the context of their time, while rational reconstructions accounts for past ideas based on contemporary one. See: Rorty, ‘The Historiography of Philosophy: Four Genres’.

²³ Other very frequent characteristics of neoclassical models are also recurrently stressed in other authors’ definitions, such as extreme formalism, various assumptions relating to rationality, selfishness, Pareto-optimality and information (Colander & al 2004; Hodgson 2002: xiv; Dequech 2007). Yet, as Arnsperger and Varoufakis notice, while most of these characteristics were necessarily present in the 1950s, more recent sophisticated analysis in fact does not necessarily exhibit these features, leaving room for less strong assumptions such as that of limited information.

its current relevance as it would take us too far away from the aim of this essay.²⁴ Yet, further research might find it useful to investigate the one-sidedness of the critique addressed to neoclassical economists using Gallie's framework. Is this a case of terminological contestation? If yes, is it attributable to a caricatural use of the wrong term, the presence of an orthodoxy, or the lack of informed debate?

In the two sections that follows, the existing literature is reviewed in order to see how we can make sense of these concepts starting with neoliberalism and then turning to neoclassical economics.

1.2. Neoliberalism, a short sketch

In what follows, two phases in the history of neoliberalism are distinguished. In the first subsection the post-war reconstruction of neoliberalism, thus including the creation of the MPS is addressed. Then, the shift to neoliberalism from the 1970s onwards is discussed in the second sub-section. Finally, the strengths and weaknesses of this approach are assessed.

1.2.1. Early neoliberalism and the creation of the MPS

The **neologism neoliberalism** emerged simultaneously in various places in the interwar period in a context of a general revision of doctrines. The liberal thought had lost much grounds compared with other prominent ideologies of the time, socialist planning and corporatism. Indeed, by the 1930s, the classical liberal '*laissez-faire* doctrine' was deemed by many to be responsible for the economic crisis, and its legitimacy therefore eroded.²⁵ In this context and until the 1950s where it fell in disuse, the term neoliberalism was used as a self-identification term signaling a willingness to articulate a new, revamped understanding of liberalism.²⁶ The Walter Lippmann Colloquium organized in 1938 in Paris and the subsequent creation of the **MPS (MPS) in 1947** constitutes milestones in that venture as they mark the first steps towards a loose but systematic community-building process connecting together marginalized intellectual currents scattered around the world.²⁷ From Hayek's long-term perspective, the society constituted a protected space of intellectual exchange and debate aimed at strengthening their arguments.²⁸ Hayek therefore fiercely insisted that it stay away from the spotlight and to engage in public advocacy only in a decentralized fashion, i.e. via the individual actions of its members or other knowledge disseminating institutions. Its most tangible activity was (and still consists in) (bi-)annual colloquium of approximately a week for which short papers are circulated in advance by the

²⁴ This comment equally applies to the controversy triggered, in the critics' camp itself, by Colander and his co-authors about the current relevance of the notion of neoclassical economics (which he thus differentiates from mainstream economics), given what he identifies as an empirical turning point and a growing acceptance of the economics of complexity within the discipline. See: Colander, Holt, and Rosser Jr, 'The Changing Face of Mainstream Economics'; Holt, Rosser Jr, and Colander, 'The Complexity Era in Economics'.

²⁵ Cerny, 'Embedding Neoliberalism: The Evolution of a Hegemonic Paradigm'.

²⁶ Audier, *Néo-Libéralisme(s)*. In fact, other terms were also used to stress this similar idea, such as "constructive liberalism".

²⁷ Audier; Burgin, *The Great Persuasion*; Dardot and Laval, *Nouvelle Raison Du Monde*, 2010.

²⁸ As he stressed in his essay "the intellectuals and socialism", Hayek identified two major problems with regard to the state of liberal thinking. First, the lack of intellectuals able to compete with socialist stars, à la Keynes and Laski. Second, while institutions of knowledge dissemination were flourishing, most of them - universities, research institutes and foundations, as well as the media - seemed to be biased in favor of socialism, in Hayek's view. From that point of view, restoring liberalism to its former glory would require a long-term effort. See: Hayek, 'The Intellectuals and Socialism'.

participants and which covered a vast range of topics ranging from Christianity and Public broadcasting to monetary policy and the image of the entrepreneur.²⁹

At each moment of its existence, MPS was characterized by an important **diversity** both in terms of occupation but also disciplinary training, nationality and ideational currents coexisting more or less peacefully.³⁰ For almost two decades, a moderate and a radical wing could be distinguished. To simplify, the moderate wing can be described as having continental Europe, and in particular German ordoliberalism and social Catholicism, as center of gravity. Ordoliberals thus fiercely attacked 'night watchman model of the state by stressing its role in preserving the 'order' constituting a prerequisite of the functioning of a market economy.³¹ They aimed at finding a "third way" between socialism and laissez-faire liberalism and were therefore the most inclined to define themselves as 'neoliberal'. The radicals had the United States epicenter, where prominent Austrian economists had immigrated and coalited with early anti-New Deal opponents. For them, the issue was more to bring liberalism up to date to the mood of the time, as is reflected in Hayek's statement that Ludwig von Mises got the claim right but not the argument.³² They therefore favored the term liberal. After a period of open confrontation which lasted from the 1958 Princeton meeting to one of Knokke in 1962, the ordoliberals were ousted triggering a shift to the right of the political chessboard. During the 1960s, the moderate pole was gradually marginalized while new libertarian ideas close to the first think tanks, starting with the Institute of Economic Affairs and the Foundation for Economic Education, gained strength.³³

1.2.2. A turning tide towards a new hegemony

The 1980s and the Reappearance of the term – By the 1980s, the term neoliberalism had reappeared under the new signification of outright market radicalism and acquired a clearly a negative valence as it was mainly used by critical voices.³⁴ According to Boas et Jordan Gans-Morse, the turning point relates to the writings of critics of the Chilean Pinochet regime and their Chicago economist's allies. Inspired by the "German miracle", Chilean pro-market intellectuals had started to use a Spanish translation *neoliberalismo* in its original meaning in the 1960s. Via the well-known exchange program between the Pontifical Catholic University of Chile, the more radical ideas of the Chicago school of economics, gained traction as the newly trained 'Chicago boys' started a concerted effort to diffuse

²⁹ The full program and dates of MPS conference is available in the Inventory of the General Meeting Files of the MPS (available at www.liberaalarchief.be)

³⁰ For a detailed account of the profiles of the members, see: Walpen, *Die Offenen Feinde Und Ihre Gesellschaft. Eine Hegemonietheoretische Studie Zur MPS*; Plehwe and Walpen, 'Between Network and Complex Organization The Making of Neoliberal Knowledge and Hegemony'.

³¹ See for instance: Hagemann, 'Ordoliberalism, the Social Market Economy, and Keynesianism: Germany after 1945 Harald Hagemann'. Generally speaking, ordoliberals stressed the social and cultural conditions necessary to liberalism. For instance, Röpke believed that it was incompatible with prolétarianization. Their "ordo" side (vs. laissez faire) related to their emphasis on monetary stability, market openness, private property, the freedom of contracts and the stability of economic policy making - stressing the social and cultural conditions necessary to liberalism I

³² This is also visible in Hayek's *Road to Serfdom* which constantly reinterprets classical liberal (i.e. Menger, Edwin Cannan) or conservative political philosophy, such as Edmund Burke. Hayek, *The Road to Serfdom: Text and Documents: The Definitive Edition*.

³³ Audier, *Néo-Libéralisme(s)*. It was also at this time that a strong criticism of Keynesian policies was born.

³⁴ Audier, *Néo-libéralisme(s)*; Taylor C. Boas et Jordan Gans-Morse, « Neoliberalism: From New Liberal Philosophy to Anti-Liberal Slogan », *Studies in Comparative International Development* 44, n° 2 (1 juin 2009): 137-61; Terry Flew, « Six theories of neoliberalism », *Thesis Eleven* 122, n° 1 (2014): 49-71.

them, without however referring to them as neoliberal. The new usage of the term appeared just after Pinochet's 1973 coup, as opponents to the Pinochet regime started to use the term neoliberalism to describe the market fundamentalism of the Chicago boys, deliberately charging it of a negative valence as it was intended as a critique of the Pinochet regime. This new meaning was then taken over from Latin America into the English-speaking scholarship (and broader public debate).³⁵

The 1990s – The increased academic attention attracted by neoliberalism started to undergo an exponential growth from the 1990s in the context of fall of the Berlin wall, the absence of major competing political ideology, and growing self-confidence the right. Despite the tremendous extension of its study, the concept of neoliberalism was increasingly un- or poorly defined so that this literature attracted criticism for excessive conceptual stretching.³⁶ Shortly stated, as the concept gained in popularity, the study of neoliberalism is thus caught in a tension between two opposing poles. On the one hand, authors such as Bourdieu described neoliberalism as a monolithic one-track thinking, ignoring the important varieties among both intellectual neoliberal currents and concrete neoliberalisations.³⁷ On the other hand, and under the pen of STS or Foucauldian authors among others, contextualising and insisting so much on the idiosyncrasies of each case renders theoretical generalisations about neoliberalism almost impossible.³⁸ Neoliberalism also suffered from 'diagnostic errors', when it was wrongly equated with "small state doctrine" or – a point to which we will come back - neoclassical economics.³⁹

Boas and Gans-Morse highlighted a more fundamental peculiarity: while bearing all the features of an 'essentially contested concept' in the sense of Gallie neoliberalism is not contested. Usually, essentially contested concepts tend to generate 'intense debates', in which various contradictors defend their own, 'true', definition of the concept, and therefore also explicit these definitions. This is not the case for neoliberalism. Boas and Gans-Morse attribute this absence of debate, and hence, absence of justification of the terms used and deep polysemy to the *unequal use of the term across the ideological divide*. Yet, for the authors, this does not constitute a motive to define the concept rather than simply rejecting it altogether.⁴⁰ Indeed, they stressed, other concepts, such as totalitarianism and corporatism have once been subjected to a similar faith, and thanks to academic debates, rigor and progress have hopefully been turned into "useful analytic tools".⁴¹ As Mirowski reminds us, the name of many political doctrines and economic theories were initially anathemas.⁴² Instead, Boas and Gans-Morse

³⁵ Boas and Gans-Morse, "Neoliberalism", pp. 147 – 152. The Pinochet regime itself did not abandon the reference to Erhard and the strong German post-war economic growth, but oriented its propaganda around the term of "social market economy" which was symbolically more straightforward. The later thus never acquiring a negative valence.

³⁶ In a systematic study of academic publications, see: Boas and Gans-Morse, "Neoliberalism".

Boas et Gans-Morse, « Neoliberalism »; On conceptual stretching see for instance: Andrew Gamble, « Neo-Liberalism », *Capital & Class* 25, n° 3 (octobre 2001): 127-34.

³⁷ Bourdieu, 'The Essence of Neoliberalism'.

³⁸ Venugopal, 'Neoliberalism as Concept'.

³⁹ in order: Dardot and Laval, *Nouvelle Raison Du Monde*, 2010; McCluskey, 'Efficiency and Social Citizenship: Challenging the Neoliberal Attack on the Welfare State'; Bourdieu, 'The Essence of Neoliberalism'; Harvey, *A Brief History of Neoliberalism*.

⁴⁰ For the proponents of that position, see: Dunn, 'Against Neoliberalism as a Concept'; Venugopal, 'Neoliberalism as Concept'.

⁴¹ Boas et Gans-Morse, « Neoliberalism », p. 156; W. B. Gallie, « Essentially Contested Concepts », *Proceedings of the Aristotelian Society* 56 (1955): 167-98.

⁴² Mirowski, "The Political Movement That Dared Not Speak Its Own Name: The Neoliberal Thought Collective Under Erasure", pp. 6-7

(2009) propose to aim at elaborating a *substantive meaning* of neoliberalism and are opening up some avenues in that direction. However, their attempted definition of the term very much resembles that of market fundamentalism, thus not only failing to take distance with the conventional views on neoliberalism, but also ignoring its historically evolving character and plurality.

Yet, as Plehwe fiercely insisted upon: “Neoliberalism is anything but a succinct, clearly defined political philosophy” reducible to the Thatcherite slogan “TINA” (*there is no alternative*), targeted and reiterated over and over again by left-wing social movements.⁴³ In fact, whether in terms of political philosophy, strategic choices aimed at ensuring better reception of their ideas, or exercise of government and the fabrication of public policies, neoliberalism is variegated, subject to internal debates and constantly evolving. As such, neither of these features are specific to neoliberalism and could equally apply for instant to socialism taking in its broad understanding. The main particularity of neoliberalism is that it has long been “poorly understood” for the reason just exposed. Hopefully, this situation started to evolve almost a decade ago as a more rigorous and systematic transdisciplinary approach emerged (although still mostly written by scholar critical of it), on which this section largely drawn.⁴⁴ Besides, the one-side of the coin also started to change. In a recent article, IMF economists used the “n word”, suggesting that it had been “oversold” (thus still adopting an even only lukewarm critical valence).⁴⁵ More substantially, and this time again as a self-identification term, the Sam Bowman, the director of the Adam Smith Institute made his “Coming out as Neoliberals”.⁴⁶

1.2.3. Strengths and limits of the thought collective approach for this work

The **main strength** of this approach lies undoubtedly in its explanation of how diversity and pluralism constitute a source of strength and adaptability to neoliberalism. Thus, in addition to the intrinsic value of correcting historical errors and misconceptions inherent to a monolithic and undifferentiated understanding of neoliberalism, these are stressed as assets which are undoubtedly part of the explanation for the puzzling resilience, or “strange non-death” of neoliberalism after the financial crisis of 2008.⁴⁷ While the advantage of adaptability is rather obvious, the role played by internal pluralism deserves a few words of explanation. First, **disciplinary and theoretical pluralism** enables **cross-fertilization** between different disciplines and approaches, public choice theory and the field of law and economics constitutes an excellent case of success stories with that regard. Secondly, the plurality of policy approaches and currents offers convenient **fallback solutions** so that the apparent failure of one policy can give way to another neo-liberal policy. The way in which ordoliberalism, which had been relegated to the rank of second-class doctrine within the MPS during the 1960s, was remobilized in

⁴³ Dieter Plehwe, « Introduction », in *The road from Mont Pèlerin: the making of the neoliberal thought collective*, éd. par Philip Mirowski et Dieter Plehwe (Cambridge, Mass: Harvard University Press, 2009), p. 1.

⁴⁴ For an exhaustive view of the state of this literature, see: Springer, Birch, and MacLeavy, *The Handbook of Neoliberalism*; Cahill et al., *The SAGE Handbook of Neoliberalism*.

⁴⁵ Prakash Loungani and Furceri, ‘Neoliberalism: Oversold?’. The IMF chief economist Maurice Obstfeld however soon reframe the public understanding made of this article indicating that “That article ... does not signify a major change in the Fund's approach”. See: Chief Economist Interview, “IMF Survey : Evolution Not Revolution: Rethinking Policy at the IMF”, IMF Survey (June 2, 2016).

⁴⁶ Sam Bowman, “[Coming out as Neoliberals](#),” Adam Smith Institute Blog (October 11, 2016); It was following another piece by Pirie Madsen, “[Looking at the world through neo-liberal eyes](#)”, Adam Smith Institute Blog (August 20, 2014).

⁴⁷ Colin Crouch, *The strange non-death of neo-liberalism* (Polity, 2011); On the question of resilience, see also: Vivien A Schmidt et Mark Thatcher, « Theorizing ideational continuity: The resilience of neo-liberal ideas in Europe », 2013.

the wake of the financial crisis in order to "save" austerity policies is a recent textbook case.⁴⁸ Third, adopting **multiple registers of discourses** enables it to **broaden its audience**. The existing research stressed the extent to which a broad spectrum existed in this respect between the most elaborate intellectual scholarship to more "populist simplifications". *As will be showed in the empirical section of this essay, the first and third dimensions will prove to be highly relevant.* Finally, as the MPS is not meant to directly engage in public advocacy, it also constitutes a **great vantage point** to account for the **strategy adopted by MPS members**, as they openly discuss points that are not always as frankly admitted in their public discourse.

This surely has certain **limits**. First, even from a conservative side, evidences show that actors, to my knowledge not directly related to the MPS, such as the Trilateral Commission, also mattered in terms of production and diffusion of ideas legitimizing the broader neoliberal shift undergone by most political economies in the 1980s.⁴⁹ Besides, one could cast doubt on the extent to which a focus on the MPS would be sufficient to understand how neoliberalism could be adopted in what Plehwe termed "nominally hostile environments" such as social democratic parties, trade unions? For instance, Cahill and Humphrys showed that the MPS though collective finding "little sympathy among policy makers" in Australia where neoliberalism was rather channeled through social contracts by Labour Party and trade union. Similarly, Mudge stressed that but a vast range of actors starting with bureaucratic and political actors including left and centre-left have contributed to these processes of neoliberalisation.⁵⁰ These evidences however do not preclude that the MPS did not play an indirect role (after all this is its primary vocation!) in redefining the limits of the acceptable and the possible in the modification of the preferences of a broader range of actors belonging to their network. Colin Hay usefully used the concept of **normalized neoliberalism** with that regard, to refer in a Kuhnian sense to a situation where neoliberal assumptions became unquestioned, part of "normal science" in a Kuhnian sense and thereby internalized by a broader set of actors.⁵¹ Still, to make that case, a MPS approach would have to explain how these neoliberal assumptions or world view eventually became normalized. Thus, it would have to be combined with an analysis of the "reception side" of their ideas and the reasons of their eventual broader acceptance.

For my purpose of clarifying the contours of neo-liberal economics however, Mirowski and Plehwe' approach is largely justified first of all by the high proportion of academic economists in the membership of society. Indeed, while the society also included other profiles including entrepreneurs, think tank advocates, journalists and politicians, most members were academics. Among the them, 68 percent were economists (in a broad sense), but law and history were also represented.⁵² Second, the following section will show that some of them have played a leading role in the neoliberal shift in the discipline. Surely, it does not exhaust the explanation, which would indeed require a broader analysis, it nevertheless provides a useful first brick.

⁴⁸ Dieter Plehwe, Moritz Neujeffski, et Werner Krämer, « Saving the dangerous idea: austerity think tank networks in the European Union », *Policy and Society* 0, n° 0 (7 février 2018): 1-18; Dieter Plehwe, « Transnational discourse coalitions and monetary policy: Argentina and the limited powers of the 'Washington Consensus' », *Critical Policy Studies* 5, n° 2 (2011): 127-48.

⁴⁹ Andersson, 'Planning the Future of World Markets'; Andersson, 'The Future of the Western World'.

⁵⁰ Cahill and Humphrys, 'Rethinking the "Neoliberal Thought Collective" Thesis'; Mudge, 'What Is Neo-Liberalism?'

⁵¹ Hay, 'The Normalizing Role of Rationalist Assumptions in the Institutional Embedding of Neoliberalism'.

⁵² Plehwe and Walpen, 'Between Network and Complex Organization The Making of Neoliberal Knowledge and Hegemony', p. 37

Let's now turn to the analysis of neoclassicism.

1.3. Neoclassical economics: from the neoclassical synthesis to the new classical revolution

In this section, the different historical uses of the term neoclassical economists are discussed in their context so that this section also indirectly accounts for the evolution of economics as a discipline. Not all uses of the term were widely shared. For instance, those made by Keynes in his *General Theory* and Samuelson in his textbook *Economics: An Introductory Analysis* remained idiosyncratic. Besides, three distinctive and more widely shared meanings can be distinguished: 1) marginalism (in the first half of the 20th century); 2) MIT type of economics (in the context of the Cambridge capital controversy); 3) its current use by the heterodox community to designate the nascent orthodoxy which emerges from the 1970s onwards.

The exposition of the evolution of the term starts with the pre-world war two marginalist definitions and then turning to the post-war Keynesian period. This first section is present in the text mainly because of its recollection of the evolution of economics as a discipline on the one hand, and because it constituted the first meaning provided to the term neoclassical economics. One could of course point out the diversity of political opinions of the early marginalists, but it would be anachronistic to strive to gauge the extent to which it was compatible with neoliberalism starts to be developed in the 1930s the earliest. The second section deals with the Keynesianism and the neoclassical synthesis.

1.3.1. Marginalism, interwar pluralism and the first references to "neoclassical economics"

The marginalist revolution is generally dated-back to the 1870s as a symbolic date marking Menger, Walras and Jevons' independent discovery of the marginalist theory of value.⁵³ Against the 'classics' who conceptualized value as a function of the amount of labor necessary to produce a good, the three marginalists proposed a **subjective definition** of value. This means that value is derived from the **marginal utility derived from one additional unit of the good**. Aside from this common approach towards value 'the' marginalists bear so much more differences that it would be an ex-post reconstruction to describe them as belonging to a common school or movement.⁵⁴ For the story told here, two of them are of particular importance. The first is Léon **Walras**, as he certainly had the most impact on "neoclassical economics" as we knew it, at least during the 20th century decades. Léon Walras (like Jevons) was one of the forerunners of the use of mathematics in economics. He considered

⁵³ Jevons, *The Theory of Political Economy*; Menger, *Principles of Political Economy*; Walras, *Elements of Pure Economics*. For respectively an enthusiastic and critical account by contemporary participants, see : Alfred Marshall, « The Old Generation of Economists and the New », *The Quarterly Journal of Economics* 11, n° 2 (janvier 1897): 115; Thorstein Veblen, « "Why is economics not an evolutionary science?" », in *The Place of Science in Modern Civilisation and Other Essays*, B. W. Huebsch, MCMXIX (1898; repr., New York, 1919). It is also commonly accepted that this "simultaneous discovery" narrative accounts neither for the premises of the marginal revolution, nor for its very progressive and gradual acceptance. See: Hodgson, 'Alfred Marshall versus the Historical School?'

⁵⁴ Jaffé, 'Menger, Jevons and Walras De-Homogenized'.

himself a socialist, though in his own peculiar way. He proposed an increase in the taxation of land property, which he justified both by principles of justice and by his general equilibrium model. By contrast, Carl **Menger**, the founding figure of Austrian Economics and well known for crossing swords with the German historical school, was not inspired by physics, by principle objected to the use of mathematics and was a fierce early defender of methodological individualism. He saw competition as a dynamic process (thus rejecting static notions of equilibrium à la Walras and Jevons) where **entrepreneurs** with limited knowledge constantly seek new ways to make profit.

To my knowledge, none of the marginalists used the term neoclassic to describe themselves. This will be the prerogative of their heirs who, whether critical or not, will witness the important evolution of the discipline. Its change of denomination, from ‘political economy’ to ‘economics’ signaled a willingness to distance itself from the political philosophy from which it emerged. Indeed, the end of the century had been marked by the professionalization and autonomisation of the discipline.⁵⁵ In terms of object, the analysis of production gave way to that of exchange and distribution. The regular use of mathematics and models was slowly developing, but without being widespread yet. Besides, very different understanding of their use and status coexisted.⁵⁶ According to Morgan and Rutherford, until the 1940s and especially in the American context, economics can still be depicted as one of genuine **pluralism** in terms of beliefs, ideology, methods, and policy advice which was reflected in all the major institutions of the discipline. This did not prevent some economists, such as Alfred Marshall in Great Britain or Mitchells in the United States from being more influential.⁵⁷

Alfred **Marshall**, as for him, was a leading and very eclectic figure from Cambridge (where he will also be Keynes’ teacher). He had adopted marginalism and defined economics in individualistic terms as “a part of the study of man”.⁵⁸ A notion of equilibrium was part of his price theory. Yet, à la Marshall, equilibrium was not seen as a stage of stability but as the point attractor of a dynamic process. Equilibrium were always partial as he constructed problem-oriented theories which had no pretense of comprehensiveness.⁵⁹ In 1987 already, Marshall made the distinction between qualitative and quantitative analysis as respective features of the old and new generation of economists.⁶⁰ He used mathematics and graphical representations, such as his famous supply and demand curves, but considered both of them as heuristic devices, not end in themselves.⁶¹ Besides, Marshall was also

⁵⁵ This is attested by the creation of specific reviews and institutions. Prominent examples include the creation of the *Quarterly Journal of Economics* (in 1886) in Great Britain, the *Journal of Political Economy* (in 1892) in the United-States and the *American Economic Association* (in 1885) was founded. For a more nuanced account of the national specificities and timings of these processes, see Fourcade, *Economists and Societies: Discipline and Profession in the United States, Britain, and France, 1890s to 1990s*.

⁵⁶ Morgan, *The World in the Model*. Morgan also identifies a modelling “prehistory”, where models were used but not systematically, in which she classifies for instance Quesney’s *Tableau Économique*.

⁵⁷ Morgan and Rutherford, ‘American Economics’.

⁵⁸ His definition of became the dominant treatment of the subject, thus replacing earlier wealth-based definitions. See: Backhouse and Medema, ‘Retrospectives: On the Definition of Economics’. On Marshall, see also: See also: Cook 2009. *The Intellectual Foundations of Alfred Marshall's Economic Science: A Rounded Globe of Knowledge*, Cambridge University Press, Cambridge.

⁵⁹ Hoover, ‘Doctor Keynes: economic theory in a diagnostic science’; Backhouse, Bateman, and Leijonhufvud, ‘Keynes as a Marshallian’.

⁶⁰ Marshall, ‘The Old Generation of Economists and the New’, p. 123.

⁶¹ This could be seen in the way his mathematics was presented, usually in appendixes or footnotes, in his writings. On Marshall’s “visual reasoning” or more specifically his intra-country trade diagrams, see respectively: Cook, ‘Late Victorian Visual Reasoning and Alfred Marshall’s Economic Science’; Morgan, *The World in the Model*.

influenced by the German historical school, its consideration for history, institutional and evolutionary processes, and did not reject their consideration for historical specificity.⁶² Nevertheless, the first use of the term neoclassical economics was addressed to him as a critique by the American Institutional Thorstein **Veblen** in 1900. Veblen used the term neoclassical in reference to Marshall's specific attempt of bringing together marginalism ("new mathematical theories of utility maximizing consumers") and classical theories à la Adam Smith and John Stuart Mill, whose lack of evolutionary perspective in their epistemology he gently criticized.⁶³

Wesley **Mitchell** was an American quantitative institutionalist (former student of Veblen and John Dewey) well known for his study of the business cycle. Until 1945, Mitchell headed the small group of economists employed by the National Bureau for Economic Research (NBER), an independent research institute created in 1920 to further the study of policy making with relevant facts in a non-partisan and when possible quantitative way. Their approach was thus inductive and empirical and started by focusing on the distribution and evolution of the National Income.⁶⁴ Both Simon Kuznets (Mitchell's student) and Milton Friedman will emerge from that tradition. This contrasted with the research agenda of the Cowles commission created in 1932 which aimed at integrating economic theory, statistics and mathematics (thus further than suggested by "*Science is Measurement*", its first motto). Soon, the Cowles commission became the "*de facto* research institute of The Econometric Society", which Cowles was also funding. In fact, the formation of *The Econometric Society* in 1930 contrasted with Fisher's failure to establish such a society in the beginning of the century, indicating that while still being pluralist, and open to and undefined future, institutions and ideas that will prove to be key for the later development and consolidation of neoclassical economics emerged.⁶⁵ Equally important, even if still modest, was the revival of Walrasian **general equilibrium theory**.

In 1932, in an article on the generalizability of marginal productivity theory, Hicks used the term neoclassic to refer to the methodological individualism of the marginalists, in a context of discussing modelling constraints imposed by Pareto and Walras' Lausanne school.⁶⁶ As the first translation of Walras' *Elements of Pure Economics* in English was also only published in 1954, Walras was mostly known "on hearsay" in Anglo-saxon countries.⁶⁷ However, Hicks had been introduced to Walras and Pareto by Lionel Robins at the LSE. According to Blaug, Hicks contributed to "put Walras on the map as one of the great economists of all times" via his *Value and Capital* published in 1939.⁶⁸ He was not the only one though, as the history of the Walrasian theory is made up of apparent paradoxes and ironies recurrently characterizing the history of economic science. For our purposes, the fame it acquired in the context of the socialist calculation debate is worth mentioning as it underlines the flexibility of this framework of thought in terms of political interpretation.

⁶² Hodgson, 'Alfred Marshall versus the Historical School?'

⁶³ Veblen, 'The Preconceptions of Economic Science (III)'. See pp. 171, 175, 178 for the use of the term neoclassical. It has also been used in Veblen's sense few times other institutionalists (see Asprougourgos, « On the Origins of the Term 'Neoclassical' »).

⁶⁴ Fabricant, *Toward a Firmer Basis of Economic Policy: The Founding of the National Bureau of Economic Research*.

⁶⁵ Alfred Cowles, a forecaster who was also funding the Econometric Society, had created the Cowles commission when he realized that its contemporary forecasts were not better than random samples. Backhouse, *The Penguin History of Economics*.

⁶⁶ Hicks, 'Marginal Productivity and the Principle of Variation'; Hicks, 'Leon Walras'.

⁶⁷ Stigler, *Production and Distribution Theories*, p. 228.

⁶⁸ Blaug, *Economic Theory in Retrospect*, p. 551.

The socialist calculation debate which had given a considerable impetus to the development of “a rigorous mathematical economics” in Vienna. A series of papers presented at Karl Menger’s mathematical Colloquium started to “improve” Walras’ original “demonstration” of the possibility of a general equilibrium consisted in showing that his system of equation was not overdetermined as there were as many equations as unknowns. One of them came from the mathematician Abraham Wald, who emigrated to the United-States in 1937, ending up at the Cowls commission.⁶⁹ In fact, Hayek’s argument about the market’s role *information processor* and the impossibility of socialism inherent to the limitations of the human mind had turned the political question of the desirability of socialist planning into a methodological one about the possibility of rational calculation.⁷⁰ To make his counter argument, the openly socialist economist Oskar Lange had built a Walrasian model in which the figure of the auctioneer was replaced by a socialist Central Planning Board.⁷¹ Lange’s “market socialism” produced considerable interest for Walrasian theory and gave it a wider visibility.

Not all scholars shared Hicks enthusiasm for the renascent Walrasian theory. In his *Production and Distribution Theories*, Stigler conducted a systematic analysis of those 10 scholars presented as the most prominent marginalist theories developed in the **last quarter of the 19th century**, which he described as a passage from “art” to “science” for economics.⁷² While acknowledging the “nebulous” nature of the term “neoclassical economics” and the heterogeneity of the corpus of text analyzed, he nevertheless claimed that there was more convergence between them than at any time since J. S. Mill. Marshall is presented as their founding figure, and Walras, Wicksteed, and Edgeworth as having endowed it from much rigor.⁷³ To Stigler, Walras’ General Equilibrium most important achievement (and in fact sole?) was to have shown the “mutual dependence of economic phenomena” with a level of clarity that couldn’t have been reached without an algebraic demonstration. Stigler nevertheless but starkly criticized Walrasian scholar’s subsequent demonstration, for instance mocking, their unexperimented “equation counting practice”.⁷⁴ Anticipating or perhaps heralding the future empiricist tradition of the Chicago school, Stigler also deliberately didn’t limit himself to evaluate the internal coherence of the early neoclassical scholarship, and also included an assessment of their “**empirical validity**”. Admitting that “economic theories” in a “pure” sense is “a field of logic”, “drawn

⁶⁹ Karl Menger was a logical positivist mathematician and incidentally the son of the just mentioned Carl Menger. As Debreu mentioned retrospectively, “the reaction of the economics profession to the new ideas presented in Karl Menger’s seminar was slow, and fifteen years elapsed before the strength of their impact was felt”. See: Debreu, ‘Foreword: Economics in a Mathematics Colloquium’, p. 1. In fact, the first translation of Walras’ *Elements of Pure Economics* in English was also only published in 1954, leading Stigler to conclude that Walras was mostly known “on hearsay” in Anglo-Saxon countries. Stigler, *Production and Distribution Theories*.

⁷⁰ Mirowski, *Machine Dreams*. As recalled by Blaug, Walras’s *Elements* “suffered a gradual demise after Walras’s death in 1910 and by 1930 it is doubtful that there were more than a half-dozen economists in the world who had ever read Walras, much less understood him.” Blaug, ‘The Formalist Revolution of the 1950s’, p. 150.

⁷¹ Lange shared a certain number of agreements with his opponent, the first being the nature of the problem to solve and of economics: the optimal allocation of scarce resources. Secondly, following Hayek this time Lange also circumvented the politics of planning by addressing it in methodological terms, the question of the (un)desirability of socialism being turned into one concerning the possibility of achieving rational pricing through planning, see: Oskar Lange, « On the Economic Theory of Socialism: Part One », *The Review of Economic Studies* 4, n° 1 (octobre 1936): 53; Mirowski, *Machine dreams*.

⁷² Stigler, *Production and Distribution Theories*, p. 1. Stigler’s first book “tabula rasa” PhD distribution at Chicago under the supervision of Frank Knight and was deeply influenced by Simons *A Positive Program for Laissez Faire* (1934) Stigler also closely interacted with two of his fellow students Milton Friedman and W. Allen Wallis to which we will come back in the next section, see: Nik-Khah, ‘33 George J. Stigler’. P. 337

⁷³ Stigler, *Production and Distribution Theories*, p. 8

⁷⁴ Stigler, *Production and Distribution Theories*, p. 242 and 244.

from assumptions” and “essentially mathematics”, he immediately stressed that it had to be related to “facts” in order to be not only correct, but also ‘interesting’. On this matter, Stigler explicitly insisted upon the choosing the “right assumptions”.⁷⁵

Let’s now turn a second, most common use of the term “neoclassical economics”. However, before that, two major shifts within economics have to be accounted for however, the first is the formalist revolution and the second the advent of Keynesian economics. As Keynesian economics importantly differs from Keynes’ own economics, and that Keynes used the adjective “neoclassical” in his own distinctive and idiosyncratic way, these two themes are treated separately. The next section thus amounts to show that a type of economics that can adequately be described as neoclassical economics as it meets the criteria defined by Arnsperger and Varoufakis as neoclassical economics, methodological individualism, Methodological instrumentalism and Methodological equilibration, and moreover played a major role in their promotion within the discipline, cannot adequately be described as neoliberal.

1.3.1. Postwar formalist revolution and short-lived Keynesian orthodoxy

A. Keynes, “Keynesianism” and “Keynesian economics”, a colorful world of a thousand tones

As recalled by Peter Hall, “the ideas of John Maynard Keynes seem quintessential to a historical era”.⁷⁶ As a consequence, the term Keynesianism exactly as that of neoliberalism came to acquire multiple meanings.⁷⁷

Politically, Keynes himself was a Liberal seeking to offer a **third way between classical liberal laissez-faire** and various forms of socialism or direct industrial intervention of the state. His question was not pro or against, but which type of state intervention.⁷⁸ At first glance, this seems quite close to the position of the moderate early neoliberals discussed in the first section. And indeed, politically I would qualify the differences between them as a matter of intention and degree (to which should be added that Keynes did not belong to the neoliberal thought collective). Keynes did not aim at strengthening declining liberalism, but rather that of “End of Laissez-Faire” one.⁷⁹ Before a coherent anti-Keynesian (in both its broad and narrow acceptations) was developed in the 1970s, many moderate MPS members did accept (a certain dose of) Keynesianism (especially when compared with the other devils knocking at the doors of power). Audier for instance pointed to the example of Daniel Villey a French

⁷⁵ Stigler, p. 7

⁷⁶ Peter A. Hall, éd., *The Political power of economic ideas: Keynesianism across nations* (Princeton, N.J.: Princeton University Press, 1989, p. 4 - 5.

⁷⁷ In other words, it became a floating signifier, in the same way (though maybe with a difference of degree) that has been pointed to concerning neoliberalism by Quinn Slobodian, *Globalists: the end of empire and the birth of neoliberalism* (Cambridge, Massachusetts: Harvard University Press, 2018).

⁷⁸ John Maynard Keynes, « The End of Laissez-Faire », in *Essays in Persuasion*, par John Maynard Keynes (1926; repr., London: Palgrave Macmillan UK, 2010), section IV.

⁷⁹ Keynes, « The End of Laissez-Faire ». Keynes is therefore often associated to New Liberalism, a group surrounding around Hobhouse an Hobson opposing the “old liberal” strand within the Liberal party in the interwar period. Dardot and Laval, *Nouvelle Raison Du Monde*, 2010; Dostaler, *Keynes et La Politique*. In fact, if Keynes did share many of the New Liberals policy recommendations, he didn’t closely attend the group’s activities and more importantly, shared neither their broad worldview nor their commitment to “social justice”. Overall, Keynes was keener to insist on the inefficiencies of capitalism than on its inequities. See: Backhouse and Bateman, *The Cambridge Companion to Keynes*, p. 11).

MPS member who state in 1966: « I believe that we can now be certain that we will never relive a Great Depression-type experience. Because Keynes discovered the serum that neutralizes economic contractions: the budget deficit, major public works, low interest rate policy». Villey did also warn about overusing them, these « these remedies, as do some Antibiotic Doctors”, as it might produce “inflationary poisoning”, but this nevertheless, shows that between the two devils.⁸⁰ Similarly, Lucas post-fact state that the Keynesian this compromise was good enough given alternatives of the time.

In a **broad sense**, the term came to be associated with the **transformation of the role of the state** in the economy in the 20y century, which is reflected in the use of terms such as the “Keynesian state” or the “Keynesian era”. These generally refer to the “social and economic practices associated with the management of a capitalist economy in the postwar period”.⁸¹ Keynes famously advocated for the “End of Laissez-Faire” while his *General Theory* was widely interpreted as an intellectual justification for *systematic* state intervention. In that sense, he is widely remembered for having open new avenues in terms of policy making tools, starting with counter cyclical demand management aimed at restoring full employment and attenuate economic fluctuations (the business cycle). Fiscality emerged as a new policy instrument. Besides, a new argument was developed against the conventional view that public debt was detrimental to the aggregate level of investment by decreasing the available monetary supply. *A contrario*, Keynes argued that, in times of slump, the government could foster aggregate demand by increasing its own expenditures producing an overall growth of the economy more than proportionate to the expenses incurred via the multiplier.

These insights which are nowadays still incontestably remembered as constituting Keynes’s central insights are close to the **way in which Keynes himself used the adjective “neoclassic”** in his *General Theory* to refer to scholars (starting with himself) adopting the **assumption that saving could be unequal to investments**.⁸² The assumption formed the basis of Keynes’ rejection of the so-called Say’s Law, which stipulates that supplies creates its own demand. Here's how that magic should work: as increasing supply improves employment which is then translated into higher incomes and subsequently consumption by those earning these incomes. While acknowledging that higher employment produces higher income, Keynes argued that only a fraction of this increase is translated into consumption (and thus revenue for entrepreneurs), because people are **saving**. Besides, he also pointed to a possible ‘remedy’: a sufficient level of investment might compensate for the ‘loss of consumption’ incurred by saving, as investment is also part of the expected aggregate demand function depicting how the entrepreneurs define the employment level. Conversely, a level of investment remaining too low is likely to produce suboptimal levels of employment.⁸³ Keynes subsequently also explored how investment could be made attractive by adopting the right interest

⁸⁰ Audier, *Néo-libéralisme(s)*, p. 360.

⁸¹ Hall, *The Political Power of Economic Ideas*, p. 4.

⁸² Keynes, *The General Theory Of Employment, Interest And Money*. p. 177 and 183. Here is the full quote: “Unlike the neo-classical school, who believe that saving and investment can be actually unequal, the classical school proper has accepted the view that they are equal.” Keynes only used it twice, suggesting that it was not a central concept for him. However, the *General Theory* is literally filled with the symmetric references to “classical” economics and economists.

⁸³ Keynes, chap; 3

rates level.⁸⁴ However, taken in that broad sense, the adjective Keynesian is widespread stretched beyond Keynes' specific ideas, while other economists were only labelled Keynesian post-facto.⁸⁵

Next to his public engagement or to the way his ideas or those interpreted like it were applied to public policy, Keynes produced academic work belonging to the economics and having an important impact on it. I would thus refer to *Keynes' ideas as an economist*, as Keynesianism understood in a **narrow sense**. But even there, things are not as simple as they could. Laidler warned about not naively embracing what can best be apprehended as a **mythological recollection** of the Keynesian revolution (even understood in its narrow sense related to macroeconomics). To start with, he casted doubt on the existence of the interwar classicist orthodoxy described by Keynes (for the reasons mentioned earlier in this section). In fact, if any orthodoxy can be identified, our eyes should be more on the post-World War II than to the period preceding it. Historians have therefore made a stark contrast between *"the economics of Keynes"* and *"Keynesian economics"*.⁸⁶ (Keynesian) macroeconomics emerged as a distinct field in the post-war period (with a period indeterminacy or incubation depending to our relationship to history in the interwar period). It stood on three wings: Keynesian theory, IS-LM modelling and empirical modelling. Even if Keynesian economists shared concept and starting assumptions with Keynes, their way of doing economics differ importantly at almost all levels theory, epistemology and methodology.⁸⁷

Thus, to go back to neoclassicism, Keynes defined being neoclassic as the opposite of "classical economists", a label under which he blended a large number of economists (including Marshall and Pigou). Their main common point, Keynes stated, is to share the empirically incorrect assumptions that full employment was already reached, thus ignoring the possibility of involuntary employment.⁸⁸ Thus, similarly to Stigler, his line of argument relates to considerations of realism – to Keynes, the classics were those an equilibrium situation bearing little resemblance with the real functioning of economies, which he rather conceived as inherently unstable and (in the **short-term** at least) not spontaneously converging towards an equilibrium position. Keynes own 'craftsmanship of economics' was in fact closer to Marshall than to the post-war formalist revolutionaries. As recalled by De Vroey

⁸⁴ Keynes, book IV

⁸⁵ On "proto-Keynesian ideas" or the wider set of ideas that formed the base of what is referred to as the "Keynesian revolution" and were thus ex post labelled so, see Hall, *The Political Power of Economic Ideas*. On how Keynes' post-facto acquired such position (except in West Germany and Japan by providing a common intellectual framework for the nascent national accounting revolution and arguments for fiscal spending and demand management, see: Bateman, 'Keynes and Keynesianism'. And on the discrepancy between Keynes' ideas and the later social democracy social democratic consensus), see: Brittain, 'Keynes's Political Philosophy'. Samuel Brittan for instance recalled Keynes clear preference for public investment (over consumption) as a way to raise public expenditures as he thought that they had the advantage of easier public acceptance and (prefiguring private / public partnership) offering the possibility of being co-funded by the private sector. For insider's accounts of 'Keynesian policy activism', see: Hirschman, 'How Keynes Was Spread from America'.

⁸⁶ See: Laidler, *Fabricating the Keynesian Revolution: Studies of the Inter-War Literature on Money, the Cycle, and Unemployment*. I am borrowing the distinction between "the economics of Keynes" and "Keynesian economics" to Vroey, *A History of Macroeconomics from Keynes to Lucas and Beyond*, p. 24.

⁸⁷ It is not the purpose of this work to enter into a systematic discussion of these. However, just as a matter of example, I believe that Samuelson's formalization of the Keynesian Multiplier constitutes a model case of that point. For a discussion of the differential status of the wage rigidity assumption between Keynes and subsequent Keynesian economists, see: Vroey, *A History of Macroeconomics from Keynes to Lucas and Beyond*, p. 25

⁸⁸ Keynes, p. 15. Involuntary unemployment was defined as a situation where an excess of both supply and demand of labor persisted despite a slight increase in real wages.

(p. 7), Keynes was not inspired by Walras when he called his 1936 monograph a “General theory”. (Generally speaking, Walras was not well received in Cambridge at that time). For him, this term referred to the fact that involuntary employment (a labor market phenomena) was caused by a disequilibrium in another area of the economy, i.e. the lack of aggregate demand.⁸⁹ Keynes method of theorization was also distinctively Marshallian as by its problem-solving orientation (vs. comprehensive) and dynamism. As he was analyzing systems considered to be “in motions”, thus not something for which comprehensive theories are the most appropriate for, his notion of equilibrium was more an “attraction point” than a stage of stasis.

Besides, Keynes rejected utilitarianism and rational behavior conceptions favoring (again) a ‘more realistic’ understanding of human behavior which included their use of “intuition” in a context of uncertainty.⁹⁰ This philosophical stance was also visible in the Keynes warnings related to what could be achieved using statistical data and mathematical techniques.⁹¹ Keynes had himself advocated for the development of a large amount of economic data as desirable space of extension of the activity of the state as a way to reduce “uncertainty”. Although his own direct involvement in these efforts was limited, he had nevertheless encouraged Mead and Stone’s construction of the first British national accounts from the late 1930s and used them. However, he was cautious about letting their use replace intuition and starkly dubious of the usefulness of advance econometric treatment of macroeconomic data.⁹² Nowhere is this clearer than in his fierce critique of Tinbergen’s early empirical macroeconomic. As a reviewer of the Tinbergen’s model on the behalf of the Ligue of Nation Keynes harshly criticized his overall methodology (from the techniques used, to its interpretation of the data and results) in a way that reflected his epistemic positioning.⁹³ This however didn’t prevent Keynesian economists to largely develop these techniques.

B. Mathematics and modelling: the “formalist revolution” and Keynesian economics

In the post-war period, economics underwent deep changes in terms of methodology, theory and professional dynamics so that economics as a disciplinary field was progressively unified and hierarchized. First, between the late 1940s and 1950s, a ‘**formalist** revolution’ took place. Using some mathematics was, as we have seen in the previous section, not new. As Blaug puts it, “The metamorphosis of economics in the late 1940s and 1950s is aptly called a ‘formalist revolution’ because it was marked, not just by a preference, but by an absolute preference for the form of an economic argument over its content”.⁹⁴ Besides its status, the type of mathematics used also

⁸⁹ Vroey, *A History of Macroeconomics from Keynes to Lucas and Beyond.*, p. 7

⁹⁰ Hoover, ‘Doctor Keynes: economic theory in a diagnostic science’.

⁹¹ Keynes, ‘The End of Laissez-Faire’.

⁹² Backhouse and Bateman, ‘A Cunning Purchase: The Life and Work of Maynard Keynes’, pp. 14 - 15

⁹³ In 1936, Tinbergen constructed a macroeconomic model of the Dutch economy. Unemployment played a strong role in his model, which also constituted the first econometric model of an entire economy. This work was soon followed by a two volumes publication ordered by the League of Nations empirically exploring the US post-1918 business fluctuations. On the whole Keynes-Tinbergen Controversy, see for instance: Boumans, ‘Econometrics’. The political differences between Tinbergen and Keynes are also worth mentioning. Tinbergen was a member of the Dutch labor party (PvdA). In this quality, he was asked to organize the establishment of a Central Planning Bureau (CPB) by the Dutch post-war Socialist Minister of Economic Affairs. The Bureau aimed to help “order the economy” by preparing National Welfare Plans whose aim was to improve the coordination of the economic, social and financial policies of the state. See: Kayzel, ‘A Night Train in Broad Daylight: Changing Economic Expertise at the Dutch Central Planning Bureau 1945 – 1977’.

⁹⁴ Blaug, ‘The Formalist Revolution of the 1950s’, p. 146

significantly changed (at precise moment where it was reinventing within the field of mathematics itself). Secondly, modeling, which was now labelled this way after Jan Tinbergen had imported the term from physics, acquired a higher rank status and was requalified as part of the accepted way of doing science.⁹⁵ The formalist revolution provided a common language which would progressively contribute to uniformizing the profession, which until then had continued to exhibit a variegated character.⁹⁶ Besides, for reasons partly exogenous to the formalist revolution, the internationalization of economic science accelerated, so much so that, very slowly but surely, its national disparities and traditions will lose much of their importance and distinctiveness, so that economics emerged as a “global profession” whose epistemic standards were defined in the United-States of America.⁹⁷

As already mentioned, what is usually referred to as **Keynesian economics** is constructed around central concepts and hypothesis inspired and associate to the work of Keynes, but rested on new theoretical, methodological and epistemological grounds almost alien to him and which was located at the forefront of this formalist revolution. Thus, the chief reference work of the “Keynesian revolution” was not Keynes' General Theory, but its interpretation by **Hicks, Modigliani via the IS-LM model**, and Klein's empirical macroeconomics.⁹⁸ Hicks' paper “Mr. Keynes and the ‘Classics’; A Suggested Interpretation” provided a first version of what will be in 1944 developed into the IS-LM model by Modigliani and will dominate macro-economics for until the 1970s.⁹⁹ It was first presented at an **Econometric Society** conference organized just one year after the publication of Keynes's general theory and aimed at translating it in the new formalist terms.¹⁰⁰ Not only did it provide a clear interpretation of the General Theory's multiples claims and lines of reasoning, but it was also reconciling “classical” and “neoclassical” into one scheme, stipulating their respective conditions of applications, depending on the shape of the IS curve. The curve provided all the combinations of interest rates and output where the levels of ‘Investment’ would equal that of the ‘Saving’.¹⁰¹ “IS” stood for Investment and Saving and provided curve on combinations of levels of interest rates and output where the savings would equal the investments. In the Keynesian case, the IS curve is vertical, where it was horizontal in classical one. Increased government spending would increase output in the first case, not the later. Besides, Hicks had introduced Walrasian general equilibrium theory in his *Value and Capital*, published in 1939. As Backhouse stresses, to “most readers, at least by the end of the 1940s, understood him to have shown how **macroeconomics** could be viewed as dealing with **miniature general-equilibrium systems**. In short, the book showed that general equilibrium could provide a **unifying framework** for economics as a whole”.¹⁰²

⁹⁵ Mirowski, *Machine Dreams*; Morgan, *The World in the Model*; Reder, ‘Chicago Economics: Permanence and Change’.

⁹⁶ These preferences were reflected in the candidates chosen for the John Bates Clark Medal created in 1947. See: Cherrier and Svorenčík, ‘Defining Excellence: Seventy Years of the John Bates Clark Medal’.

⁹⁷ Fourcade, ‘The Construction of a Global Profession: The Transnationalization of Economics’. On the geopolitical roots of this globalism, see for instance: Bockman, *Markets in the Name of Socialism*.

⁹⁸ For the history of the IS-LM model, see Vroey, *A History of Macroeconomics from Keynes to Lucas and Beyond*, chap 2.

⁹⁹ Hicks, ‘Mr. Keynes and the “Classics”; A Suggested Interpretation’; Modigliani, ‘Liquidity Preference and the Theory of Interest and Money’.

¹⁰⁰ James Meade and Roy Harrod undertook the same task during this conference and David Champernowne earlier. See: Backhouse, *The Penguin History of Economics*., p. 233

¹⁰¹ Among the different styles of modelling identified by Morgan, the IS-LM one aimed at “capturing the heart of the Matters”. See: Morgan, *The World in the Model*., p. 232; references

¹⁰² Backhouse, *The Penguin History of Economics*., pp. 257.

Generally speaking, Keynesian notions also flourished in the expanding field of **national accounting** and **empirical macroeconomics**. First, it provided a backbone and common language at a time where the conceptual basis of national accounting were still in the making.¹⁰³ In the early 1940s, Meade and Stone had developed their double entry national accounting system and Hicks what will become the basic national accounting equation ($GNP = C + I + G$).¹⁰⁴ Overall, the development of national accounting, and what was considered to be its very successful role during the second world war, played a crucially role in the extension of the role of economists within the states and generally speaking increased their legitimacy. It was closely tied with the notion of planning and engineering growth.¹⁰⁵ With regard to empirical macroeconomics, another milestone was reached the publication in 1948 of *the Keynesian Revolution* by Larry Klein, the first Phd student of Samuelson, which fiercely advocated confronting Keynes's theory to the data (reference). In 1950, Klein published his *Economic Fluctuations in the United States 1921-41* on the behalf of the Cowls commission. Over time, these modelling techniques used will become increasingly complex as the models grow larger and larger. Yet, a distinctive feature of empirical macro during that period, is that they "were almost always structured along Keynesian lines, to such an extent that large-scale macro econometric modelling seemed the natural empirical extension of Keynesian economics."¹⁰⁶

C. The neoclassical synthesis

However, as Asprougourgos recalls, the adjective "neoclassical" only became a common place in the **post-war period**, first to designate the **MIT economics side in** the context of the Cambridge capital controversy. This debate started with Piero Sraffa's critique of the circular character of Solow's aggregated production function and ended up with the survival of Solow's aggregated production function, despite a wide recognition of the sound basis of the Cambridge critique, including by leading MIT scholars such as Paul Samuelson.¹⁰⁷ This debate had several rounds and touched upon both technical and political levels, including questions of what it meant to be Keynesian. As Cherrier stressed, this controversy as well as the recurrent one with the Chicago economists reinforced a sense of belonging between **MIT economists**.¹⁰⁸ Forming a well-integrated community, the MIT economists actively sought to propagate their own way of doing economics to the rest of the discipline. Their two main channels of diffusions were their important graduate program (which admitted 22 students a year and included a strong training in mathematics and physics), as well as Samuelson's leading textbooks.¹⁰⁹ By the 1960s, the department had reached a wide recognition and shared with Harvard the first place in US economics ranking departments.

¹⁰³ Bateman, 'Keynes and Keynesianism', pp. 284 - 286

¹⁰⁴ Backhouse, *The Penguin History of Economics*, pp. 240 - 245

¹⁰⁵ Backhouse.

¹⁰⁶ Backhouse and Bateman, 'A Cunning Purchase: The Life and Work of Maynard Keynes', p. 14.

¹⁰⁷ Cohen and Harcourt, 'Retrospectives: Whatever Happened to the Cambridge Capital Theory Controversies?'

¹⁰⁸ **This** is particularly visible in the following passage of a letter written by Solow to Amartya Sen: "I'm afraid I got a little annoyed in Cambridge last year by the indiscriminate use of "Keynesian" as an adjective meaning "mine" and "neoclassical" to mean "yours." To the extent that "neoclassical" describes the belief that a capitalistic economy tends automatically to full employment, I am not neoclassical and neither is James Meade. To the extent that "neoclassical" means a belief that you need a plausible microeconomics that allows for some kind of near optimizing behaviour under whatever market conditions prevail, then it is not in the slightest incompatible with being Keynesian", in Cherrier, 'Toward a History of Economics at MIT, 1940-72', p. 33. The reference to applies to the remainder of this paragraph

¹⁰⁹ In 1956, in a letter to Domar, Solow hence wrote "We view ourselves as net exporters of finished economists". See: Cherrier., p. 25

Besides, at least until mid-1960s, a distinctive MIT style could be distinguished. Samuelson had fully endorsed Robins' understanding of economics as a theory of choice with a theoretical core to be applied to a vast range of problems.¹¹⁰ He thus sought to lay out underlying principles applicable to various theoretical fields using the language of mathematics. Thus, reversing Marshal's principle of using mathematics only in a subordinate manner, his *Foundations of Economic Analysis* thus opens with mathematical techniques, more specifically optimization under constrain techniques which are then applied to a range of consumer and firms' problems. To achieve that, he equated maximization with equilibrium and assumed the stability of the latter.¹¹¹ Thus, the MIT style of economics relied on "modeling microeconomic behavior as maximization under constraints and macroeconomic behavior as the interaction of aggregate demand and aggregate supply, imperfect competition, and the use of comparative statics". Another distinctive character was their development of "mathematical yet simple models aimed at understanding a few aspects of a situation" which were then applied to a range of preferably policy relevant economic issues.¹¹²

Besides, MIT economists had a clear policy-oriented profile. Just to name a few, qua academic research, in the 1950s Samuelson had formalize Keynesian multipliers as well as developed the economic definition of public goods according to which was reaching the policy conclusion that, without public intervention, public goods will be systematically undersupplied. In 1960, Samuelson and Solow provided the American estimates for the Philips curve, and above all, developed a model meant to supporting the policymaking with regard to what they casted as an inflation / unemployment trade-off. In fact, MIT economists became increasingly visible in the public debate through the 1960s. Samuelson served as Kennedy campaign adviser and hold a weekly column in alternance with the free market economists Friedman and Henri Wallich, while Solow and Tobin joined the Council of Economic Advisers.¹¹³

This policy-oriented profile is noticeable in Samuelson's own distinctive first usage of the term "neoclassical synthesis" in the third edition of his textbook *Economics: An Introductory Analysis*. *Economics* had been written one year after his Foundation but, although it was also a success, it had a very different profile. It was an immediately successful introductory textbook written in simple language which gave pride of place to economic institutions and national accounts (thus starkly contrasting with Samuelson's Foundation).¹¹⁴ In this context, Samuelson clearly **used the term "neoclassical synthesis"** in reference to public policy, or more precisely, to the impact of a specific policy, demand management, on the respective empirical validity of classical theory understood in the sense of Keynes, i.e. a theory assuming full employment. In a nutshell, he argued that successful

¹¹⁰ Robbins famously defined economics as "the science which studies human behavior as a relationship between ends and scarce means that have alternative uses". This still constitutes a reference definition in the discipline, at least if Mankiw's textbook is considered as a good indicator. However, still taking textbooks as indicators, it only became one of the accepted definitions in the post-war period. By the 1960s, thus reflecting the broader evolution of the discipline, it was commonly accepted as an accurate description of the economist's daily activity so that only scholars criticizing the direction it was taking where contesting it. Samuelson however only explicitly introduced a definition of economics in his textbook only in 1976, it was referring to Robbins. See respectively: Robbins, *An Essay on the Nature and Significance of Economic Science*; Mankiw, *Principles of Economics*; Backhouse and Medema, 'Retrospectives: On the Definition of Economics'.

¹¹¹ Backhouse, 'The Neoclassical Synthesis and the Emergence of Heterodox Economics'.

¹¹² Cherrier, 'Toward a History of Economics at MIT, 1940-72', p. 33

¹¹³ reference

¹¹⁴ On the whole episode, see: Backhouse, 'The Neoclassical Synthesis and the Emergence of Heterodox Economics'.

contracyclical stabilization policies of the national income could produce the full employment conditions in which “classical theory” is applicable, thereby producing a neoclassical synthesis between “modern” income determination (or macroeconomics) and “classical” or “microeconomics” “efficient allocation of fully-employed resources” (or microeconomics). The term synthesis thus did not here suggest here these two were effectively combined into a common theoretical framework.¹¹⁵

Based on a quotation analysis in Jstor, Backhouse pointed that the term “neoclassical synthesis” was only seldomly used in academic publications throughout the 1950s and 1960s. In fact, it mainly took off in the 1970s, thus when Samuelson had just removed it for the 8th edition of his textbook. Besides, its meaning had changed as the term was now taken over by heterodox economists to designate the orthodoxy that they were criticizing. For that reason, despite the important difference in arguments formulated in the two books, the “neoclassical synthesis” with which Samuelson's name was associated was interpreted in the terms of his textbook *Foundation*, in which he himself had never used it. Besides, it was associated with a research program which aimed to integrate Keynesian and Walrasian general equilibrium economics à la Cowls pursued by economists such as Modigliani but of which Samuelson was rather skeptical.¹¹⁶

The Cowls commission, whose new motto was *Theory and Measurement*, was turning its back on its early macro-econometrics project. Under the new patronage of the Rand corporation it was “redirecting their research agenda towards theoretical issues” (Ciocoli 2009: 135), including general equilibrium analysis. As stressed by Blaug, contrasting with the interpretation of Walrasian general equilibrium theory by Oskar Lange, which following Walras treated it as perfectly capable of confronting practical questions, such as the feasibility of “market socialism”, in Arrow and Debreu’s interpretation of it, Walrasian general equilibrium had undergone a “Gestalt-switch” and was now apprehended as a purely formal, “self-sufficient mathematical structure, having no necessary contact with reality” depicting “idealized decentralized competitive economy”.¹¹⁷ In 1955 the Cowls commission, which had also procured an important heaven for Walrasian inspired scholars of the Vienna colloquium who emigrated to the United States because of the second world war, had moved from the university of Chicago to that of Yale in 1955 because of the increasing tensions with Chicago scholars.

Thus, clearly the post-war vanguard of the formalist revolution (even as described a posteriori by their critiques) was not neoliberal.

¹¹⁵ The term was quoted 12 in the 3rd edition, suggesting a consistent and well use. Here is the full quote in which the neoclassical synthesis is defined: ““by means of appropriately reinforcing monetary and fiscal policies, our mixed-enterprise system can avoid the excesses of boom and slump and can look forward to healthy, progressive growth. This fundamental being understood, the paradoxes that robbed the older classical principles dealing with small-scale “microeconomics” of much of their relevance and validity—these paradoxes will now lose their sting. In short, mastery of the modern analysis of income determination genuinely validates the basic classical pricing principles; and—perhaps for the first time—the economist is justified in saying that the broad cleavage between microeconomics and macroeconomics has been closed. (Samuelson 1955, p. 360 in Backhouse, ‘Paul A. Samuelson and the Neoclassical Synthesis’, p. 11)

¹¹⁶ Backhouse, ‘The Neoclassical Synthesis and the Emergence of Heterodox Economics’.

¹¹⁷ On the revival and changing interpretations of Walrasian thought, see also: Blaug, 1997a. “Competition as an End-State and Competition As a Process.” Not Only an Economist: Recent Essays. Cheltenham: Edward Elgar: pp. 66–86.

1.3.2. A politics of neoclassicism ?

Without pretending having to carry out a full-fledge **‘historical reconstruction’** of the evolving meaning of this concept, at least **three distinct uses** of the adjective "neoclassical" can be identified, each corresponding to major turning points in the discipline.¹¹⁸

In its first meaning, “neoclassical economics” was referring to **marginalism**. In that sense, it was used mostly during **the first half of the 20th century**, in turn with positive and negative connotations, including by the American institutionalist Thorstein Veblen, John Hicks and the Chicago economists George Joseph Stigler. Besides, **Keynes** used it in his *General Theory* to refer to theories admitting - it was his own central argument - that full employment was not presupposed to be achieved as the levels of savings and investment could differ from each other. The use of the adjective “neoclassical” however only became a common place in the **post-war period**, in the context of the Cambridge capital controversy, to designate the **MIT side** of the controversy and was in that context for instance used by **Solow** to designate his own work.¹¹⁹ This might be seen as its second most common understanding. At the same epoch, **Samuelson** also first used the concept of **“neoclassical synthesis”** in 1955 in his textbook *Economics: An Introductory Analysis* to designate a situation where successful stabilization policies would have produced the full employment condition in which “classical theory” (thus understood in the sense of Keynes) is applicable, thereby producing a neoclassical synthesis between “modern” macroeconomics and “classical” microeconomics. Thus, if anything in **Samuelson’s terms** (with which it was very seldomly engaged), the neoclassical synthesis had as much to do with public polity than with economic methodology or theory, but while his expression was widely remembered, it has seldomly been discussed in this sense.

Thirdly, the use of the term “neoclassical synthesis” really took off in the **1970s**, but its meaning and range of applicable cases – or ‘intension’ and ‘extension’ using in Gallie’s language - had again changed. The “neoclassical synthesis” was now taken over by the nascent **heterodox economics** as a label **characterizing the emerging methodological orthodoxy** from which they sought to differentiate themselves, and from the perspective of which they were considered to be sub-standards. Even if its precise definition has been debated since then (principally within the heterodox research community), this corresponds to its current usage. It is interesting though to see that heterodox economists were using Samuelson’s term, but in the meaning given by Leijonhufvud to it, i.e. a synthesis between Keynesian Economics (which had translated what they considered to be the main insights from Keynes’s *General theory* into the language of the of the nascent formalist revolution) and Walrasian general equilibrium theory as it had been developed at the Cowls commission (under the close patronage of the Rand corporation). These were **undoubtedly ranked on the left side of the political spectrum**.

¹¹⁸ Richard Rorty famously distinguished between historical and rational reconstructions. Historical reconstructions seek to understand part ideas based on the context of their time, while rational reconstructions accounts for past ideas based on contemporary one. See: Rorty, ‘The Historiography of Philosophy: Four Genres’.

¹¹⁹ Tony Aspromourgos, « On the Origins of the Term ‘Neoclassical’ », *Cambridge Journal of Economics* 10, n° 3 (September 1986): 265-70.

This historical account is sufficient to refute the claim that neoclassical economics is accurately described as neoliberal, neither in any of the historical uses of the term, nor in its contemporary understanding. It is interesting to realize *when* the phenomenon of disciplinary unification denounced by so many concerned economists started to take place: not at the marginalist revolution, not in the thirties, but in the post-war period, and those who were at the forefront of these changes – the MIT department of economics and the Cowles commission - were primarily Keynesian or even unapologetic socialists rather than neoliberals. Thus, ***Neoliberal economists were not the main proponents of neoclassical economics when neoclassical economics gradually became dominant within the discipline, during the post-second world war period (claim 1).***

In the 1970s though, two important changes took place. First, the use and status of formal modelling evolved. For post-war Keynesian mathematical economists, it was accepted, even by the proponents of the emerging orthodoxy that not everything could be explained using the language of mathematical economics so that policy-oriented economists, such as Samuelson, used to complemented their mathematical economics with other forms of reasoning when analyzing concrete cases. In contrast, from the 1970s, what has been dubbed neoclassical economics by those who were relegated to the confines of the discipline for not complying with these new standards progressively became the only accepted rigorous way of conducting economic research.¹²⁰ In other words, if the formalist revolution did take place in the post-war period, it was not “completed” until the 1970s.

Secondly, during that decade, the content of its methodological prescriptions evolved substantially under the impulse of Lucas' criticism and Kydland and Prescott's Real Business Cycle modelling. The Chicago school of economics, and their broader network, was at the forefront of these changes. Yet it is interesting to see that Chicago – obviously ‘helped’ by the stagflation - starts to play a decisive role when it was joined by or “collaborated” with economists who had fully embraced these new disciplinary standards, foremost among whom was of course Robert Lucas. Nowhere is this clearer than with the episode of the “Philips curve”, where Friedman’s original argument was translated into the new mainstream by Phelps and Lucas.¹²¹

The Lucas' criticism and Real Business Cycle modelling marked a real turning point in terms of policy recommendations. However, the term neoclassical economics, in its conventional use does not refer to the specificities of the Lucas revolution, but to features that precede it. To go back to the definition by Arnsperger and Varoufakis, there is no doubt that methodological individualism, instrumentalism and equilibration adequately characterize the Lucas revolution, but so does it for the post-war Keynesian orthodoxy. What really made the difference were specific assumptions, starting with that of **rational expectations**. Another important point was the extension of Chicago neoclassicism to new fields of application, be it government failures or new domains. In fact As documented by Mirowski and Van Horn, the Chicago school **of Economics** in fact only emerged in the mid-1950s, thus after the departure of Oskar Lange to Poland, of the Cowles commission to Yale as well as a series of recruitment

¹²⁰ Backhouse, ‘The Rise of Free Market Economics’.

¹²¹ It would be hard to point to the Chicago school as the main early proponent of neoclassical economics. Let’s take the example of Friedman. Friedman’s work might rather be placed in the continuity of the National Bureau of Economic Research (NBER) work, the same NBER which had been dismissed by Tjalling Koopmans (who belonged for to the Cowles commission) as ‘measurement without theory’ (1947) in the Koopmans-Vining Debate.

in part enabled by anti-new deal funding which belonged to the MPS thought collective.¹²² My reading of this history is one in which politics had precedence over methodology. A similar hierarchy between politics and theory or method will be pointed in the next section while discussing the MPS methodenstreit.

3. The methodenstreit about economics within the MPS

Let's now turn to the other perspective taken in this paper, that of the insiders. Following Mirowski and Plehwe's inductive approach, I have explored the relationship between neoliberalism and economics inductively by focusing on the MPS. Concretely, I have examined all sessions devoted exclusively to economics available in the archives of the MPS (MPS) General Meeting Files (in Ghent).

1.4. Economics and neoliberalism, view from the inside

Concurring with the recent literature, it is clear from reading the archives that the theoretical and methodological perspectives of the economists' members of the Mont Pelerin were far from homogenous.

Critiques of 'mainstream' neoclassical economics are to be found since the very beginning in the archives. Yet, the appreciation of neoclassical economics by members of the MPS evolved over time, partially reflecting the changing composition of the MPS, as described in the first section. From the 1970s, with the rise of neoclassical neoliberal economists *inter alia* from the Chicago and the Virginia school of public choice (including prominently Gordon Tullock and James Buchanan), the one-sided critique of mainstream economics turned into an internal methodological debate, which culminated in 1996 with a highly interesting panel on the *methodenstreit*.

The *methodenstreit* panel, and more generally the internal pluralism characterizing the MPS concerning economic methodology, had been introduced in the following way by Pascal Salin in his presidential address "*Who are we? Where are we ?*": "Our common understanding of the importance of man's mind in society certainly protects us against the risk of forgetting the true foundation of our social theories, and of adopting, more or less explicitly, a collectivist approach. However, *within our common domain of ideology, important divergences do exist between us, among which the most important one may be the methodology one is adopting*".¹²³

Indeed, sharing a common ideology does not preclude methodological divergence among MPS scholars and one striking finding of this research is that several Mont Pèlerin Members considered these differences as a strength.

1.1. The 1996 methodenstreit panel

At the Vienna MPS meeting (1996), a whole session was devoted to the 'methodenstreit' between Austrian and Neo-classical economics. Two papers (by Erich W. Streissler and Sherwin Rosen

¹²² Van Horn and Mirowski, 'The Rise of the Chicago School'.

¹²³ Salin, 'Who Are We? Where Are We?'

respectively) and two commentary papers (by Jesús Huerta de Soto and Leland B. Yeager) are to be found in the archives. While the four papers stress differences in methods existing between these two strands, not all conceptualize them as a genuine method dispute (and certainly not a methodological dispute of the magnitude that once opposed Carl Menger and Gustav von Schmoller, the leader of the German Historical School). In fact, the two papers presented were defending a certain complementarity between the two methods, justifying the legitimate existence of this pluralism within the society.

Streissler, brings up the conflict between Austrians and neoclassic to the former opposition between Smith (dispersed knowledge and evolutionist perspective) and Ricardo (reductionist, simplifying assumption in order to enable quantification, static).¹²⁴ While highlighting the differences between the two traditions - such as the notion of representative individual introduced by Marshall who revived the Ricardian tradition and was abhorred by the Austrian economists - the author also stresses that Austrian economists had a long lasting impact on the development of neoclassical economics by having inspired Robins' definition of economics as a science of behavioral choice. To Streissler, Austrian and neoclassical economics are thus not enemies but *complement* each other, Austrian economics being able to 'export' other fruitful concepts or approaches to neo-classical economics in the future. "*I cannot see any Methodenstreit ... I much see methods appropriate to the examination of different questions*", Streissler wrote.¹²⁵

On the neoclassical side, the Chicago economist Sherwin Rosen, in a paper titled "Austrian and Neoclassical Economics: Any Gains from Trade?", raised a similar point. "Though the rhetoric sometimes gets out of hand, Austrian and neoclassical approaches to economics can't really be adversarial because they aren't mutually exclusive", Rosen stressed.¹²⁶ To him, neoclassical economics' strength is its empirical content and policy relevance: "It accounts for why so few Austrians are found in the professional economics community today. That approach basically excludes most of the things that most economists do" (Rosen 1996: 6).¹²⁷ Austrian economics is complementary with neoclassical economics for, besides 'sharp definitions' of quantifiable concepts, it provides it with a *theory of entrepreneurship*. Indeed, "entrepreneurs are not to be found in neoclassical economics. The term does not appear in the indexes of the main graduate texts on economic theory, nor is the concept mentioned in any context or under a different name" (Rosen 1996: 7). This absence stems from neoclassical economics focus on equilibrium and assumptions of full information, while "Entrepreneurship is a disequilibrium phenomenon" (ibid).

At the end of his paper, Rosen also provocatively suggested that neoclassical economics' dominance was explained by its successes. Might the market of ideas have spoken? That neoclassical economics' dominance ensues from its intrinsic worth and might be indicative of its value is severely criticized by the two commentary papers. Hence, and after having recalled the 'undue' marginalisation of Austrian economists within the discipline (e.g. in terms of access to journals and training), Yeager criticized

¹²⁴ Streissler, 'Methodenstreit: The Austrian vs. Neo-Classical Approaches to Economics'.

¹²⁵ Streissler., 9, emphasis in the original

¹²⁶ Rosen, 'Austrian and Neoclassical Economics: Any Gains from Trade?', p. 1

¹²⁷ Rosen, p. 6

Rosen's application of a market metaphor to science.¹²⁸ First, he rejected the idea that there was such a thing as a market for ideas. Secondly, he stressed that markets have never been meant to arbitrate between and defend values. To explain the neoclassical dominance, he rather turned to Ayn Rand's sociological – not epistemological - concept of second-handism, i.e. "taking one's value from other people, especially people thought to be successful, admired, and well-connected".¹²⁹ Though Rosen had conceded him part of the argument explaining the neoclassical dominance (over Austrian economics): "No doubt 'monopolistic' elements appear in the intellectual marketplace. The strong grip that Keynesian ideas held on economics as examples of why the 'long-run' is a necessary qualifier in the statement above".¹³⁰

The 'conciliatory' perspective defended by Rosen and Streissler was vigorously opposed by **De Soto, which thus offered the most radical view** in his commentary paper.¹³¹ Not just methodological differences, but a genuine conflict has according to him rocked the MPS with regard to economics: "the *Methodenstreit* has been taking place since the beginnings of the Austrian School until today and has affected and continues to affect very significantly the development of economic science".¹³² In fact, although only one panel was dedicated to the question, the opposition between neoclassical and Austrian economists had indeed a recurrent theme within the society. Other methodological debates that can be found in the archives.¹³³ For instance, Mark Skousen, an American 'second hand dealer of idea' economists, wrote in an article for the Foundation for Economic Education (FEE), "At every MPS meeting, a debate develops between the two schools of free-market economics: the Austrians (followers of Ludwig von Mises) and the Chicago school (followers of Milton Friedman)". Indeed, Austrian and neoclassical economists have a long history in terms of debates, which de Soto recalls starting with the consideration for time in economic analysis, opposing Böhm-Bawerk's, the holder of a dynamic conception of the economy, to John B. Clark's equilibrium based and thus static economics in the late 19 century, a controversy that was pursued by Frank H. Knight and Hayek in the 1930s (dynamic vs. static equilibrium based economics).¹³⁴

1.2. When methodology touches politics and ideology

A Social engineering approach - In fact, not only with regard to economics epistemology and methodology, but also concerning politics is the neoclassical school problematic from de Soto's (1996) point of view. He for instance criticized Knight for having stated that "socialism is a political problem to be discussed in terms of social and political psychology, and economic theory has relatively little to say about it".¹³⁵ For Austrian theorists, economic theory has a lot to say about what constitutes their central political question: the theoretical (im)possibility of socialism. In that controversy, De Soto puts Socialists, Keynes and neoclassicals on the same side of the debate: the contradictors of Mises, Hayek

¹²⁸ Yeager, 'Austrian Economics and Neoclassical Self-Congratulation (Comment on Professor Rosen's Paper and Incidentally on Professor Streissler's).'

¹²⁹ Yeager, p. 6

¹³⁰ Rosen, 'Austrian and Neoclassical Economics: Any Gains from Trade?', 9

¹³¹ de Soto, 'The Ongoing Methodenstreit of the Austrian School. Comment on Profs. Rosen's and Streissler's Papers'.

¹³² de Soto., p. 12, emphasis in the original

¹³³ Kirzner, 'Methodological Individualism, Market Equilibrium, and Market Process'.

¹³⁴ de Soto, 'The Ongoing Methodenstreit of the Austrian School. Comment on Profs. Rosen's and Streissler's Papers'.

¹³⁵ de Soto., p. 17

and Mayer who defended the impossibility of socialism (each on different grounds, but all based on a subjectivist and dynamic approach towards economics). The market socialist debate had opposed the three aforementioned Austrians to the ‘market-socialists’ (Fred Taylor, Henry Dickinson, Abba Lerner and Oskar Lange). The Austrian camp claimed the theoretical and/or practical impossibility of a functioning economy without prices playing the role of informational channels enabling to arbitrate and coordinate production decisions. Market socialists argued for an organisation of the economy combining the presence of prices and markets with the state ownership of the means of production. Streissler also recalled that General competitive equilibrium theory can be used as an argument for socialism.¹³⁶

Besides, neoclassical economics is accused of adopting a ‘social engineering approach’, which to de Soto at the same time explain its success in policy circles and its deceptive outcome from a neoliberal point of view. “the neoclassical methodology ... always ends up justifying coercive measures of intervention”, he wrote.¹³⁷ This equally applies to those that De Soto refers to as “our Chicago allies”¹³⁸: “the neoclassical theorists who want to be libertarians, specifically our distinguished allies of the School of Chicago, are often victims of what we could call the ‘paradox of the libertarian ‘social engineer’: effectively, they fully share the scientific paradigm of the neoclassical social engineers and, at the same time, try to justify, with the same analytical perspective and instruments, supposedly more ‘libertarian’ policies, which are frequently in contradiction with the essential principles of freedom. In the long run, they end up, often without realizing it or wanting to, encouraging the institutional coercion which is typical of State intervention”.¹³⁹ Since “the neoclassical-positivist methodology has often ended up by becoming the ‘intellectual cover of socialism” and given Austrian economics superior track record in terms of predictions (for having predicted the impossibility of socialism), De Soto thus openly advocated “the maximum number of freedom-loving scientists possible” to join it.¹⁴⁰

1.3. Economics as an “ideological weapon”

Ideology as cement in a context of internal pluralism (both in terms of the scientific methodology adopted and public policies) – Recent historiography of neoliberalism has stressed the internal pluralism of neoliberalism.¹⁴¹ This might raise the question: what tied the MPS members together? Pascal Salin’s presidential address at the 1996 MPS conference in Vienna is quite explicit with this regard. Behind the closed doors of the MPS, Pascal Salin is very eager to admit that *bearing a common ideology* is what ties together MPS members: “We are often viewed as ideological and our critics are eager to suggest that our beliefs are distorted by this ideological bias. But those who spurn ideology are either people who believe – explicitly or implicitly – in another ideology, or people who disregard the importance of ideas and, being ignorant of the fact that there is no action without thought, advocate some kind of brainless pragmatism. It should be made clear that we do have an ideology, namely a set of principles without which any statement is nothing but a refusal to think. There cannot be scientific achievements without a set of accepted principles of standards; there cannot be

¹³⁶ Streissler, ‘Methodenstreit: The Austrian vs. Neo-Classical Approaches to Economics’.

¹³⁷ de Soto, ‘The Ongoing Methodenstreit of the Austrian School. Comment on Profs. Rosen’s and Streissler’s Papers’.

¹³⁸ de Soto, p. 26

¹³⁹ de Soto., p. 27

¹⁴⁰ de Soto., p. 27 and 30 respectively

¹⁴¹ Audier, *Penser Le ‘Néolibéralisme’*; Mirowski and Plehwe, *The Road from Mont Pèlerin*.

meaningful knowledge and, hence, no efficient action, without a theory".¹⁴² Not only is the presence of an ideology admitted, but it is also explicated: "Our ideology is quite obvious, it is individualism and there is certainly no dispute about this in our Society"¹⁴³.

Strategy - Having openly recognised the ideology, what about the strategies deployed to further advance it? which role does neoclassical economics play in it? One of the most explicit segments about the instrumental use as ideological weapon is to be found in Henri Lepage's intervention at the exceptional 1981 special meeting of the MPS in Sweden. Henri Lepage is a French economist and 'second-hand dealer of idea' who is very active in liberal think tank circles among others in France and Belgium.¹⁴⁴ Writing in 1981 — Henri Lepage declared himself "Pessimistic for the short and medium term. Optimistic for the longer term".¹⁴⁵ In the short run, François Mitterrand had just been elected French prime minister. To Lepage, aside from antisemitism, the "new socialist rules" were very close to nothing less than "the programs and slogans of the 'national socialists' of the inter war period".¹⁴⁶ Yet, more optimism was to be found in the long run, according to Henri Lepage, and this for three reasons: the changing trends in the 'market of ideas' (which might seem paradoxical since to Lepage, Mitterrand's victory had precisely to be imputed to the dominance of Marxist ideas in the cultural and educational spheres), the emergence of New Economics as a remarkable intellectual and ideological tool in the battle of ideas, and its success among the educated youth.

Let me detail these two last points. Lepage mentioned the "New Economics" (*la nouvelle économie*) as "an intellectual and ideological tool of a remarkable dialectic efficiency".¹⁴⁷ By New Economics and in a telegraphic style, Lepage referred to "the intellectual and scientific recovering that swells from the addition of 'Chicago positivism + Austrian subjectivism + Libertarian constructivism'".¹⁴⁸ Lepage then went on describing his fascination for New Economics as constituting a "discipline of thought" providing "a method of thought making it possible to prepare a genuine anti-dialectic able to compete with the most expert Marxists".¹⁴⁹ Besides, not only is there a new tool, but this tool also receives an attentive ear from an "especially receptive public": the young. In particular, Lepage continues, "the young now leaving university with a strongly Marxist impregnated culture".¹⁵⁰ Reflecting on his own personal experience, Lepage then stressed that "it is apparently easier to speak 'new economics' to young people conditioned by Marxist intellectual frameworks than to traditional types of liberals first and foremost motivated by pure ethical choices".¹⁵¹ Even though Lepage does not stress this point, it is quite clear that his use of the word 'youth' refers to university educated youth. Lepage also made

¹⁴² Salin, 'Who Are We? Where Are We?', p. 3

¹⁴³ End of the quote: "As Ayn Rand put it, you can learn much on societies by considering individuals, but you can learn nothing about individuals by studying 'societies' [note: that can also be understood as a methodological principle]. These two approaches of social phenomena – the individualistic and the collectivist one – cannot be reconciled" (ibid)

¹⁴⁴ Bouckaert, *Boudewijn Bouckaert*.

¹⁴⁵ Lepage, 'The Open Society and the Welfare Trap', 1981., p. 9

¹⁴⁶ Lepage., p. 9

¹⁴⁷ Lepage., p. 10

¹⁴⁸ ibid

¹⁴⁹ Ibid, p. 11

¹⁵⁰ ibid

¹⁵¹ ibid

clear that this was a strategic issue: “We must be aware of these affinities so as to be in a position to fully exploit them”.¹⁵²

As a matter of conclusion, Lepage thus states that “the ground is now more ripe for an ideological reconquest of the market for ideas.¹⁵³ At the same time, he also warns how deeply imbued into “leftist sensibilities” the predominant culture still is, despite the “wind turning”. This, to Lepage, calls for theoretical developments lasting beyond mere economics and including political and moral philosophy: “If we want to capitalize on the new ideological availability of the young, it is essential that we adapt ourselves to these new sensibilities. This is why I shall conclude by saying that beyond the usual discussions on the welfare state and its misdeeds, it appears essential to me that we centre our efforts more on rediscovering the roots of an authentic ‘libertarian’ philosophy. The young expect us to speak more of political or moral philosophy, and less of economy in the strict sense”.¹⁵⁴

4. Conclusion

Drawing on two types of sources, the simple equation of neoliberalism and neoclassical economics established by certain critiques either of neoliberalism or of neoclassical economics (e.g. Bourdieu; Harvey; Christensen) has been questioned in this essay from two perspectives: 1) that of the evolution of economics as a scientific discipline and 2) the insider’s perspective of MPS members.¹⁵⁵ Following Arnsperger and Varoufakis, neoclassical economics has been characterized through three main components: methodological individualism, methodological instrumentalism and methodological equilibration.¹⁵⁶ While its roots are to be located in the marginalist revolution, it has been recalled that only in the post-war period did neoclassical economics progressively became dominant within the discipline which was simultaneously going through a process of unification. The MIT department of economics (and management) as well as the Cowles commission proved to be crucial in that endeavor. Yet, it would be difficult to consider them as being neoliberals since when its members were politicized, they were predominantly Keynesian or socialist. Thereby I first insisted that *neoliberal economists were not the main proponents of neoclassical economics when neoclassical economics gradually became dominant within the discipline, during the post-second-world war period.*

Neoliberalism has been apprehended as a *sui generis* ideology that gradually emerged from the 1930s in a context of the crisis of liberalism and gave rise to an organized network of like-minded actors involved in rethinking and reinvigorating liberalism. One key step was the creation in 1947 of the MPS.¹⁵⁷ A new multidisciplinary research centre focused on defending liberal values was created at the university of Chicago, as a part of the same effort, orchestrated by Hayek and Herbert Simons (before

¹⁵² Ibid

¹⁵³ Ibid, p. 11-12

¹⁵⁴ Ibid, p. 13

¹⁵⁵ Bourdieu, ‘The Essence of Neoliberalism’; Christensen, *The Power of Economists within the State*; Harvey, *A Brief History of Neoliberalism*.

¹⁵⁶ Arnsperger and Varoufakis, ‘What Is Neoclassical Economics? The Three Axioms Responsible for Its Theoretical Oeuvre, Practical Irrelevance and, Thus, Discursive Power’.

¹⁵⁷ Audier, *Néo-Libéralisme(s)*; Boas and Gans-Morse, ‘Neoliberalism’; Mirowski and Plehwe, *The Road from Mont Pèlerin*; Mudge, ‘What Is Neo-Liberalism?’

he committed suicide) and financed by similar patrons: the Volker Fund.¹⁵⁸ Soon, the just born Chicago school will become the main market-oriented centre for economics.¹⁵⁹ Other ‘offsprings’ of the Chicago school should also be mentioned, including the Virginia School of economics.

In the second part of this work, that taking the insider perspective of the MPS, a similar pattern is followed. First, the inappropriateness of equating neoliberalism and neoclassical economics is illustrated by the presence of a methodological debate between Austrian and Neo-classical economists. This enabled me to show that *the neoliberal thought collective, apprehended as the members of the MPS was divided about neoclassical economics*. Then the explicit recognition by Henri Lepage of its use of a specific variety of economics, which he labelled the “New Economics”, as an “ideological weapon” to conquer the mind of the youth is pointed to as a very interesting example of explicit recognition of the strategic use of a certain variety of economics in order to legitimise and diffuse the neoliberal ideology.¹⁶⁰ Combined with the historical section on the neoliberal turn within economics, especially that of the Chicago School as has been narrated by Van Horn and Mirowski this enabled me to stress that *a certain variety of economics was used as an “ideological weapon” by self-proclaimed neoliberals*.¹⁶¹

From this work, three additional conclusions are drawn.

Neoliberal economics as a more useful category - The link between neoliberalism and neoclassical economics is not as linear as sometimes suggested by its critiques. While one might have (other) good reasons to criticize the mathematization of economics, certain of its hypothesis, mode of reasoning or its lack of pluralism. There is no reason to think that neo-classical economics is necessary neoliberal and conversely, that neoliberal economics is necessarily neoclassical. Therefore, I would like to suggest that if one is interested in understanding or criticizing the legitimation of neoliberalism by economic theory, focusing on neoclassical economics might not be the most appropriate. Indeed, I strongly believe that further analysis would show that there is no necessary relation between the key component of neoclassical economics and neoliberalism. I would insist that this holds when understanding neoclassical economics in a broad (methodological individualism, methodological instrumentalism and methodological equilibration) or in a narrow sense (adding assumptions various assumptions related to rationality, selfishness, Pareto-optimality, information).

Pluralism is an asset for neoliberalism – More than the existence of the debate between Austrians and Neo-classical economists (which is in fact well known and documented in the literature), some elements of the discussion provides very interesting hypothesis to explain the neoliberalism’ strength, that would deserve to be explored in further research. The four papers presented during the Methodenstreit panel of the 1996 MPS discussed the possibility of epistemological complementarity between the Austrian and neoclassical economics: they enable to explain different things (without all agreeing on that point). However, the intellectual production of MPS members from a neoclassical and Austrian background seem complementary with another regard: the diffusion of what tied MPS

¹⁵⁸ Van Horn and Mirowski, ‘The Rise of the Chicago School’.

¹⁵⁹ Backhouse, ‘The Rise of Free Market Economics’.

¹⁶⁰ Lepage, ‘The Open Society and the Welfare Trap’, 1981.

¹⁶¹ Van Horn and Mirowski, ‘The Rise of the Chicago School’.

members together, what Pascal Salin, then president of the MPS, called an *ideology*.¹⁶² Concurring with previous findings in the literature, I thus want to suggest here internal pluralism might well prove to be an asset rather than an obstacle for the diffusion of neoliberalism.¹⁶³ Very illustrative with this regard, is the intervention of Henri Lepage who, as a ‘second hand dealer of idea’ explains how the aggregation and merge of elements coming from the two sides of the ‘methodenstreit’, namely Chicago positivism and Austrian subjectivism, as well as ‘Libertarian constructivism’, proved “remarkable” to build what he called “an intellectual and ideological tool of a remarkable dialectic efficiency”.¹⁶⁴ Let me further elaborate this point by turning again to the history of economics as a discipline.

Where does this complementarity lies? Neo-classical and Austrian economics offers a very different assets to diffuse the neoliberal ideology. On the one hand, neoclassical economics being part of mainstream economics, of ‘what economists do’, it might have any chance of being adopted first by other economists and secondly in (more technical) policy circles, such as the Council of Economic Advisors. This I believe might not be the case of Austrian economics. With this regard, Rosen who stated that because they exclude “most of the things that most economists do” (at least partially) explains “why so few Austrians are found in the professional economics community today”.¹⁶⁵ Pushing that argument, it is interesting to notice that Keynesian economists were key in institutionalising professional economics within the state and were at some point in time (although with geographical variations) the dominant hegemony. As Rosen said, “No doubt ‘monopolistic’ elements appear in the intellectual marketplace”. He also stressed “The strong grip that Keynesian ideas held on economics”.¹⁶⁶ One of the victories of neoliberal neoclassical economists might well have to have been able to articulate and blend their economic theories with that of other economists who did not necessarily share their political views, transforming a body of economic theory that had previously be transformed at their advantage by others. Might it be that only an economic theory with sufficient methodological and epistemological similarities could have made its way in such environment?

On the other hand, and precisely because it is an ‘social-engineering approach’ neo-classical economics is not particularly rich, convincing and appealing in terms of philosophy and ontology. In other words, what constitute a quality for being accepted in the council of economic advisers is not one for developing into a popular philosophy, which is equally important and was very well understood by Henri Lepage who finished his intervention by stating that “The young expect us to speak more of political or moral philosophy, and less of economy in the strict sense”.¹⁶⁷ Austrian economics (as well as libertarianism in fact) does just that. For instance, Austrian economics provided a *theory of entrepreneurship* which is nowhere to be find in neoclassical economics will proved to be crucial for the diffusion of neoliberalism.

¹⁶² Salin, ‘Who Are We? Where Are We?’

¹⁶³ Plehwe, Neujeffski, and Krämer, ‘Saving the Dangerous Idea’.

¹⁶⁴ Lepage, ‘The Open Society and the Welfare Trap’, 1981, p. 10

¹⁶⁵ Rosen, ‘Austrian and Neoclassical Economics: Any Gains from Trade?’, p. 6

¹⁶⁶ Rosen., p. 9

¹⁶⁷ Lepage, ‘The Open Society and the Welfare Trap’, 1981., p. 13

5. Bibliography

- Andersson, Jenny. 'Planning the Future of World Markets: The OECD's Interfutures Project'. In *Planning in Cold War Europe*, edited by Michel Christian, Sandrine Kott, and Ondrej Matejka, 315–44. Berlin, Boston: De Gruyter, 2018. <https://doi.org/10.1515/9783110534696-015>.
- . 'The Future of the Western World: The OECD and the Interfutures Project'. *Journal of Global History* 14, no. 1 (March 2019): 126–44. <https://doi.org/10.1017/S1740022818000384>.
- Arnsperger, Christian, and Yanis Varoufakis. 'What Is Neoclassical Economics? The Three Axioms Responsible for Its Theoretical Oeuvre, Practical Irrelevance and, Thus, Discursive Power'. *Panoeconomicus* 53, no. 1 (2006): 5–18.
- Aspromourgos, Tony. 'On the Origins of the Term "Neoclassical"'. *Cambridge Journal of Economics* 10, no. 3 (September 1986): 265–70. <https://doi.org/10.1093/oxfordjournals.cje.a034999>.
- Audier, Serge. *Néo-Libéralisme(s): Une Archéologie Intellectuelle*. Mondes Vécus. Paris: Bernard Grasset, 2012.
- . *Penser Le 'Néolibéralisme': Le Moment Néolibéral, Foucault et La Crise Du Socialisme*. Latresne: Le Bord de l'eau, 2015.
- Backhouse, R. E. 'The Rise of Free Market Economics: Economists and the Role of the State since 1970'. *History of Political Economy* 37, no. Suppl 1 (1 January 2005): 355–92.
- Backhouse, Roger. 'Paul A. Samuelson and the Neoclassical Synthesis'. *SSRN Electronic Journal*, 2014. <https://doi.org/10.2139/ssrn.2782538>.
- . 'The Neoclassical Synthesis and the Emergence of Heterodox Economics'. *SSRN Electronic Journal*, 2014. <https://doi.org/10.2139/ssrn.2782545>.
- . *The Penguin History of Economics*. London New York Victoria: Penguin Books, 2002.
- Backhouse, Roger E, and Bradley W Bateman. 'A Cunning Purchase: The Life and Work of Maynard Keynes'. *The Cambridge Companion to Keynes* 1 (2006).
- Backhouse, Roger E, Bradley W Bateman, and Axel Leijonhufvud, eds. 'Keynes as a Marshallian'. In *The Cambridge Companion to Keynes*. Cambridge University Press, 2006.
- Backhouse, Roger E, and Steven G Medema. 'Retrospectives: On the Definition of Economics'. *Journal of Economic Perspectives* 23, no. 1 (2009): 221–33.
- Bateman, Bradley W. 'Keynes and Keynesianism'. In *The Cambridge Companion to Keynes*, edited by Roger E Backhouse and Bradley W Bateman, 271–90. Cambridge University Press, 2006.
- Blaug, Mark. *Economic Theory in Retrospect*. 5th ed. Cambridge ; New York: Cambridge University Press, 1997.
- . 'The Formalist Revolution of the 1950s'. *Journal of the History of Economic Thought* 25, no. 2 (2003): 145–56.

- Boas, Taylor C., and Jordan Gans-Morse. 'Neoliberalism: From New Liberal Philosophy to Anti-Liberal Slogan'. *Studies in Comparative International Development* 44, no. 2 (1 June 2009): 137–61.
- Bockman, Johanna. *Markets in the Name of Socialism: The Left-Wing Origins of Neoliberalism*. Stanford, California: Stanford University Press, 2011.
- Bouckaert, Boudewijn. *Boudewijn Bouckaert: 200 Jaar Universiteit Gent, 50 Jaar Eigen Kijk. Autobiografisch Werk*. Leuven: Acco, 2017.
- Boumans, Marcel J. 'Econometrics: The Keynes-Tinbergen Controversy'. *SSRN Electronic Journal*, 2015. <https://doi.org/10.2139/ssrn.2565355>.
- Bourdieu, Pierre. 'The Essence of Neoliberalism'. 1998, Le Monde Diplomatique edition.
- Brittain, Samuel. 'Keynes's Political Philosophy'. In *The Cambridge Companion to Keynes*, edited by Roger E Backhouse and Bradley W Bateman, 198. Cambridge University Press, 2006.
- Burgin, Angus. *The Great Persuasion: Reinventing Free Markets since the Depression*. Cambridge, Mass: Harvard University Press, 2012.
- Cahill, Damien, Melinda Cooper, Martijn Konings, and David Primrose, eds. *The SAGE Handbook of Neoliberalism*, 2018.
- Cahill, Damien, and Elizabeth Humphrys. 'Rethinking the "Neoliberal Thought Collective" Thesis'. *Globalizations*, 8 January 2019, 1–18. <https://doi.org/10.1080/14747731.2018.1560182>.
- Cerny, Philip G. 'Embedding Neoliberalism: The Evolution of a Hegemonic Paradigm'. *The Journal of International Trade and Diplomacy* 2, no. 1 (2008): 1–46.
- Cherrier, B. 'Toward a History of Economics at MIT, 1940-72'. *History of Political Economy* 46, no. Supplement 1 (1 January 2014): 15–44. <https://doi.org/10.1215/00182702-2716100>.
- Cherrier, B., and Andrej Svorenčik. 'Defining Excellence: Seventy Years of the John Bates Clark Medal', 2017.
- Christensen, Johan. *The Power of Economists within the State*. Stanford, California: Stanford University Press, 2017.
- Cohen, Avi J, and Geoffrey C Harcourt. 'Retrospectives: Whatever Happened to the Cambridge Capital Theory Controversies?' *Journal of Economic Perspectives* 17, no. 1 (2003): 199–214.
- Colander, David, Richard Holt, and Barkley Rosser Jr. 'The Changing Face of Mainstream Economics'. *Review of Political Economy* 16, no. 4 (2004): 485–99.
- Cook, Simon. 'Late Victorian Visual Reasoning and Alfred Marshall's Economic Science'. *The British Journal for the History of Science* 38, no. 2 (2005): 179–95.
- Crouch, Colin. *The Strange Non-Death of Neo-Liberalism*. Polity, 2011.
- Dardot, Pierre, and Christian Laval. *Nouvelle Raison Du Monde*. La Découverte., 2010.

- . *Nouvelle Raison Du Monde*. La Découverte., 2010.
- Debreu, Gérard. 'Foreword: Economics in a Mathematics Colloquium'. In *Karl Menger*, 1–4. Springer, 1998.
- Dostaler, Gilles. *Keynes et La Politique*. Laboratoire d'étude et de recherche sur l'économie, les politiques et les ..., 2001.
- Dunn, Bill. 'Against Neoliberalism as a Concept'. *Capital & Class* 41, no. 3 (2017): 435–54.
- Fabricant, Solomon. *Toward a Firmer Basis of Economic Policy: The Founding of the National Bureau of Economic Research*. National Bureau of Economic Research, 1984.
- Flew, Terry. 'Six Theories of Neoliberalism'. *Thesis Eleven* 122, no. 1 (2014): 49–71.
- Fourcade, Marion. *Economists and Societies: Discipline and Profession in the United States, Britain, and France, 1890s to 1990s*. Princeton University Press, 2009.
- . 'The Construction of a Global Profession: The Transnationalization of Economics'. *American Journal of Sociology* 112, no. 1 (2006): 145–94.
- Gallie, W. B. 'Essentially Contested Concepts'. *Proceedings of the Aristotelian Society* 56 (1955): 167–98.
- Gamble, Andrew. 'Neo-Liberalism'. *Capital & Class* 25, no. 3 (October 2001): 127–34. <https://doi.org/10.1177/030981680107500111>.
- Hagemann, Harald. 'Ordoliberalism, the Social Market Economy, and Keynesianism: Germany after 1945 Harald Hagemann'. In *New Labour and Neoliberalism*, edited by Roger Backhouse, Bradley Bateman, Tamotsu Nishizawa, and Dieter Plehwe. New York: Oxford University Press, 2017.
- Hall, Peter A., ed. *The Political Power of Economic Ideas: Keynesianism across Nations*. Princeton, N.J.: Princeton University Press, 1989.
- Harvey, David. *A Brief History of Neoliberalism*. Reprinted. Oxford: Oxford Univ. Press, 2011.
- Hay, Colin. 'The Normalizing Role of Rationalist Assumptions in the Institutional Embedding of Neoliberalism'. *Economy and Society* 33, no. 4 (November 2004): 500–527. <https://doi.org/10.1080/0308514042000285260>.
- Hayek, Friedrich August. 'The Intellectuals and Socialism'. *The University of Chicago Law Review* 16, no. 3 (1949): 417–33.
- . *The Road to Serfdom: Text and Documents: The Definitive Edition*. Vol. 2. Routledge, 2014.
- Hicks, J. R. 'Leon Walras'. *Econometrica* 2, no. 4 (October 1934): 338. <https://doi.org/10.2307/1907106>.
- . 'Marginal Productivity and the Principle of Variation'. *Economica*, no. 35 (February 1932): 79. <https://doi.org/10.2307/2548977>.

- . ‘Mr. Keynes and the “Classics”; A Suggested Interpretation’. *Econometrica* 5, no. 2 (April 1937): 147. <https://doi.org/10.2307/1907242>.
- Hirschman, Albert O. ‘How Keynes Was Spread from America’. *Challenge* 31, no. 6 (1988): 4–7.
- Hodgson, Geoffrey M. ‘Alfred Marshall versus the Historical School?’ *Journal of Economic Studies*, 2005.
- Holt, Richard PF, J Barkley Rosser Jr, and David Colander. ‘The Complexity Era in Economics’. *Review of Political Economy* 23, no. 3 (2011): 357–69.
- Hoover, Kevin. ‘Doctor Keynes: economic theory in a diagnostic science’. In *The Cambridge Companion to Keynes*, edited by Roger E Backhouse and Bradley W Bateman. Cambridge University Press, 2006.
- Jaffé, William. ‘Menger, Jevons and Walras De-Homogenized’. *Economic Inquiry* 14, no. 4 (1976): 511–24.
- Jevons, William Stanley. *The Theory of Political Economy*. SENTRY PRESS. 1871. Reprint, New York, NY: Macmillan, 1967.
- Kayzel, Tom. ‘A Night Train in Broad Daylight: Changing Economic Expertise at the Dutch Central Planning Bureau 1945 – 1977’. *Conference Paper Workshop ‘Building the Neoliberal Welfare State’ University of Amsterdam, 27-28 June 2019*, 2019.
- Keynes, John Maynard. ‘The End of Laissez-Faire’. In *Essays in Persuasion*, by John Maynard Keynes, 272–94. 1926. Reprint, London: Palgrave Macmillan UK, 2010.
- . *The General Theory Of Employment, Interest And Money*. Vol. 7. The Collected Writings of John Maynard Keynes. 1936. Reprint, Cambridge [England]: Cambridge University Press for the Royal Economic Society, 2013.
- Kirzner, I. M. ‘Methodological Individualism, Market Equilibrium, and Market Process’, 30, 1967.
- Laidler, David. *Fabricating the Keynesian Revolution: Studies of the Inter-War Literature on Money, the Cycle, and Unemployment*. Cambridge University Press, 1999.
- Lange, Oskar. ‘On the Economic Theory of Socialism: Part One’. *The Review of Economic Studies* 4, no. 1 (October 1936): 53. <https://doi.org/10.2307/2967660>.
- Lepage, Henri. ‘The Open Society and the Welfare Trap’, 6. Liberaal Archief in Ghent, General Meeting Files (1947-1998), 1981.
- . ‘The Open Society and the Welfare Trap’, 13. Liberaal Archief in Ghent, General Meeting Files (1947-1998), 1981.
- Mankiw, N. Gregory. *Principles of Economics*. 9th edition. Boston, MA: Cengage Learning, 2019.
- Marshall, Alfred. ‘The Old Generation of Economists and the New’. *The Quarterly Journal of Economics* 11, no. 2 (January 1897): 115. <https://doi.org/10.2307/1882124>.

- McCluskey, Martha T. 'Efficiency and Social Citizenship: Challenging the Neoliberal Attack on the Welfare State'. *Ind. LJ* 78 (2003): 783.
- Menger, Carl. *Principles of Political Economy*. Ludwig von Mises Institute., 2007.
- Mirowski, Philip. *Machine Dreams: Economics Becomes a Cyborg Science*. Cambridge ; New York: Cambridge University Press, 2002.
- . 'The Political Movement That Dared Not Speak Its Own Name: The Neoliberal Thought Collective Under Erasure'. *INET*, 2014, Working Paper No. 23 edition.
- Mirowski, Philip, and Dieter Plehwe, eds. *The Road from Mont Pèlerin: The Making of the Neoliberal Thought Collective*. Cambridge, Mass: Harvard University Press, 2009.
- Modigliani, Franco. 'Liquidity Preference and the Theory of Interest and Money'. *Econometrica, Journal of the Econometric Society*, 1944, 45–88.
- Morgan, M. S., and M. Rutherford. 'American Economics: The Character of the Transformation'. *History of Political Economy* 30, no. Supplement (1 January 1998): 1–26. <https://doi.org/10.1215/00182702-30-Supplement-1>.
- Morgan, Mary S. *The World in the Model: How Economists Work and Think*. Cambridge; New York: Cambridge University Press, 2012. <http://proxy.uqtr.ca/login.cgi?action=login&u=uqtr&db=ebsco&ezurl=http://search.ebscohost.com/login.aspx?direct=true&scope=site&db=nlebk&AN=473228>.
- Mudge, Stephanie Lee. 'What Is Neo-Liberalism?' *Socio-Economic Review* 6, no. 4 (2008): 703–31.
- Nik-Khah, Edward. '33 George J. Stigler'. *The Elgar Companion to the Chicago School of Economics*, 2010, 337.
- Offer, Avner, and Gabriel Söderberg. *The Nobel Factor: The Prize in Economics, Social Democracy, and the Market Turn*. Princeton University Press. Princeton, 2017.
- Plehwe, Dieter. 'Introduction'. In *The Road from Mont Pèlerin: The Making of the Neoliberal Thought Collective*, edited by Philip Mirowski and Dieter Plehwe, 1–44. Cambridge, Mass: Harvard University Press, 2009.
- . 'Transnational Discourse Coalitions and Monetary Policy: Argentina and the Limited Powers of the "Washington Consensus"'. *Critical Policy Studies* 5, no. 2 (2011): 127–48.
- Plehwe, Dieter, Moritz Neujeffski, and Werner Krämer. 'Saving the Dangerous Idea: Austerity Think Tank Networks in the European Union'. *Policy and Society* 0, no. 0 (7 February 2018): 1–18. <https://doi.org/10.1080/14494035.2018.1427602>.
- Plehwe, Dieter, and Bernhard Walpen. 'Between Network and Complex Organization The Making of Neoliberal Knowledge and Hegemony'. In *Neoliberal Hegemony: A Global Critique*, edited by Dieter Plehwe, Bernhard Walpen, and Gisela Neunhöffer. Routledge/RIPE Studies in Global Political Economy 18. London ; New York: Routledge, 2006.

- Prakash Loungani, Ostry, and Davide Furceri. 'Neoliberalism: Oversold?' *Imf Finance & Development* 53, no. 2 (June 2016).
- Reder, Melvin W. 'Chicago Economics: Permanence and Change'. *Journal of Economic Literature* 20, no. 1 (1982): 1–38.
- Robbins, Lionel. *An Essay on the Nature and Significance of Economic Science*. MACMILLAN AND CO., London, 1932.
- Rorty, Richard. 'The Historiography of Philosophy: Four Genres'. In *Philosophy in History: Essays on the Historiography of Philosophy*, edited by Richard Rorty, J. B. Schneewind, and Quentin Skinner. Ideas in Context. Cambridge [Cambridgeshire] ; New York: Cambridge University Press, 1984.
- Rosen, S. 'Austrian and Neoclassical Economics: Any Gains from Trade?', 9, 1996.
- Salin, Pascal. 'Who Are We? Where Are We?', 10. Liberaal Archief in Ghent, General Meeting Files (1947-1998), 1996.
- Schmidt, Vivien A, and Mark Thatcher. 'Theorizing Ideational Continuity: The Resilience of Neo-Liberal Ideas in Europe', 2013.
- Slobodian, Quinn. *Globalists: The End of Empire and the Birth of Neoliberalism*. Cambridge, Massachusetts: Harvard University Press, 2018.
- Soto, J.H. de. 'The Ongoing Methodenstreit of the Austrian School. Comment on Profs. Rosen's and Streissler's Papers', 30. Liberaal Archief in Ghent, General Meeting Files (1947-1998), 1996.
- Springer, Simon, Kean Birch, and Julie MacLeavy, eds. *The Handbook of Neoliberalism*. New York: Routledge, Taylor & Francis Group, 2016.
- Stigler, George. *Production and Distribution Theories*. The Macmillan Company. 1941. Reprint, New York, 1946.
- Streissler, E. 'Methodenstreit: The Austrian vs. Neo-Classical Approaches to Economics', 9, 1996.
- Van Horn, Robert, and Philip Mirowski. 'The Rise of the Chicago School of Economics and the Birth of Neoliberalism'. In *The Road from Mont Pèlerin: The Making of the Neoliberal Thought Collective*, edited by Philip Mirowski and Dieter Plehwe. Cambridge, Mass: Harvard University Press, 2009.
- Veblen, Thorstein. 'The Preconceptions of Economic Science (III)'. In *The Place of Science in Modern Civilisation and Other Essays*, B. W. Huebsch, MCMXIX., 148–79. New York, 1919.
- . "'Why Is Economics Not an Evolutionary Science?'" In *The Place of Science in Modern Civilisation and Other Essays*, B. W. Huebsch, MCMXIX. 1898. Reprint, New York, 1919.
- Venugopal, Rajesh. 'Neoliberalism as Concept'. *Economy and Society* 44, no. 2 (2015): 165–87.
- Vroey, Michel de. *A History of Macroeconomics from Keynes to Lucas and Beyond*. New York: Cambridge University Press, 2016.

Walpen, Bernhard. *Die Offenen Feinde Und Ihre Gesellschaft. Eine Hegemoniethoretische Studie Zur MPS*. VSA-Verlag Hamburg. Hamburg, 2004.

Walras, Léon. *Elements of Pure Economics*. 1871. Reprint, London: George Allen and Unwin Ltd., for the American Economic Association and the Royal Economic Society, 1954.

Yeager, L.B. 'Austrian Economics and Neoclassical Self-Congratulation (Comment on Professor Rosen's Paper and Incidentally on Professor Streissler's)', 7, 1996.