From Ideology to Global Practice:

Capitalist Models of Development Between WW11 and the Mid-1990s

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Abstract

Focusing on the period between WW11 and the mid-1990s, this thesis follows two main themes: (a) the national and international progression from ideological models to practical models of development through debate, compromise, and the tactical positioning of intellectuals and advocates, and (b) how the models in question have gained influence in international institutions, particularly the IMF, WB, WTO, and OECD, and how models of development are further expressed, developed, and disseminated from these platforms.

The first theme evolves through critical discussion of key works by pivotal scholars who were particularly influential in this period, and the contrasts between central aspects of their distinct ideological models of national and international development. This theme is further developed via a historical narrative of political development in the U.S and to a lesser extent the U.K, which highlights the challenges facing those who seek to implement an ideological blueprint into a practical model of development. This analysis demonstrates the debate, compromise, and the tactical positioning of intellectuals and advocates which almost inevitably creates discrepancies between the ideological and practical models, and between national models based on the same ideology.

Three distinct eras of capitalist development are identified and defined by their practical model of development. It is found that each has been intentionally implemented and has clear links to ideological counterparts.

Using these distinct eras of capitalist development as guidance, the second major theme is explored through separate narratives of IMF, WB, WTO, and OECD development through the same time period. Findings demonstrate how each institution has been influenced by the U.S and the wider G7 and effectively serves as an extension of their geopolitical and economic interests, and how each has incorporated the three intentionally implemented models into its own workings. This analysis reveals a growing interconnectedness and cooperation between these institutions and shows how they have evolved into a coordinated network of knowledge producing policy advocates and enforcers. Findings also show the process of inducting nations into the policy frameworks developed within these institutions, and the embedding of nations into the global free-market economy that the supranational institutional network is responsible for.

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Abbreviations

BOP-	Balance of Payments
EEC-	European Economic Community
EFTA-	European Free Trade Agreement
ESAP-	Enhanced Structural Adjustment Program
FDI-	Foreign Direct Investment
FMP-	Free Market Project
GATS-	General Agreement on Trade and Services
IMF-	International Monetary Fund
MME-	Mixed Market Economy
MPS-	Mont Pèlerin Society
NCC-	National Capitalist Class
NE-	National Elite
NEAP-	National Environmental Action Plan
OECD-	Organisation for Economic Coordination and Development
OEEC-	Organisation for European Economic Coordination
PTA-	Preferential Trade Agreement
SAP-	Structural Adjustment Program
TRIPS-	Trade Related Intellectual Property Rights
WB-	World Bank
WTO-	World Trade Organisation

Introduction

The objective of this thesis is to provide clarity and understanding to the debate around capitalist development between WW11 and the mid-1990s. Central to this project is to clearly distinguish key ideological conceptions of capitalism, their practical adaptations, and their historical development on national and global scales. This project brings together historical, geopolitical, economic, and social discourses in a sociological philosophy that sees sociology as the integrated study of these all too often segregated and compartmentalized academic areas.

The key themes are (a) the national and international progression from ideological blueprints to practical models of development through debate, compromise, and the tactical positioning of intellectuals or supporters, and (b) how the practical models in question have gained influence in national and international institutions, particularly the IMF, WB, WTO, and OECD, and how models of development are further expressed, developed, and disseminated from these platforms. Of particular interest is how key supra-national institutions have developed in relation to these models between WW11 and the mid-1990s. They have become an ideologically saturated interconnected network of coordinated knowledge creation, policy advocacy, and enforcement.

To explore these themes, the thesis utilizes Neilson's adaptation of the French Regulation School's 'model of development' concept. For David Neilson (2017) a model of development is "a practical regulatory project that has been designed and predictably calculated to deliver a national-trans-national configuration of regulation and accumulation. Critical to the [project] is the regulatory national template, functionally equivalent variations of which need to be widely adopted in order to construct the model of development in practice". He also notes that "the aggregate effect of individual national actions, is a trans-national regulatory framework that sets limits and possibilities of national actions […and provides] an associated accumulation process" (Neilson, 2017. pp.8-9).

That is, a practical model of development is comprised of an international legal framework and a national template which are both implemented in pursuit of particular ends. Each model of development is based on an ideological blueprint that is separate from the practical model of development, but also integral to its formulation. Practical models of development will always resemble their ideological blueprint but differ from them as practical implementation inherently involves compromise with existing political, social and economic issues, perspectives, and pressures.

It must be stated that while this thesis is influenced by the French Regulation School and specifically David Neilson's conception of the model of development, it does not subscribe to their perspectives, and as such differs in important ways. The models of development here are narrower than FRS conceptions, and draw more links to specific ideological blueprints. While FRS scholars conceive a broad practical project, which incorporates aspects of several differing ideological perspectives, and do not differentiate between neoliberal and neoclassical developments; this thesis takes a more nuanced approach, distinguishing these two schools of thought, and two separate practical models of development and ensuing eras of capitalism which sprout from them.

Section one presents a diverse neoliberal literature, describing and discussing the proposed models and views of Ludwig Von Mises, Friedrich August von Hayek and Milton Friedman, who were key neoliberals before, during and after the project found practical traction. It juxtaposes these ideals with the blueprint of Lord Maynard Keynes, an influential economist whose original liberal thoughts took a very different trajectory to his neoliberal counterparts. The thesis then investigates the thoughts of Harry Dexter White on international economic relations, allowing the proper understanding (in section two) of the debates between himself and Keynes at the Bretton Woods conference and the practical implications of the final agreement, and transnational model. Finally, Section one delves into the views of Paul Samuelson who provides a hugely influential neoclassical doctrine which incorporates aspects of Keynesianism into an ideological blueprint with many similarities to neoliberalism.

These are important ideological developments in any historical review of capitalism's development, and between them they set the foundation for almost all practical capitalist developments between WW11 and the mid-1990s.

Between them, these ideological blueprints set the grounds for further exploration of the key themes. Sections two and three analyze national then international practical developments which are based on but also deviate from these blueprints.

Section two explores the practical implementation of capitalist development in the U.S and to a lesser extent the U.K. It explains the development, implementation and breakdown of the Bretton Woods model between 1942 and the early 1970s. It then demonstrates how, after a historical moment of unleashed speculative capital in the global economy, the neoliberal ideas of Friedman and the Chicago schools of economics and law gained a dominant backing in the U.S, and to a lesser extent, the U.K. Key insights are gleaned into the political conflicts, including class driven compromises, that went on within the government and policy lobbying think-tanks, and the cronyism of politics at the time. These conflicts saw key intellectuals hired to influential positions in promotion of ideological ends and the practical implementation of the Chicago school's neoliberal blueprint in compromise with key ideas and policy at the time. The section moves on to outline the rise to prominence of neoclassical economics, and the practical mixed market economy template that served as its national template. This includes third-way formulations which themselves are political and ideological compromises between neoliberal and social democratic ideals. Section two concludes with a short discussion.

Section two explores further the first theme. It displays the complexity of challenges, debate, and compromise involved in the adaptation of ideological blueprints to practically implemented models of development. The section demonstrates the practical implementation of three separate capitalist models of development, linking each practical model to its corresponding ideological blueprint, demonstrating practical deviations from the blueprint, and showing how these came to be.

Section three displays the practical developments inside transnational institutions. It focuses on the International Monetary Fund (IMF); the International Bank for Reconstruction and Development (IBRD), which later became the World Bank (WB); the Organisation for European Economic Cooperation (OEEC), later reformed as the Organisation for Economic Coordination and Development (OECD); and the General Agreement on Trade and Tariffs (GATT), which was later incorporated into the World Trade Organisation (WTO). Each of these was created in the wake of WW11, either under the Bretton Woods agreement, or to administer or compliment the Marshal plan to aid reconstruction and economic and political integration within Europe, and between Europe and the U.S.

Their origins placed the Bretton Woods institutions (IMF and WB) at odds with the Marshal Plan institutions, the (OEEC and GATT), as these largely undermined the formers functions. However, the evolution of these institutions since the late 1940s, under the constant guidance of the U.S and increasingly over the years, the G7, has seen this once contradictory institutional framework evolve into a cooperative and complementary, supranational, politico-economic powerhouse. This institutional network oversees the dominant transnational model of development (of which this thesis identifies three in succession), ensuring its stability and constant expansion and consolidation.

The U.S' and later the G7 nations' control of voting quotas and shares ensures that this institutional framework serves their best interests. These interests combine geopolitical and economic motives, including the interests of their major transnational companies; both as their successes are in the best interest of their home nations, and in the interests of owners and shareholders.

Each of these institutions has undergone restructuring or adaptations in line with the evolution of dominant economic and social discourse and the three distinct models of capitalist development identified in this analysis. By identifying these distinct models of development this thesis complements David Neilson's conceptualization of the 'model of development'. It does this by adding nuance to his historical analysis and textualizing capitalism's development and the national and international processes involved in its uncomfortable and sometimes forced evolution.

Section three explores the second major theme. It shows precisely how the three practical models of development discussed have gained influence in the IMF, WB, WTO and OECD, and how they have been further expressed, developed and disseminated from these platforms through a national policy template and transnational legal framework. The section also shows how these institutions developed under the leadership of the U.S and later the G7, into an integrated and cooperative supranational institutional network responsible for a global political framework based, in turn, on the three models of development and subsequently their ideological blueprints.

This thesis explores and clarifies historical developments relevant to its two major themes, building a factual narrative and two clear conclusions from the premises found in each section. These conclusions are (a) that models of development are based on but deviate from ideological blueprints in compromise with existing political and social considerations, opposing intellectuals and agents, and exogenous pressures; and (b) that these models are consolidated and disseminated in/by the international institutional network via a national policy template and a transnational legal framework.

Put short, this thesis shines a light on the ambiguity surrounding the term neoliberalism and clarifies distinct ideological blueprints which are often confused, or inappropriately lumped together. It demonstrates distinct practical models of development based on but deviating from them and shows how these models are implemented through a national template in compromise with existing socio-economic and political viewpoints, opposing intellectuals, and exogenous pressures.

This thesis shows how the IMF, WB, OECD, and WTO began in competition during the Bretton Woods era, but have increasingly worked together since the late 1970s to insure the continued development and longevity of the neoliberal then neoclassical global economic orders. It definitively identifies this collaboration of global institutions as the main disseminators of these models of development via ideologically saturated national templates. Finally, the thesis demonstrates how the U.S and later the G7 have controlled global geopolitical and politico-economic developments via these models and institutions.

A Preliminary Note on Existing Literature

In the arena of capitalist development, there are three major discourses which bear thought.

The first is what I call the profitability argument. Proponents include Robinson, Harris, Carroll, Neilson, and a myriad of other academics in the social sciences. This is a neo-Marxist and often neo-Gramscian approach to the analysis of historical development. As such, scholars focus on capitalism and turn to labour, class, and hegemonic legitimacy analysis. The basic shared thesis is that transnational corporations and the transnational capitalist class who owns and controls them, have penetrated global political and economic institutions and adapted them to pursue their own goals; namely profit maximisation. Proponents emphasise negative outcomes such as fierce inequality, global warming, and financial instability to premise their conclusion; That capitalism, and particularly neoliberalism is not working, and that a more collectivist model is required if humanity is to survive and prosper on Earth.

The second, espoused largely by historians and IPE scholars, is the geopolitical argument. The shared thesis here is that the U.S, G7 and other OECD nations have used their combined voting power in international regulatory institutions to install bias values and policy throughout the third world as a means of combating the spread of communism, particularly in the cold war era. Proponents such as Wolfe (2007) and David and Wilf (2017) focus on the rise and collapse of the Bretton Woods era and the rise of neoliberalism as an advancing of geopolitical goals in the face of spreading communism and socialism.

The third is the spontaneous order argument. Preferred by economists, modernists, and globalisation theorists (although there is a Marxist formulation along similar lines). The thesis is basically that capitalism is a natural development in society, the culmination of individual action if you will. This style of argument claims that neoliberalism is a stage in this development and as such, is quite natural and not of great concern from a critical perspective (Marxist formulations claim this is the problem and that socialist style planning is the solution to inherent instabilities and inequalities in this model). Proponents promote the benefits associated with a globalising world and herald the apparent poverty reduction, freedom of movement, increased trade, and GDP growth they believe has resulted from this development.

This thesis sees that corporate and capitalist class interests have become influential in national and global political arenas, influencing but not controlling geopolitical decisions; in part because their influence warrants this on its own grounds, and in part because it serves a wider geopolitical purpose, i.e. impairing the spread of communism, and maintaining economic viability and influence. The balance of geopolitical considerations and international compromise, with economic and business interests considered, knowingly sets the legal framework in which national and international economies develop in a way observantly similar to that seen by spontaneity proponents.

Section 1
New liberalisms in the 20th century.

The development of capitalism is complex. Imperative to understanding it is the separation of heterogeneous theoretical works, defining them from each other, and from practical historical developments which are based on, but also deviate from them. The purpose of this section is to outline key aspects of these intellectual's thinking in order to outline and analyze to a degree, the ideological blueprint proposed by each. By doing so it lays the foundation for both proceeding chapters and directly contributes to the first major theme.

It looks firstly to a historical analysis of neoliberal literature stemming from as early as 1921. It juxtaposes the perspectives on equality, special privileges, monopoly, the role of the state, and international relations; of Ludwig von Mises, Friedrich Hayek and Milton Friedman; each of whom have been key to the neoliberal movement. Through their views and a complementary historical analysis, it follows the ambiguous discourse through its development in the Mont Pèlerin Society (MPS), and also its linked but distinctly autonomous development within the Chicago schools of law and economics.

Secondly, it explores another new liberalism of the 20th century, namely Keynesianism. It explores the work of Lord Maynard Keynes, juxtaposing it against the neoliberal writers, to uncover the key differences in the areas of equality, special privileges, monopoly, the role of the state, and international relations.

It then gives Harry Dexter White's views on the post-war international economy, as these are important to understand his role in the Bretton Woods agreement of 1944.

Finally, it delves into the extensive works of Paul Samuelson, to divulge the same five aspects of his neoclassical views in contrast to those above.

1.1: The Development of neoliberal Ideology.

Neoliberalism is a pesky term in both sociological and economic discourse. To gain clarity of perspective on the topic this sub-section looks to a historical narrative of neoliberal ideologies' development. The origins of neoliberal tenets can be traced backwards, past the Washington Consensus, beyond MPS writers such as Friedman, Buchanan, Allais, Coase, Becker, Smith, and Vargos Llosa. Beyond the postwar formation of the MPS from the ranks of the pre-war Walter Lippman conference in France in 1938 attended by MPS founders Friedrich Hayek, Ludwig von Mises, Wilhelm Ropke, Alexander Rustow, Michael Polanyi, Allan Meltzer, Raymond Aron, and Louis Baudin. Indeed, neoliberalism's conception predates the conference namesake's 1937 work *An Inquiry into the Principles of the Good Society.* Prior to this, there had been other conferences involving Hayek, Mises, Frits Machup, Lionel Robbins, Frank Knight, and John Van Sickle. It was in one of these that socialist calculation was first debated. But even before this, in his 1927 book *Liberalisms,* Ludwig von Mises was writing on the distressing state of liberalism, as was leopard von Weise in 1925. The term neoliberalism appears in the 1925 work *Trends of Economic Ideas* by Hans Honegger in the context of economic competition, entrepreneurship, and anti-state planning discourse. However, the search for Neoliberalism's roots leads finally to the 1921 booklet *Old and New Economic Liberalism* by Eli. F. Heckscher (Plehwe. 2009a. P.10-14).

Heckscher turned from historian to economics professor in 1909. Prior to this he was an avid conservative (in the European sense of conservatism), but his new position required an emphasis on economic rather than social theory, and the real fear of German or Austro-Hungarian socialist dominance during WW1 caused him to re-think his positions. He aligned himself with neo-conservative perspectives, drawing on writers such as Alfred Marshall and Friedrich Von Wieser, and built from them a framework for a new liberal economic doctrine. In lectures between 1918 and 1921, and in this 1921 booklet, he proposed free market ideals including free pricing, and the least possible government intervention (Plehwe, 2009a). But perhaps the most influential of these early 1920s and 30s writers was Ludwig Von Mises.

Mises sought in 1927 to update the liberal doctrine by providing a concise but comprehensive account of its fundamental principles and a statement of further developments to the liberal ideals since they were penned by the likes of Smith, Ricardo and Bentham. For Mises, the ideals of neoliberalism were still based on private property, freedom of choice, the maintenance of peaceful national and international relations, democracy, and tolerance. Where Mises' neoliberalism differs from the original liberal doctrines is in his views on equality and the role of the state. What follows are these views, as well as his views on special privileges, monopoly, and international relations.

Far from the cries of earlier scholars; that all men are created equally, Mises claims that "Men are not equal, and the demand for equality under the law can by no means be grounded in the contention that equal treatment is due to equals" (Mises, 1927. P.28). Equality in the eyes of the law, Mises says, is justified in order to allow individuals to fulfil their own potentials, and to abolish bias restrictions on individuals from doing this, thereby abolishing disenfranchisement and the social and class conflict which follows it. Private property from this perspective is so much a greater good to all, that the sharp distinctions in wealth and income it allows by no means justifies its abolition. Indeed, the poorest have-nots are considered to have infinitely more opportunity to become a property owner than in any other system. This freedom, it is said, is worth more than the provisions of any system which provides limited equality through the abolishment of private property, whether of personal property or of the means to production.

Furthermore, Mises claims that inequality of wealth and income, and more specifically the luxury consumption that accompanies it, serves a greater social purpose: "Luxury consumption provides industry with the stimulus to discover and introduce new things. It is one of the dynamic factors in our economy. To it we owe the progressive innovations by which the standard of living of all strata of the population has been gradually raised" (Mises, 1927. P.32). He gives several examples, one of which is the automobile. Once considered an item of the most unabashed luxury; through the consumption of the wealthy, the industry has grown to provide almost everyone with an automobile and the increased freedom of greater mobility.

He goes on to deny the claim of critics; that the owner of the means of production, from an individual's perspective, has a favoured position in society in that he can live and gain wealth without labouring. He argues that from a macro perspective, the capitalist fulfils the essential task of directing labour and production to the items most needed by society. In fact, he goes so far as to say that “The capitalist can keep his favoured position only by shifting the means of production to the application most important for society. If he does not do this—if he invests his wealth unwisely—he will suffer losses, and if he does not correct his mistake in time, he will soon be ruthlessly ousted from his preferential position” (Mises, 1927. P.67).

He likewise dismisses the special needs of minorities and certain groups or strata of society. Labour’s demands for better wages, for example, are seen as folly. If successful, he argues, the increased wage costs must force the employer to decrease employment to remain profitable. This increases unemployment and the tax-payers burden. Mises argues that what the worker gains in increased wages, he loses in increased taxes, while the newly unemployed are obviously worse off for their efforts.

As far as monopoly goes, Mises states that “monopoly prices are possible only where there is control over natural resources of a particular kind, or where legislative enactments and their administration create the necessary conditions for the formation of monopolies” (Mises, 1927. P.96). His argument for this rests on three premises. First that a monopoly in manufacture which increased prices above their competition rate would stimulate new entries and competition into the industry and force the monopoly prices back down. Second that a reduction in production to lower supply and thus force prices upward would do the same, while also releasing labour trained in the very forms of production which are in unnaturally high demand. Third, because no commodity that can be controlled by any one company, syndicate or cartel is of such importance to society that it can not be substituted by another product. His example is that of petroleum. He claims that a monopoly over petroleum would simply increase demand for coal and electricity.

Mises accepted the possibility of actual monopolies forming around the control of natural resources but was not convinced these were necessarily detrimental. He claimed that this control could benefit society by retaining an increased portion of non-renewable resources for future generations. As for the exorbitant profits gained through such a monopoly, these could be taxed and redistributed into avenues for the benefit of all. It was Mises’ belief that monopolies could, in a free-market, only form around such control of resources.

Other monopolies were the result of non-liberal legislation such as tariffs, quotas or state favouritism.

As Mises saw it, the role of the state "consists solely and exclusively in guaranteeing the protection of life, health, liberty, and private property against violent attacks" (Mises, 1927. P.52). His proposed limits on the state go as far as to include the prohibition of morphine and heroin. His argument is that this type of prohibition is a slippery slope. If the state can limit the use of harmful drugs, why then should they not limit the consumption of unhealthy or harmful foods? Why not the prohibition of injurious sports?

To facilitate the free-market was the state's main task, and to legislate conditions of peace. Mises' views on privatisation stretched to the claim that even judicial, police, healthcare, and education services be removed from the state lest the state attempts coercive or segregating measures through these institutions. All that is needed in his opinion is equal legislation for all, that private providers must adhere to.

In international relations, Mises promotes unregulated, laissez-faire markets. His utopia rests on the assumption that all states are equally liberal in their avoidance of intervention and protectionism. He cites Ricardo, claiming basically that the comparative advantages of each nation would bring the appropriate private businesses to ensure strong exports. That the free movement of capital and people would see capital and labour move from the less productive areas of the world to those more suited to their uses; further utilizing the productive capacity of those productive areas while reducing the drag from non-productive areas.

We need not look beyond these elements of his argument to find some detrimental assumptions.

The first is the assumption that production and consumption are based on societal needs and reasonable wants. In his day, the effects of widespread media and advertising were rather limited. The hindsight available to us now shows clearly that advertising and the miseducation of populaces lead to phenomenal increases in luxury spending on useless items which serve little purpose, even to those who purchase or receive them. This can be viewed as a direct misallocation of resources and undermines Mises' argument that a capitalist who serves not societies most important needs will be forced either to shift their focus to these or relinquish their position.

Funnily enough, this selection of viewpoints shines a light on an important contradiction in his work. That of the capitalist needing to meet societies most important needs, and Mises' later defence of luxury spending. One could extend his argument to partially cover this by continuing his claim that luxury spending on technologically advanced products extends such industries, and therefore also extends the accessibility of these advances which are needed to advance society. But what of other items produced that serve little purpose or even cause large scale harm? Cigarettes for example, or plastic trinkets made to appeal to children, both of which serve no purpose but a momentary satisfaction of a want that would not have existed if the product had not been produced and/or advertised. If one followed Mises' argument through, such products would not be consumed and the capitalists behind them would be forced to move on. This has not been the case, proving Mises incorrect and undermining his position that the owners of production do not have a favoured position within society, while putting into question his position on luxury consumption.

His second debilitating assumption is a utopian tendency to imagine coherently liberal international relations. Many of his national level arguments assume international free-trade, however, once we accept that almost all nations will employ some degree of protectionism, much of his argument unravels. Not one nation comes to mind which has allowed completely free movement and employment of peoples from all other nations. It seems that while capital has been freed to take advantage of opportunities in almost all nations, people remain to a large extent cordoned off, unable to take benefit from opportunities abroad, and thus restricted to the opportunities presented to them, and subject to those removed, often by foreign multi-nationals.

This leads us to his third major flaw, that monopolies are subject to new competition. While his argument is decent in this regard, Mises underestimates the effects of mergers, acquisitions and integration in a competitive system. Probably because these had not taken a prominent role in business activities in his time.

These things considered, it must be accepted that Mises' theory, if taken at blind value, might well have resulted in an economy of superfluous and arbitrary production and the widespread misallocation of resources. It would be a world of winner and loser nations in which individuals are restricted to the opportunities presented to them by outside multinationals, many of which would be mono/duo/ or oligarchic in nature.

One must, therefore, conclude that the viewpoints set out in *Liberalism,* while providing a nice picture for how things might have been, are overly optimistic and utopian, having little practical use in the real world. In fact, one would do much better with the works of Adam Smith than with Mises' updated version of the doctrine. This said, many of Mises' ideas remained in circulation for years to come, and as will be seen, many found a home in the Chicago schools of law and economics, particularly in the works of Friedman.

The term neoliberalism emerged again at the colloque Walter Lippman, in reference to the proposed neoliberalism which emphasized "the priority of the price mechanism, […] free enterprise, the system of competition, and a strong and impartial state" (Plehwe, 2009a, 2009. P.14). The conference was called to discuss the development and implementation of this neoliberalism which was seen as a necessary revitalisation of the politically struggling classical liberal doctrines. It resulted in the launch of "a journal (*Cashiers du libéralisme),* and a think tank, the Centre international d'études pour la rénovation du libéralisme (CIRL), with the head office in Paris (the first president was the entrepreneur Louis Marlio) and auxiliary offices in Geneva (Röpke), London (Hayek), and New York (Lippmann)" (Plehwe, 2009a. P.14). However, their ambitions were somewhat thwarted by the politico-economic calamity of WW2.

The influx of socialist state planning ideas and actors willing to enforce them, particularly in Germany and Austria, but which rapidly spread through Europe alongside, but not in the confinement of the lines of war; sent the neoliberal movement underground. Switzerland became a place of refuge for the ideological refugees and would host the first MPS gathering in 1947. Post-WW11 conditions opened the field for politico-economic and ideological debate once more, and a group of well-meaning neoliberals met in Mont Pèlerin.

On top of those who had attended the Walter Lipmann conference in France almost a decade earlier, came Walter Eucken, an economics professor at the University of Freiburg and a friend of both Ropke and Hayek. Euken is considered the father of German Ordo-liberalism, and his ideas would become hugely influential, in both German politics where they provided the foundation of the social-market economy, and within the MPS, of which he served as first vice president. Also new were Aaron Director and Milton Friedman, U.S scholars of the University of Chicago's influential and interconnected schools of law and economics (Plehwe, 2009). These two schools, the Ordoliberal and Chicago, are seen as two distinct tracks of neoliberal development, and while the two shared many early affinities which can be found in their mutual respect for Chicago economist Henry Simons, a keen proponent of classical liberalism and advocate of Adam Smith, the two would diverge greatly (Plewe, 2009a).

However, the key Scholar throughout the Walter-Lipmann conferences and the development of the MPS was Friedrich August von Hayek. His most famous work, *The Road to Serfdom,* is a must read and is still considered relevant today.

Hayek differed from Mises in almost all areas of importance to this thesis. He went beyond equality in the eyes of the law, acknowledging deeper societal issues. He says that "in a system of free enterprise chances are not equal, since such a system is necessarily based on private property and though perhaps not with the same necessity, on inheritance, with the differences in opportunity which these create. There is indeed a strong case for reducing this inequality of opportunity as far as congenital differences permit and as it is possible to do so without destroying the impersonal character of the process by which everybody has to take his chance and no person's view about what is right and desirable overrules that of others" (Hayek, 1944. P.106). This shows a recognition of the struggles and bias facing those born poor. It also shows he was at least open to discussing the social consequences of exorbitant inheritances in a negative light.

His theory approached special privileges in a similar manner to Mises but went beyond Mises' argument of the secondary effects of wage privileges. To Hayek organised labour had also aided the formation of monopolies by giving some employed groups undue privilege which grew with the success of monopolists, especially when backed by the state. He says, "The fatal turning point in the modern development was when the great movement which can serve its original ends only by fighting all privilege, the Labour Movement, came under the influence of anti-competition doctrines and became itself entangled in the strife for privilege" (Hayek, 1944. P.205). This provided an incentive for the state to support working and middle classes via anti-competitive policy which leads to the centralisation of economic power in private hands. He argues that this privileged those securely employed in the best-organised industries at the cost of those employed elsewhere or unemployed. It also came at the cost of would-be entrepreneurs and the economic freedom of future generations.

This is not to say that less fortunate individuals should face the horrors of their fate unaided. Hayek, unlike Mises, understood that markets were inherently imperfect and unlikely to provide full employment. He thus made allowances for state organised social insurance, and even the provision of jobs, providing they efficiently completed tasks which are necessary or beneficial to society. In his own words, "there can be no doubt that some minimum of food, shelter, and clothing, sufficient to preserve health and the capacity to work, can be assured to everybody" (Hayek, 1944. P.125-126).

Monopoly, whether groups in society are convinced of its value or not, is viewed as inherently undesirable. Like other peers in the MPS however, Hayek preferred private monopolies to state monopolies. He believed a state monopoly would almost indefinitely utilise its power to entrench its own monopoly, making it difficult for the public to effectively critique or alter. His preference was the regulation of private monopolies via strict price controls that inhibited exorbitant and unfair profit margins while allowing new competitive entrants into the markets. This he argued, would confine the formation of monopolies to those industries in which it is inevitable. It would stop the extortion of the public by monopolists, and it would incentivise new competitive alternatives. "Only make the position of the monopolist once more that of the whipping boy of economic policy and you will be surprised how quickly most of the abler entrepreneurs will rediscover their taste for the bracing air of competition!" (Hayek, 1944. P.204). Hayek also showed concern over Patent and other intellectual property laws as they have the potential to block and reduce competition, thereby aiding the formation of monopolies. He advocated a much-reduced period for patent holdings.

As far as the role of the state goes, it will be obvious by now that Hayek allows for intervention in several aspects of social and economic life. Be it the regulation of monopoly, the organisation and/or provision of social insurance and state employment, the control of monetary policy and supply, the provision of healthcare and security, or any other task deemed beneficial or necessary to society which the competitive market is ill-suited to provide. Hayek is best described as an interventionist, although critics of neoliberalism are quick to lump him in with the likes of Friedman and Mises.

In international relations he believed in a supranational federation. He argued against any array of supra/international economic institutions on the grounds that these would wield unprecedented economic power whilst themselves being unchecked or regulated by any political authority. The federation, founded on laissez-faire policy, would oversee the global economy with minimal interference, except to regulate global monopolies and intervene in violent international relations in order to keep the peace and maintain economic and social stability. For this purpose, it would organise and wield substantial military power. To combat the obvious concerns this raises, the federation would be held to a strict constitution by a truly democratic process of the international community.

In Hayek's ideal world this federation would maintain international peace and stability while individual states remained free to democratically decide their own structures and fates. Hayek said, "We shall all be the gainers if we can create a world fit for small states to live in" (Hayek, 1944. P.242).

While the arguments and challenges of socialism, communism and totalitarianism are largely defeated today, much of the argument put forward by Hayek in *The Road to Serfdom* is still applicable in contemporary capitalist societies. Competition has not been respected and several academics point out that a cadre of oligarchic elitists has arisen (see Carroll, 2010; Robinson 2004). It is particularly relevant to the current era of global capitalism in which an integrated network of supra-national institutions has emerged in alignment with economic ideological positions. These are precisely the unchecked economic institutions Hayek had feared, but we will come to these later. Also of relevance to the contemporary world, are the sections in *The Road to Serfdom* on knowledge creation, education, concentrated power, the creation of truth, and propaganda.

While European neoliberalism largely followed Hayek, Euken and Ropke toward what is now known as ordo-liberalism (at least until the 1980s), American neoliberalism took another route which we shall explore here.

Hayek held communications with Simons from as early as 1934 and the two had long intended an American neoliberal movement in the fashion of those in Europe, holding private correspondence to that effect for over a decade before the seeds began to sprout (Plehwe, 2009a). It was a bumpy ride at first and the sprout of what would become the debated Chicago school of law and economics was almost trampled as Aaron Director whom Hayek had recruited to direct the *Free Market Project* (FMP) squabbled with the university over tenure contracts. The nefarious Volker Fund headed by Harold Luhnow had agreed to pay Director's wages for five years and had devoted $75000 in research funds to the project which was to establish “a suitable legal and institutional framework of an effective competitive system” (Coase,1998, 603).

Simon committed suicide in 1946, and his decision to do so has been linked to both continuous disappointments with the university, and a loss of control and direction of the FMP (Mirowski & Van Horn, 2009). During the mutual grieving process, Hayek was able to convince Director to take on the project without a promise of tenor, and on these grounds, the proposal was accepted, and the FMP began in truth, albeit without its biggest link to classical liberalism.

After the proposal’s acceptance, however, Lunhow announced a final condition for Volker fund support; that his associates Leonard Read and Loren Miller head the advisory committee, and that Miller reviewed the shortlist of candidates for the projects executive committee prior to its release. In this way Lunhow ensured a large influence on the political philosophy of the project from the outset, an influence which can be seen in Read’s harsh critique of Simon’s posthumously published *Economic Policy for a Free Society*. The critique attacked the regulatory aspects of Simon’s argument, claiming “it is so well loaded with the advocacy of collectivistic ideas, that it falls entirely out of our field" ((Quoted in HPHI, Letter from Read to Director, November 24, 1947, box 58, folder William Volker Fund 1939–1948) Mirowski and Van Horn, 2009. P.156-57). It caused a great deal of controversy and debate between scholars involved in the project and the Volker representatives. In the end, Hayek got involved in the discussions, making compromises with Lunhow to keep the project running, albeit with a corporate entrenchment which would alter economic debate, policy, and subsequently the global economy until the present.

On this note, it is worth demonstrating the change in perspective that occurred within the FMP scholars between the project's conception in 1946 and its completion in 1952. Presented here are four sets of quotes. The first two are from separate (MPS and FMP respectively) presentations by Director and Friedman in 1947, pre-perspective shift; the third is a collection of quotes from Van Horn (2009) as he reviews Director's 1950 and 1951, post-shift presentations and works; and the fourth is from Friedman's 1951 *Free Enterprise,* post perspective shift.

> "The unlimited power of corporations must be removed. Excessive size can be challenged through the prohibition of corporate ownership of other corporations, through the elimination of interlocking directorates, through a limitation to the scope of activity of corporations, through increased exercise of control of enterprise by property owners and perhaps too through a direct limitation of the size of corporations" (Director, 1947 MPS meeting. Cited in Van Horn, 2009. P.212).

In this, Director is publicly promoting the direct regulation of the size and ownership mechanisms of corporations. This, as we have seen, is in line with the neoliberal thinking of Hayek and the rest of the MPS at that time. Friedman's perspectives also ran fairly parallel to the wider MPS and neoliberal movement:

> The ""separation of [corporate] ownership from control has important social disadvantages. It encourages utilization of resources for purposes other than maximisation of their return; greatly facilitates the securing of monopoly positions; and gives rise to private monopolies of scale that are not matched by social economies" […] Friedman's proposed

> remedy was to increase the ownership interest of the corporate directors. "By identifying ownership with control," he believed, "the proposal would eliminate many of the present abuses of the corporate form. It would immediately eliminate holding companies . . . it would make mergers more difficult; . . . These effects would themselves retard the tendency (if it exists) toward increasingly large and monopolistic organisations and stimulate the breakdown of existing giant corporations." Thus, in 1947 Friedman advanced a standard premise of classical liberalism: large corporations and monopolies posed a serious social problem that had to be addressed by public policy"" (Van Horn, 2009. Internal quotes from TSPR, box 39, Free Market Study).

The perspectives of these two thinkers, however, were about to change dramatically. Just three years later, in his 1950 review of *Unions and Capitalism* by Charles Lindblom, Director introduced a theory which directly contradicted his previous works; that competition would, if free from government intervention, undermine monopolies and lead to an equilibrium of competitive market forces. He claimed further in a 1951 conference on corporate law and finance, that politics is "a residual consideration for economists" (Van Horn, 2009. P.218). He also claimed that "monopoly power did not get projected from one market to another [… and could not] hinder choice in the labour market […] or the capital market" (Van Horn, 2009. P.218). For Director the corporation became the ideal form of capitalist organisation because it "neither hindered nor promoted monopoly, but also because it approximated the impersonal ideal of the market" (Van Horn, 2009. P.218).

Friedman followed suit in his 1951 work, *Free Enterprise.* For him, "monopoly only persists when it receives open support from government – suggesting that the divergence between corporate ownership and control had a nugatory influence on the persistence of monopoly" (Van Horn, 2009. P.219). He also claimed, "monopoly had a benign effect on wages and prices, and that "private monopoly should be preferred to public monopoly and public regulation of monopoly" (Friedman, 1951, P.28. Cited in Van Horn, 2009. P.219).

Thus, we see an interesting twist in the perspectives of key Chicago University scholars in the early years of Volker funded research. These perspectives shifted from their origins in well-established intellectual passages, to a dogmatic perspective proposed by representatives of the corporate-owned Volker fund.

As will be seen in the following sections, the repercussions of these perspective shifts have been phenomenal. The backing of these frankly unviable premises, and the intellectually irresponsible and dogmatic ideology which would later follow them has led, as will be demonstrated, to an era of capitalism which would unabashedly favour the imperialist ideas and profits of few over the welfare of many, and further taint the reputation of capitalism globally.

Looking no further than these early post-shift statements, we can see easily that the most progressive, fair, and stability enhancing aspects of liberal thinkers such as Smith, and even the nuanced arguments of Hayek have been replaced by a starry-eyed optimism which it seems unlikely any intellectual could honestly be sold by.

It is also interesting to note that Hayek was refused employment in either the Chicago school of economics or that of law, and that during his time in the Chicago school of social thought, he was not involved in the FMP which he had initiated over a decade of correspondence. More interesting still is that Director's name did not appear on the completed work and that the Volker foundation was mentioned only briefly in the preface, and not in its role as a funder. Instead, the FMP of creating an American *Road to Serfdom* came to fruition a decade late with the 1962 publication of *Capitalism and Freedom* by Milton Friedman (Mirowski & Van Horn, 2009). This marks Friedman as a key pillar in the Chicago school's diversion from previous neoliberal scholars. It is a work that bears further investigation.

Friedman's *Capitalism and Freedom*, though he took many cues from Hayek, is more associable with Mises, though still undeniably distinctive.

Equality for Friedman is not of great concern. Equality of outcome is both undesirable and impractical. He does make some throws toward equality of opportunity, mainly through privatised education at all levels, and private investments in vocational training and human capital. Such investments could be incentivised by a contract promising the benefactor or investor a percentage of the student's future earnings. It is thought that this presents the market opportunity to invest in labour as if it were a fixed investment. He claimed it would offer equalised opportunity via an impersonal merit-based system, whilst preventing the over-investment associated with widespread government subsidies in vocational training.

He also had much to say on welfare and public housing. His views basically stated that public housing and welfare should be abolished. Housing should be left to the private markets, while welfare should be restrained to a limited negative income tax to provide extra cash rather than any collection of issue-specific provisions.

Aside from this negative income tax, Friedman abhorred all special privileges in society. Whether founded on grounds of racial, religious, professional or any other discrimination. Friedman argued that the existence of these privileges impeded market mechanisms.

Policy which enforced employment of a certain ratio of a certain race, he argued, impeded the market by not giving proprietors the opportunity to meet their customer's desires and expectations. One premise was that if a store in an area where racial discrimination was the norm was forced to employ coloured employees, then it would decrease customer satisfaction, impede on his margins, and result in a diminished service and less aggregate employment. This reduces the proprietor's, as well as released staff's income; and subsequently the flow on benefits to other market actors. We might, however, think that if one store has this enforcement, then all stores of a similar type also have it. Therefore, the customer of the store in question will find no preferable solution, i.e. no store of a similar type with no coloured employees, and as such, no other store would have a competitive benefit over the store in question. Thus, the store would continue with minimal change to its customer base. Friedman failed to note this, whereas Hayek made amends for logically similar policies, claiming that so long as they were applied universally, they would be consistent with the ideals of competition.

Friedman's solution was to convince those who would discriminate that their ways were unfounded in any meaningful argument. While this re-education is still a much-needed service, one finds further flaws in his shallow argument.

There is a deeper logic which the face value observations of Friedman fail to note: that the free market for labour and employment have been heavily distorted in almost all ex-colonies by the extortion of native populaces, and the import and extortion of others. Such distorted exploitations were, as Friedman would agree, founded on dogmatic fallacies. Simply enforcing a free-market, while it restores some freedom of social and economic mobility, by no means restores the sustained and inherited losses of previous restrictions of freedom to certain groups of society. The special privileges put in place ought not to be thought of as favouritism, but as a restoration of appropriate freedoms and opportunity to populaces who, had the markets remained undistorted and thus free and fair, would hold relative freedoms and opportunities in their original localities or in areas their ancestors had freely chosen to migrate to. Thus, these privileges ought to be seen as a re-balancing or calibration of the market to a state closer to that which its undistorted progression would have achieved.

Friedman writes in depth about monopoly. Though he considers it undesirable, he goes to great efforts to show how unfettered private monopoly is preferable to either government monopolies or regulation of private monopolies. He breaks monopoly down into three types: industry, labour, and government; and provides three root causes: technical, direct or indirect government interference, and private collusion.

He claims the existence and importance of monopoly of industry is exaggerated by the media and in popular belief. Monopoly of industry in its worst form results from government intervention, either by taking direct control via ownership and legislating for its continuation; or by regulating an industry to the extent that it becomes a government supported cartel. The second way an industrial monopoly can come to be is via a technical monopoly. Technical monopolies occur when it “is more efficient or economical to have a single enterprise rather than many” (Friedman, 1962, P.108). He goes on to claim that “the areas in which technical considerations make monopoly a likely or a probable outcome are fairly limited. They would offer no serious threat to the preservation of a free economy if it were not for the tendency of regulation, introduced on this ground, to spread to situations in which it is not so justified” (Friedman, 1962. P.109). Addressing collusion, Friedman quotes Adam Smith, saying, "People of the same trade seldom meet together, even for merriment and diversion, but the conversation ends in a conspiracy against the public, or in some contrivance to raise prices." (Smith, 1776. P.130; Friedman, 1962. P.111). He uses this as a premise to claim such collusion happens frequently, but claims that such collusion, if not supported by government interventions in the market, will be short lived. Not only does each partner have an incentive to undercut the agreed price and thus gain market share from the others, but new entrants can expect either to charge the premium or gain said market share.

A monopoly of labour, he claims, is also overexaggerated but still has important ramifications for the market and society. Such a monopoly results from the mass collusion of labour which is capable of closing factories for days at a time. Such collusion, he claims, is more dangerous when it is supported by government intervention, giving it the legitimacy to manipulate markets and ultimately alter the labour market.

Government monopolies take two forms as mentioned. Direct government intervention by which the government takes and ensures its ownership and control of industry, and indirect government intervention which often unintentionally limits competition. “Perhaps the three clearest examples are tariffs, tax legislation, and law enforcement and legislation with respect to labor disputes” (Friedman, 1962. P.109).

Alas, his efforts are in vain. While he makes some worthy points, like Mises, Friedman’s assumptions miss the importance of mergers, acquisitions and integration in a competitive system. Friedman also failed to mention two forms of monopoly associated with these concerns.

A monopoly of industry dominance occurs when a company gains a market share and level of wealth which allows it to control prices or simply buy out competitors at a multiplied evaluation as to make the offer near irresistible. While it may be unlikely that such a monopoly could fully be ascertained, it certainly bears thinking about.[1] Another form of monopoly left undiscussed is a

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[1] It also raises an important question about desirable levels of competition in a free market. Obviously, the ability of any one company or conglomerate of companies to set prices marks imperfect competition, but beyond this there seems to be little discussion. Does an industry’s market become un-competitive when one company holds more than 50% of market share, or is it 20%? Perhaps its 10% or 60%? This consideration, and any given answer has important ramifications, yet I have not found it discussed. Perhaps it could be judged on the number of competitors present in the industry, but this seems unlikely to provide any adequate

monopoly of ownership, whereby a person, group of people, holding company etc, gain ownership of a dominant share of companies in one industry. In such a monopoly, the owner's share of an industry is spread across separate companies, giving the illusion of competition. Oddly it is the two forms of monopoly not mentioned by Friedman which are, alongside collusion, most likely to occur or be worked toward in a less regulated free-market economy.

For Friedman the role of the state is quite simply "to provide a means whereby we can modify the rules, to mediate differences among us on the meaning of the rules, and to enforce compliance with the rules on the part of those few who would otherwise not play the game" (Friedman, 1962. P.29). It can be deduced from his discussions on international trade, which put shortly, sees no difference between national and international relations (as the individual is the focus of his doctrine, and any restrictions put on international trade inherently restrict individuals within, they are seen to be unacceptable), that these same tenets are the only desirable action for any supranational institution or global political body.

Friedman's *Capitalism and Freedom* is seen here as a farce. A shallow and face value economic analysis which, while supporting the interests of its funders, regresses the economic debate half a century to the blind or arrogant optimism held by Mises. The key difference being, and one reason that Friedman's views were implemented above Hayek's; that Friedman possessed the mathematical skills and astuteness to invent practical measures to implement his ideas into policy. Hayek, whose philosophy and ideas are obviously preferable, lacked such

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results. After all, how competitive is an industry if one company holds 60% of the market while the remaining 40% is split 10 ways? No, it seems infinitely preferable to restrict the market by percentage, but where is the line to be drawn? And ought it be drawn on national or global scales?

Some may ask why the market should be regulated at all, or even assert that it should not. But one need only read Hayek to ascertain that an economy consisting of a combination of oligarchic, or worse, monopolistic industries bears little differentiation to a socialist state, the difference being that the ruling elite has in such a system, no obligation to provide any sustenance, or anything else, to anyone not directly employed by them. So, why regulate the economy by percentage of market share? Because an unregulated global or even national market economy will eventually result in something akin to feudal socialism to be imposed on the populace or their descendants.

skills. In fact, his technical works were widely critiqued, and he gave up on such works, choosing to focus on theoretical arguments.

In Cap*italism and Freedom* Friedman shows himself as the key progenitor of Chicago's distinct tract of neoliberalism, which will be referred to henceforth as Friedmanite neoliberalism, as opposed to ordo-liberalism or Hayekian neoliberalism. It is this Friedmanite track which has served the most nefarious purpose within global politico-economic developments, and which has become the centre of much of the most scholarly debates across several academic disciplines internationally.

The Chicago-Volker partnership was simultaneously, from 1953, publishing works in a second venture; the Anti-Trust Project. Also headed by Director, the project involved several then current and soon to be MPS members; John Jewkes, Edward Levi, William Letwin, and John McGee. In a coalition which disbanded between 1955 and 1957, they published several individual and joint works, which are broadly summarised in Director and Levi's 1956 article, *Trade Regulation.* In alignment with Friedman's values, as set out in *Capitalism and Freedom,* this is a pro-corporate take on antitrust laws which focuses significantly on exclusionary practices, "that is, any practices that preclude or prevent competitors from entering the market" (Van Horn, 2009. P.222). These include "Price discrimination, vertical integration, tying arrangements, and resale price maintenance" (Van Horn, 2009. P.223).

Director and Levi claimed that exclusionary practices neither "create or extend monopoly" (Director & Levi, 1956. P.290. Cited in Van Horn, 2009. P.225). They argued:

> "some monopoly power was necessary to impose a coercive restriction; otherwise a firm's total cost would be higher than total revenue. Because of the reduction in price, the firm would invariably lose some of its original power, and a consequence of the reduction in price was a decrease in revenue—suggesting that a firm's original power did not depend, as classical liberals contended, on political power. Thus, the coercive restriction would be sensible only if it took the form of price

> discrimination, and as a means of price discrimination, the restrictions would be merely an enjoyment of the original monopoly power, not an extension of it" (Director & Levi, 1956. P.290. Cited in Van Horn, 2009. P.225).

Vertical integration was to them "explainable as a method [of] price discrimination" (Director & Levi, 1956. P.293. Cited in Van Horn, 2009. P.226), and while they accepted that price fixing via the collusion of industry participants could lead to predictable adverse effects, they claimed that the severity of these effects and therefore the grounds for illegality would vary depending on the market share held by colluders. They argued that "[t]he extension of the Sherman Act into remoter nooks and crannies of commerce because of the broadened view of commerce among the states […] may be thought to raise some questions as to the worthiness of a prohibition of all forms of price fixing, regardless of the market effects" (Director & Levi, 1956. P.295. Cited in Van Horn, 2009. P.226-27).

They went on to claim that in the "field of [antitrust] law more than any other, the general presumptions are of such a character that they cannot be readily isolated from the corresponding presumptions which dominate economic theory. We do suggest that in the future there may well be a recognition of the instability of the assumed foundation for some major antitrust doctrines. And this may lead to a re-evaluation of the scope and function of the antitrust laws" (Director & Levi, 1956. P.296. Cited in Van Horn, 2009. P.227).

The Antitrust and indeed the Chicago school's economic theory in general rests on implicit linguistic tautologies and logical fallacies. As Flynn (1983) Pointed out "[w]hat is involved in this kind of thinking is a series of covert tautologies. Whatever the market does is efficient, and "efficiency" is whatever the market does. The law should not interfere in whatever is efficient; whatever the "market" does is efficient; the law should not, therefore, interfere with the market" (Flynn, 1983. P.281). He goes on to argue:

> "Values broader than those recognised by the model and facts that are inconsistent with the model's assumptions are ignored or are judged to be irrelevant. Factors such as an imbalance in bargaining power, the long

> and short-term consequences of particular practices, the maldistribution of wealth and power in society, the existence of forces undermining the "rationality" of consumers, the function of time and causation in the analysis and imperfections in the market structure cannot be quantified and therefore are not factored into the equation. […] Reliance on social and political values in formulating what the law "ought" to be is rejected by the antitrust analysis of the Chicago school because those values are considered irrelevant and unknowable. […] This leaves the proponents of economic theorising in antitrust free to continue using their model, while ignoring reality, congressional intent, moral values, the contribution of other disciplines and the insights of other schools of economic thought. After all, they have "truth," and it is a "truth" that always tests out because the model is both the condition for truth as well as its expression" (Flynn, 1983. P.283).

Theoretically, and in broad terms, this Friedmanite neoliberalism espouses a free market economy with minimal government intervention in labour, wage, and antitrust laws, but strong protection of private property and specifically patent laws. They oppose any collective state action including welfare programs, state education and state healthcare. Proponents argue for the privatisation of all industrial government functions including roading, infrastructure and energy production. They claim that monopoly is not a concern, and that unregulated private monopoly would be infinitely preferable to public monopoly. They argue for low personal and abolished corporate taxes, as well as the abolishment of import/export tariffs. They see the market economy as central to freedom and democracy, and as the central organisational institution of society. Any regulations or limitations placed upon the market are therefore considered as regulations or limitations of individual freedom and democracy. They claim that individual liberty is an end in itself and claim that any hindrances to this are immoral and unacceptable. And finally, but certainly not of less importance, they promote government austerity and monetarist economics to control inflation (when deemed necessary) and achieve consumer welfare (not to be mistaken for social welfare). Their theory is based on the prior assumption that the perfect market is not only possible but is hiding behind the regulatory efforts of national governments, and that market efficacy will undoubtedly lead to a more moral world and as such is the bottom line of moral concern (Friedman, 1962; Flynn, 1983; Mirowski & Van Horn, 2009; Van Horn, 2009a).

1.2: The Other New Liberals: Keynes and White.

The above neoliberals and their peers were not the only people to attempt a re-vamp of the liberal doctrine to suit the changing times. Lord John Maynard Keynes was also writing prolifically through the early 1900s. His magnum opus was perhaps the *General Theory of Employment, Interest and Money,* first published in 1936. In this work, he postulates very different perspectives to his neoliberal counterparts on our five key issues.

Whilst defending a degree of inequality of wealth and income as necessary incentives for individuals to maximise their own output, Keynes argues that limitations to inequality are also justified and desirable. The argument that the national aggregate of capital is best served by allowing the rich to accumulate wealth is seen as a fallacy. Redistributive taxes are qualified on the grounds that redistributing the wealth “in a way that is likely to raise the propensity to consume may prove positively favourable to the growth of capital” (Keynes, 1936. P.332).

Keynes adds that his theory aids equality in several ways. The lowered rate of interest, increased employment and access to finance, results in (a) stable consumption of goods and control of recession as to achieve perpetual growth; (b) a subsequent accumulation of national capital until it is no longer scarce; (c) increased investment as capital is more accessible; (d) full employment and thus wages for everyone; (e) a subsequent inability of capitalists to exploit labour via labours oversupply and thus lower price; (f) maintained profitability of enterprise with lower income due to reduced interest rates; and (g) decreased tacit income of money lenders due to a scarcity of capital and high interest rates.

Though not seen as special treatment by Keynes, but rather as a mechanism for economic stability; he argues for rigid wage policy via collective bargaining on an industry by industry basis. Arguing against classical economists and the notion held by both Mises and Friedman that reducing wages increases employment, Keynes says that lowering wages necessarily decreases demand for goods and services, and as such aggregate capital and thus employment. It is through rigid wage policy that stable demand, accumulation and employment can be achieved. Rather than welfare, Keynes promoted public works and investment as a means of achieving and maintaining full employment, thus abolishing the need for welfare at all.

Keynes makes no explicit mention of monopoly, or any preferable level of competition. He does refer to perfect and imperfect competition, however, there has been some debate around how this ought to be interpreted. A standard view in neo/post-Keynesianism is that his theory is relevant regardless of any perfect, imperfect or monopolistic state of competition, and as such, that Keynes adopted no position or assumptions of competition (Davidson, 1962; 2002); Chick (1993; 1992). On the other hand, Hayes (2008) argues that Keynes assumed a state of perfect competition, taken to mean that no economic actor had the power to set prices. This essay takes a differing view again. A statement on page 367 shows that he recognised the state of imperfect competition of his era: "For it may be the case that the practical workings of the laws of imperfect competition in the modern quasi-competitive system…" (Keynes, 1936. P.367). Another on 336-7 shows his recognition of the classical school's approach to competition: "if we have dealt otherwise with the problem of thrift, there is no objection to be raised against the modern classical theory as to the degree of consilience between private and public advantage in conditions of perfect and imperfect competition respectively. Thus, apart from the necessity of central controls to bring about an adjustment between the propensity to consume and the inducement to invest, there is no more reason to socialise economic life than there was before." (Keynes, 1936. P.336-7). If Adam Smith is taken as our classical economist, this shows preference toward perfect competition, and a necessity for the regulation of monopolistic forces. So, while Keynes recognised the imperfect state of competition in his own era, he maintained the attitude that this ought not to be so. However, reflecting the cynicism held throughout his general theory, he has crafted it to be equally plausible in each scenario. This is more in line with prevalent views but does not assume any passivism on Keynes' part.

As far as the role of the state goes, Keynes expands it in several ways from the classical position, and as such is obviously at odds with the above neoliberal thinkers; particularly Mises and Friedman. On top of the roles proposed by classical economists: state security, an appropriate rule of law and protection of justice, the regulation of monopoly[2], and the provision of key services ill-suited to the free-market; Keynes argued for extended public works and employment, responsible usury laws, the monetary control of inflation and interest, fiscal adjustments for stability and stimulation, and the socialisation of investment.

Public works and employment are said to be most salient in times of recession as a means of stimulating demand in the economy. This is when private employment and investment are at their lowest, and when the Keynesian multiplier effect[3] has the largest impact.

Responsible usury laws are promoted in opposition to classical (excluding Smith) and laissez-faire economists who claim interest rates will find a natural equilibrium with employment and production. Keynes argues that this confuses interest with the marginal efficacy of capital. He claims that an unchecked interest rate will rise against gravity, disincentivising investment and incentivising saving rather than consumption; resulting in reduced production, demand and employment, and thus contractionary conditions.

In international relations, Keynes argued against the gold standard as it sets nations against one another in competition for gold, and ties exchange and interest rates to their gold stocks. Instead, he argued for "a national investment programme directed to an optimum level of domestic employment" (Keynes, 1936. P.311) claiming that "if nations can learn to provide themselves with full employment by their domestic policy (and, we must add, if they can also attain equilibrium in the trend of their population), there need be no important economic forces calculated to set the interest of one country against that of its neighbours" (Keynes, 1936. P.339). However, as will be shown in the next section, his views

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[2] Depending on which classical liberals he is taken to be expanding on.

[3] The Keynesian multiplier explains "how fluctuations in the amount of investment, which are a comparatively small proportion of the national income, are capable of generating fluctuations in aggregate employment and income so much greater than themselves" (Keynes, 1936. P.108-9). Where "the increment of aggregate demand is equal to the product of the increment of aggregate investment and the multiplier as determined by the marginal propensity to consume" (Keynes, 1936. P.110).

Put basically, it is the theory that increased employment (thus increased marginal propensity to consume on a macro scale) multiplies the effectiveness of investments by increasing demand, and thus earnings, and thus further third-party income, employment and still further demand. it leads to the premise that state investment and employment, especially during recession, leads to increased consumption in the private sector, and thus revenues for further private investment, employment, and further demand still. Thus, state investment during recession stimulates the whole economy to a multiplied effect.

on international development were further developed over the next six years from those included in his general theory.

In 1942, and in anticipation of a post-war global economy, Keynes argued for an International Clearing Union which would, via a newly created and printed international currency, provide much-needed capital and coordinate exchange rates and monetary policy. This currency, dubbed the *bancor*, would have been traded by governments and central banks at fixed exchange rates. All international transactions would have passed through this institution and resulted in national deficits and credits of bancors. As a means of providing incentives to both creditor and debtor nations for maintaining global financial and trade balance, interest would be charged on account deficits, while a fine applied to account surpluses. The limits of deficit or surplus allowed to each nation would be in proportion to its share of world trade. On top of the interest or fines charged, minor breaches would result in optional currency revaluations (depreciation for deficits, appreciation for surpluses) in order to stimulate spending, investment, employment and thus growth in the deficit nations, while diverting it from those in surplus. In instances of recurring deficits or surpluses, Keynes' clearing union would enforce higher interests and fines, compulsory currency revaluations, compulsory gold sales, and capital export controls (Steil, 2013. P.145).

It was thought that this would produce several beneficial outcomes. As Steil put them:

> "First, he argued, bancor would have international acceptability, and therefore render unnecessary major irritants such as blocked balances (inconvertible holdings of foreign currency) and bilateral clearing agreements (import discrimination to balance trade between pairs of countries). Second, bancor would facilitate an orderly mechanism for controlling the relative exchange values of different national currencies, and therefore dissuade countries from undertaking beggar-thy neighbor competitive devaluations. Third, bancor would be a much less capricious global money than gold. The monetary gold supply was determined by unhelpful factors such as changes in mining technology and the vagaries of national gold reserve policies, whereas bancor supply would be governed by the actual needs of global commerce as well as technocratic decisions to expand or contract it to offset deflationary or inflationary

tendencies in effective global demand. Fourth, creditors as well as debtors would be pressured to take corrective action to reduce imbalances. The mechanism of fining creditors was one of the many novel features of the plan [. …] Fifth, the creation of bancor provided a mechanism for starting each country off after the war with a stock of reserves appropriate to its contribution to world commerce, without which many countries would be unwilling to liberalise policy for fear of imminent payments crisis. Finally, the creation of the institution of the ICB [International Clearing Bank] would take the destructive politics out of "the planning and regulation of the world's economic life" (Steil, 2013. P.144-5).

Keynes challenged three key assumptions of the classical liberal doctrine. They are:

"(1) that the real wage is equal to the marginal disutility of the existing employment;

(2) that there is no such thing as involuntary unemployment in the strict sense;

(3) that supply creates its own demand in the sense that the aggregate demand price is equal to the aggregate supply price for all levels of output and employment." (Keynes, 1936. P.20).

It was the recognition of this that led Keynes to develop his brilliantly radical alternative to the classical and neoliberal doctrines. In their failure to address the imperfection of markets and the unlikeliness of reaching a natural equilibrium; their failure to address or even recognise the issue of involuntary unemployment; and their failure to address the issues surrounding wage prices, claiming equilibrium will be reached between supply and demand; Mises and Friedman both make these fallacious assumptions. Hayek, on the other hand, recognises these issues and makes solid efforts to amend them.

Before we move into section two which focusses on the practical implementation of these theories, or at least of policy based on them, it is important to view the thoughts of two more economists. The first is Harry White. His thoughts on international relations which entail the roles of states are the only real interest here, and this is for their influence rather than their intellectual worth.

Harry White developed his own blueprint for post-war economic recovery and integration. Developed between 1942 and 1944, and in fierce competition and debate with Keynes, his blueprint proposed a global funding institution which would, via fixed exchange rates and conditional lending, assure global economic stability. The U.S Dollar would be fixed to gold and all other members would fix their exchange rate to the Dollar.

A key function of the fund would be to cover balance of payments deficits. To do this, member nations would be permitted to borrow Dollars or buy other currencies from the fund. This would be done so long as the borrowing nation could provide collateral in the form of gold or other currencies.

Membership would, of course be conditional. In order to join nations would have to "pledge to abandon, within one year after joining the fund, all restrictions on foreign exchange transactions with other member countries; not to alter exchange rates without the fund's consent; not to engage in discriminatory bilateral clearing or exchange rate arrangements with other members; and gradually but continually to reduce import tariffs and other trade barriers" (Steil, 2013. P.134). In addition to these conditions, any monetary or price setting policies considered by members would need approval by the fund and could be blocked by a four-fifths majority vote of other members.

Members would also be obliged to block capital flows for investment (as opposed to trade) as these were seen to both aid the wealthy in evading tax and social responsibilities at home, and as destabilising to both national and global economies.

Import subsidies were to be allowed while fund consent would be needed for export subsidies (Steil, 2013).

This eclectic mixture of policy enforcement may seem odd, and a consistent logic may appear absent when looking for the good it might do globally. To find the logic of it, one must view White as a fervent nationalist who had, in his blueprint, attempted to secure the greatest possible U.S economic and geopolitical power gains as possible. His golden Dollar ensured the U.S would hold and control the dominant currency. The fund's policy enforcements were designed to protect and expand its export-based trade interests, while its voting bias (inherent to White's gold holdings-based quota system) ensured it could veto any challenges while never being held to account itself.

Furthermore, the U.S held a dominant two-thirds of global gold stores, while the war-torn world was desperate for capital to reconstruct their decimated infrastructure and rebuild their economies. Most were in no position to question the fine print above the dotted line that gained access to it.

1.3: 20th Century Neoclassicism and Mixed Market Economies

Both Paul Samuelson and Milton Friedman studied at the University of Chicago during their undergraduate years and both studied under Frank Knight among others. However, both took their thoughts and careers in very different ways, each being hugely successful and influential in the field of economics.

Samuelson is possibly the most influential economist of the 20th century and has been credited for integrating limited aspects of Keynesianism into the neoclassical synthesis. This, along with welfare economics, provides the basis of the modern mixed economy in which "markets direct the detailed activities of day to day economic life while government regulates social conditions and provides pensions, health care, and other necessities for poor families" (Samuelson, 2009. P.40).

Fed up with the economic debates of the early 20th century, particularly their lack of empirical evidence and sound logic; Samuelson set out to create a theorem based in mathematics which would offer a level of scientific analysis yet unknown to economists. His *Foundations of Economic Analysis* was published in 1947, and his textbook, simply titled *Economics* was first published in 1948 and sold over four million copies over 19 editions through to 2009. The last six editions were revised by William Nordhaus. These works represent but a fraction of his vast contributions to the field of economics. It would be impossible to review his collection in the timeframe available, and anyone who has in any timeframe must be commended.

Samuelson claimed that "economics best serves the public interest in using cool heads to inform warm hearts" (Samuelson, 2009. P323). By this is meant that the focus of economic studies ought to be the analysis of real cause and effect relationships between economic policy and societal outcomes. With this information economists can provide advice on the actual, or at least an accurate range of potential implications of economic policy proposals. Discerned here are his broad perspectives of our five key issues through a careful reading of these two works.

On equality, Samuelson promoted the incentivising nature of unequal competition but made several concessions. He defended Keynesian demand-side economics fervently, extending the mathematics of the Keynesian multiplier, and touting its ability to both stimulate economies during a recession, thereby increasing the stability of market economies, and also its propensity to increase equality. But he went further than this for the goals of equality and the stabilisation of demand and supply.

Foundations of Economic Analysis (1947) includes in-depth discussions of the existing discourse in welfare economics. The basic argument presented is that perfectly competitive markets provide the most for all; that they provide the most efficient[4] means of production and distributions of goods, incomes and wealth. However, he notes that today economies are imperfect, oligopolistic and monopolistic. Thus, the supply and demand curves of most industries are distorted, prices are higher, and the equality of income and wealth reduced.

With little hope of restoring perfect competition to the global economy, and indeed, by bestowing virtues such as increased innovation on big business that would be unaffordable by any business the scale of which would be found in a perfectly competitive market; Samuelson creates a platform for the mixed market economy, including third-way formulations espoused by the likes of Giddens[5] (1994, 2000) (Romano, 2006). These virtues, and the implications for the populace of any nation which downsized its main industries, Samuelson claims, warrants the existence of large-scale industries and huge companies.

[4] Samuelson, unlike other market fundamentalists, gave an explicit definition of what he meant by efficiency. He claims that "an economy is producing efficiently when it cannot increase the economic welfare of anyone without making someone else worse off" (Samuelson, 2009. P.30).

[5] Note that although third-way formulations such as Gidden's, which were touted as a new compromise between neoliberal and social democratic extremes, are predominantly founded on neoclassical austerity and supply-side economics, and thus provide little differentiation to neoclassical formulations. It has been claimed (Harris, 1999; Meeropol, 2000) that the third-way was adopted by the traditional leftist parties to gain voter support as popular sentiment had shifted away from socialism toward more and more market-oriented preferences (Romano, 2006).

However, he also states that the inefficiencies in wealth and income distribution and subsequent inequalities must be addressed.

Special privileges in the mixed market economy include exorbitant incomes for CEOs, celebrities, and top professionals, particularly those in finance, as well as potentially lucrative rewards for investors who put their personal capital to use. On the other hand, privileges are also extended to the poor, elderly and disabled in the form of welfare payments (less-so in third-way formulations), special grants for people in particular circumstances, subsidised or free healthcare and education programs, food stamps and accommodation allowances.

True to form, Samuelson neglects any personal preferences regarding the specificities of any mixture of these, discussing instead the implications of each and leaving people to form their own conclusions and decide policy through democratic procedure. He does, however, stress that it is beneficial in several ways to reduce the inequality gap and support those who are unable to support themselves to an acceptable level.

As far as monopoly goes, Samuelson repeatedly imbues the benefits of perfect competition upon his readers. Alas, as stated, he continuously makes practical concessions with imperfect forms of competition.

Monopolistic and oligopolistic industries are seen as an inefficient means of providing public goods. This is because prices tend to rise, through monopolistic power or collusion, above the natural equilibrium of supply and demand. This, in turn, restricts access of a portion of would-be consumers to the product in question for the financial benefit of corporate owners. According to Samuelson, these inefficient forms of production, distribution and accumulation occur when one or more companies gain a size advantage over the industry norm. This allows them a comparative advantage of cost reduction by buying components and materials in bulk and streamlining procedures. This advantage allows them to undercut competitors while returning similar profits per piece. As such, they attract more consumers, damaging their competition and securing large market shares.

Once the competition has been diminished, these companies, with their new monopolistic or oligarchic control, can begin to raise prices for their own benefit. Should new competitors arise, they will most likely be relatively small operations and can be bought out via a merger or acquisition, or simply crushed in another round of price wars. It will be noted that this is one of the forms of monopoly neglected by Friedman.

Samuelson points out, that “In addition to declining costs, other forces leading to imperfect competition are barriers to entry in the form of legal restrictions (such as patents or government regulation), high entry costs, advertising, and product differentiation.” (Samuelson, 2009. P.185)

The question of regulation brings us to the role of the state. The state serves many roles in the mixed market economy. These include progressive and redistributive tax systems, and public spending on things like justice, defence, welfare, roading, education and healthcare. They also include fiscal and monetary adjustments to stabilise the economy, and the maintenance of international political and economic relations which facilitate international trade in the private sector. Furthermore, they regulate undesirable business practices and inefficiencies through anti-trust law and direct regulation of wage prices, working conditions, and damaging environmental practices. They also offer incentives and disincentives for desirable and undesirable practices respectively.

In international relations, Samuelson’s preferences are clear: free trade between appropriately regulated national mixed market economies based primarily on neoclassical economics. This includes the breaking down of tariffs (considered political tools to insure the votes of particular groups of society), and other barriers to trade, as well as the increased opening of borders to capital, trade, and the movement of human labour.

1.4: Section Conclusions

Section one has given a brief historical narrative of the key developments in liberal economics since the 1930s. It began by juxtaposing Mises, Hayek and Friedman.

It was discovered that Mises’ arguments were founded on assumptions incompatible with reality, from which key premises of his argument, and thus, visions of his utopian market economy unravelled. He viewed men as inherently unequal and thought equality ought only to be sought through policy which allowed individuals equal freedoms to pursue their own ends. No special privileges were to be had in the eyes of Mises, and he went to great lengths to disprove the notions that owners of the means of production held a privileged position in society. Competition was to be the sole regulator of monopoly, except in instances where monopolists held control of a natural resource, in which case exorbitant profits might be taxed. The role of the state "consists solely and exclusively in guaranteeing the protection of life, health, liberty, and private property against violent attacks" (Mises, 1927. P.52). No further regulation or organisation was needed on a global scale, so long as all states adhered to his prescriptions, fulfilling their national roles.

As well as sharing detrimental assumptions with Mises, Friedman was found to espouse a shallow, face value, dogmatic, and deceptive logic. His fallacious position, developed within the Chicago schools of economics and law, would be taught and spread through several academic, political, and legal works, culminating in the Friedmanite neoliberal ideology as defined.

Equality of outcome was seen as impractical and undesirable, though he did argue, in part, for equality of opportunity while promoting state subsidised private schooling and private investment in human capital. Friedman was anti all special treatment, whether justified on grounds of race, equality, gender, religion or profession. Monopoly was of exaggerated importance, that is while he considered healthy competition the ideal, he defended unregulated private monopoly wholeheartedly and in the opinion of this reader, neglected to mention the most relevant arguments against it. The state's role, in Friedman's eyes, is to set the rules of the game, moderate differing interpretations of said rules and enforce them upon individuals. His theory, like Mises', held no differentiation between national and international policy prescriptions.

The nuanced writings of Hayek were surprisingly responsible and well measured. They stand clearly defined from the alternate neoliberal writings of Friedman, but also from earlier neoliberals such as Mises, and classical liberals as well. It must be said that Hayek promoted a much more desirable, equal and stable global economy which would be hugely more sustainable than the Friedmanite model. Some difficulty was had in critiquing *the Road to Serfdom* in the politically philosophic context of comparing the narrow areas of importance to this thesis. It is a shame that those critical of the global economy's trajectory after the Bretton Woods era are so quick to lump Hayek in with Friedman and his disciples. He must be read and critiqued on his own merits.

Hayek was a keen supporter of equality of opportunity, going as far as to question exorbitant inheritances. He made allowances for the inherent instability of markets, promoting public works to provide employment in areas where private enterprise is impractical or undesirable, but which serve purposes widely beneficial to society. Monopoly in all forms is considered undesirable and can be averted through regulation and monetary policy which disadvantages the monopolist against his competitors. State intervention is promoted for the regulation and stabilising of the economy and society, as well as providing goods and services ill-suited to the private market. He promoted an international federation to oversee politico-economic relations, ensuring peace, stability, and fairness in international relations, while remaining explicitly against any solely economic international institutions without political regulation of the same or higher standing.

Keynes critique, that like the classical liberals of the 19th century, neoliberal theory rested on fallacious assumptions also capture Mises and Friedman, the latter of whom was writing decades after its publishing. Hayek however, recognised these assumptions and made amends for them in *The Road to Serfdom.*

Keynes went beyond equality of opportunity, going so far as to promote redistributive measures to equalise income and wealth, while via these and rigid wage policy, providing a strong consumer base to stimulate demand. Keynes preference for perfect competition is known, however, he crafted his theory to work in conditions of perfect or imperfect competition and writes little on monopoly in the *General Theory.* The Keynesian state serves several functions. These include both monetary and fiscal controls, responsible usury laws, wage regulations, and the provision of public works and employment, especially in times of recession. His international clearing union would have, via an international currency traded between national governments and central banks, as well as incentives for stable and fair trade and disincentives for greedy practices; contributed to a stable and mutually equitable international economy.

White, on the other hand, promoted an international system of fixed exchange fiat currencies attached to a gold exchangeable U.S dollar. The institution of choice to oversee international affairs was the IMF which would lend to nations provided conditional policy reforms were implemented.

Samuelson offers the mixed market economy based predominantly on neoclassical economics but compromised with limited aspects of Keynesianism. Admitting the imperfection of markets, he avoids the fallacious assumptions of earlier neoliberals and cleverly employs Keynes' fiscal ingenuities and demand-side economics to fill the gaping void. He also makes hugely beneficial contributions to equality and stability with the addition of welfare economics and the development of the welfare state in a mixed market economy. Alas, he misses some of the most important contributions of both Hayek and Keynes on international relations, and the global monetary system. He chooses instead to adhere to the status quo of the Bretton Woods and Marshal plan institutions as they have developed since their conception.

Similarities between Friedman and Samuelson can be explained through their shared links to the (pre-perspective shift) Chicago school of economics. The foundations they developed there persisted throughout their careers and can be seen in their shared promotion of monetarism, however, the two ended up worlds apart. Friedman followed a neoliberal bent, following the likes of Mises into laissez-faire style minimal governance and extreme market fundamentalism. Samuelson, on the other hand, incorporated Keynesian fiscalism and government intervention into his own neoclassical synthesis. Both set him apart from Friedman, while the fiscalism and the demand-side motives for it set him apart from Hayek. Hayek also subscribed to the monetarism that neoliberals carried over from neoclassical thinkers, but he was a strong proponent of government intervention and public works, though public works were promoted for welfare rather than fiscal stimulation. It is the incorporation of demand-side economics and fiscal controls into the neoclassical synthesis that really separates Samuelson from the neoliberals. His acknowledgement of the imperfection of markets and avoidance of classical assumptions further separates him from Friedman but draws him nearer to more nuanced neoliberals like Hayek. It is easy to see how people have included Samuelson into the neoliberal fold, but the perspective presented here distinguishes them by their inclusion/exclusion of demand side fiscalism.

Keynes sits well to the left of all three. His collectivist labour unions, his downplaying of monetarism, and the extremity of his demand-side fiscalism (of which Samuelson included to a limited degree) including the extensive promotion of public employment are the major defining features on a national scale.

Section one has outlined and contrasted key aspects of the most relevant scholar's works in order to emphasise the ideological blueprints for national and international development contained within. This provides the basis of the major themes and provides a platform for further evolution in the following sections.

Section two now explores the practical post-war developments, focusing on those in the U.S and their distorted reflections in the U.K. This will demonstrate how individual agency, class compromise (or non-compromise), geopolitical motives, and economic incentives shift the course of history and lead to the implementation of ideological policy based on but divergent from the prominent scholarly theories of the time. This will satisfy the first theme and provide building blocks for the second theme (third section) in the form of four distinct eras of capitalist development, three of which are clearly linked to the ideological models reviewed in section one.

Section 2: From Ideology to Practice: Models of Development at Work

We turn now to an analysis of the practical implementation of these theoretical models in compromise with each other, and other political and economic considerations. The focus of this section is on practical development in the U.S and U.K. It tracks the development of capitalism from the Bretton Woods agreement based on the compromises between Keynes and White, through a period of decline which saw a huge rise in speculative capitalism, and into the neoliberal era based mostly in the writings of Friedman but compromised with supply-side economics and geopolitical concerns. It then explores developments in these two countries within the neoliberal era and follows the move to more moderate neoclassical models as capsulated in the work of Samuelson.

By doing so section three demonstrates the national implementation of practical models of development. It shows how these vary nation to nation in compromise with existing political, social and economic considerations and opposing perspectives.

It shows the national and international progression from ideological blueprints to practical models of development through debate, compromise, and the tactical positioning of intellectuals and advocates, thereby delivering on the first major theme. It also distinguishes three eras of capitalism with distinct models of development and paves the way to section three's analysis of similar developments within the supra-national institutions which facilitate and guide the global economy.

2.1: The Bretton Woods Era

The classical liberal New Deal struck in 1933 was influenced by the economic philosophy and earlier writings of Keynes' (previous to *The General Theory)*. It involved a form of corporate market rule which, via organised labour, well defined managerial hierarchies, and strong state welfare programs, achieved a stable class compromise and hegemonic legitimacy. Production and accumulation were based in a Fordist version of the M…P…M'…P' (Money…

production… more money… more production) cycle of capital where value-adding production leads to increased capital through profit which in turn facilitates increased production (Van Der Pijl & Yurchenko, 2015).

The national template, resembling the work of Keynes, incorporated union-led collectivist bargaining for wage prices and working conditions. This facilitated said stable class compromise and maintained an acceptable level of equality. The template also incorporated strong industries focused predominantly on the domestic markets, which were driven by strong consumption, itself fuelled by high levels of well-paid employment. In order to maintain consumption and thus the strong industries which relied on it, the state engaged in multiple projects for societal betterment, via their funding through private companies, or in some countries and cases, state-owned enterprises. The economy was based on demand-side economics and incorporated fiscal controls and stimulation.

These ideas were followed in the wake of WW11 at the Bretton Woods conference in 1944 and largely prevailed through discussion to remain the basis of the Bretton Woods era's national template. However, the post-war international framework received a make-over, and not one of Keynes' prescribing. We focus here on the pre-conference drafting sessions in Atlanta, and the main conference at Bretton Woods.

While Keynes led the charge in two years of correspondence and debate about the post-war economic situation, mostly with White, it had become clear by June 1944, that White and the U.S intended to play hardball with Keynes' blueprint.

The politics coming into the pre-conference drafting saw Keynes and the Brits knowing full well that they were going to have to make concessions with the U.S delegation if they were to maintain any favourable course after the war. The facts were that their empty coffers, large responsibilities to their colonies, and huge U.S debt through land-lease left them little negotiating power. In the knowledge that he would be making large concessions no matter what, Keynes conceded largely to White's International monetary fund, attempting to make slight but important changes to it, while insisting on the creation of a second institution to perform some of the tasks of his proposed clearing union, namely funding reconstruction in Europe. He remained optimistic that he and White had a gentlemen's agreement that they were to reach, through formal and informal negotiations during the drafting and at Bretton Woods mutually beneficial arrangements for Britain and the U.S.

White, however, was not such a gentleman. He had hand-picked a team of technocrats for the conferences, informed them of his plan to bulldoze over any opposition to a U.S biased monetary system (particularly Keynes' blueprint), and trained them to defeat the arguments that might be put forward against his own. Meanwhile, he actively deceived Congress and his superiors, leaving them uninformed, or falsely assuring them that he and Keynes had reached agreeable terms (Steil, 2013).

During pre-conference drafting in Atlanta, several issues arose between Keynes and White surrounding the IMF.

Keynes argued for greater national flexibility for nations to adjust their exchange rates, and he re-drafted Article iv to this effect. White flatly refused, claiming that this was incompatible with the IMF's function and that if insisted on, "it would be impossible to reach an agreement" (Keynes, 1980. P.65. Cited in Steil, 2013. P.194). Both, however, argued against the free-floating exchange rates proposed by neoliberal writers at the time.

As for the period of transition into fund obligations, Keynes argued again for increased flexibility. Nations he claimed, should be the judges of their own readiness to adopt these obligations into policy, and the Fund should be lenient in so far as they are making progressive changes toward these ends. White remained adamant that a strict three-year adjustment period was all that was required. "Keynes declared his position final, and threatened to break off negotiations. White simply changed the subject, choosing to bide his time until the conference, where he could isolate Keynes and resolve the issue on his own" (Steil, 2013. P.195).

The definitions of *gold convertible currency* and *convertible exchange* caused further disputes. Keynes saw that were the dollar the sole currency exchangeable for gold, and others exchangeable for dollars which were needed to trade in gold stocks, that the U.S would reap many economic benefits. These included increased demand for the dollar, making it an internationally traded commodity in itself; the interest in all nations who held dollar reserves in the economic wellbeing of the U.S[6]; and the ability to offset trade deficits by printing money. Keynes argued that the dollar ought to hold no special privileges over other currencies which would reach value par one day and become convertible for gold. The issue was once again diverted to the conference (Steil, 2013).

Keynes was well aware, by the end of the pre-conference drafting in Atlanta, that White had cleverly set them up to legitimise his brushing aside of international concerns by claiming that forty-four countries had come together and crafted a new economic order. However, he naively believed himself to be in the inner circle, in a position above those to be swept aside. He was wrong.

At Bretton Woods Keynes was quickly put in charge of commission two, and thus negotiations concerning the International Bank for Reconstruction and Development which he had emphatically insisted on in previous discourse. This served two main purposes. It put a great mind at the helm of a globally beneficial project which had zero potential to harm U.S interests, and it both soothed Keynes' ego and kept him distracted, allowing White, head of commission one, to focus on the IMF where his true agenda lay.

With Keynes out of the picture, it fell to the other British delegates to negotiate the terms of the IMF articles. However, like the government back home, they were under the impression that Keynes and White had struck accordance on agreeable terms. This misconception led them (a) into thinking that the matter of gold convertibility had been settled in Atlanta, and (b) to British delegate Robinson defending the golden dollar and the definitions of *gold convertible currency* and *convertible exchange* against an Indian questioner. He described them as unimportant terms with little practical relevance, the definitions of which bore more debate than the practicalities merited. White gleefully accepted his argument and moved on to the next item on the agenda (Steil, 2013).

[6] In fact, much of today's tension between China and the U.S is based around this, and the pursuant mutual entrapment of the two economies. China, todays largest creditor nation has switched roles with the U.S, while the U.S is in a similar position to Britain in 1944; that is one of recurring balance deficits and waning international economic might, along with a heavy reliance on the world's largest creditor, China. However, todays circumstances see China unable to crush the U.S empire financially due to a) extreme losses in its extensive U.S holdings, b) The loss of the U.S as a market of last resort and large importer of Chinese goods, c) the lack of desperation (as caused by WW11 in Britain) in the U.S to give up their imperialistic ways and succumb to an agenda which removes their global hegemony and protects China's U.S interests, and d) to the complexity and nigh inconceivability of any viable agenda which seeks these outcomes peacefully and could be mutually agreeable without a level of desperation such as in 1944.

White subsequently moved the item on to the drafting committee (comprised of himself and his hand-picked team of U.S technocrats), "strategically replacing "gold" with "gold and U.S dollars" throughout the 96-page Final Act. [This] would become an important part of the IMF Articles of Agreement [, making gold and the dollar nigh synonymous]. Keynes would only discover them after his departure from Bretton Woods" (Steil, 2013. P.216).

Keynes didn't get the opportunity to challenge further the issues he had with White's blueprint. In fact, there is very little of Keynes' intellectual prowess to be found in the international relations aspects of the Bretton Woods agreement, even though the period following is often referred to as the Keynesian era, and the practices followed as Keynesian. The Keynesian national template followed widely in the Bretton woods era; the labour unions, wage protection, public works, and generally the demand-side economics that led to them; were all movements before the war and are more associable with the 1933 new deal, which both White and Keynes supported, than Bretton Woods. The Bretton Woods conferences were more about international than national economies, and the Keynesian template was carried over to provide a stable platform for growth and trade.

Keynes' World Bank negotiations were reportedly a madhouse (Steil, 2013), and perhaps this contributed to the institution struggling for purpose early on, along with the Marshal plan which greatly undermined it of course. The IMF was all White, although the final name was suggested by Keynes long before Bretton Woods.

Keynes' optimism for his clearing union and two-year intellectual battle for the realisation of his vision for post-war international relations were in vain. His superior wisdom and intellect were pushed aside by the bullish ambition of White, backed by the geopolitical and economic might of the U.S at the time. Indeed, many of Keynes' concerns were proven to be well placed. The lack of exchange flexibility has been blamed for economic crises including the financial collapse of Argentina in 2001 (Williamson, 2009); while the golden Dollar created a system reliant on the U.S.'s ability to purchase and sell gold at a fixed price. Keynes saw this ahead of Bretton Woods but was brushed aside. As will be seen, it was the U. S's default, brought about by several factors, that ultimately led to the systems collapse in the early 1970s.

Ironically, the ideas of Keynes live on today and have made an inspiring come back. Contemporary economists such as Paul Samuelson, Paul Krugman, Joseph Stiglitz and Anthony Giddens have incorporated his wisdom and intellectual might into their own works, and through their influence, it has been re-incorporated into global and national policy.

It was, however, the ideas of White which were articulated, implemented and disseminated to western Europe and Japan. Exchange rates were fixed to the American dollar, which was attached to gold. Two institutions, the International Bank for Reconstruction and Development (IBRD) and the International Monetary Fund (IMF) were established to aid nations struggling under fixed exchange rates. The IMF became a lender of last resort while the IBRD was to fund reconstruction and development in war-torn countries.

This system ushered in over two decades of stable growth to the North Atlantic and Japan, but it came at a burdensome cost to the U.S. By 1960 there was a huge but waning international demand for American dollars to support liquidity and foreign growth, however, supplying this money required reoccurring balance of payments (BOP) deficits in the U.S. These deficits were, through the late 1950s and 1960s, key to the stability of the Bretton Woods monetary system (Collins, 1996). They were, of course, unsustainable and resulted in a loss of confidence in the American dollar, which then caused an increasing desire of foreign nations and banks to convert held dollars for U.S gold. This created a catch 22 where measures to save dollars and lower the BOP deficits risked plunging the world into a liquidity shortage and recession as nations clung to less fluid gold rather than currency; while continuing the BOP deficits came at the cost of U.S gold reserves, which depleted the collateral holdings for the dollars in circulation, especially as the U.S printed money to cover its trade deficits (Collins, 1996; Steil, 2013).

A mild recession engineered by Eisenhower via a budget surplus restored faith in the dollar and maintained stability for a few more years. But through the mid to late-1960s foreign exports, particularly those of more coordinated market economies such as Japan and Germany, were beginning to outcompete those of the U.S and national production was declining along with demand. This coupled with high military spending on the cold war and especially in Indo-China by the

U.S.A. (Vietnam was at its fiercest), and costly international Aid programs; saw the BOP deficit reach a reckless high at around four billion Dollars in 1968 This, along with remaining pressure from a tax-cut in 1964, would drive inflation dangerously high to 4.4 percent in 1968. The U.S economy's ability to support the global monetary system came into question (Collins, 1996. P.401).

Calls were made for a tax hike, but due to public discouragement, president Johnson was unwilling to implement them (Collins, 1996). They began looking for other ways to lower the deficit while retaining the military budget, hence welfare and social spending began to be seen, as they were in Friedmanite neoliberal theory (despite Samuelson's role as presidential advisor[7]), as a drain on society, and unionised wage prices and class compromises were increasingly perceived as a hindrance to U.S industry (Gould, 2013). Then, in November 1967 Britton announced a 14.3 percent devaluation of the Pound Sterling in the wake of speculative currency attacks. This increased the already high demand for gold (Russia had been hoarding it and Industrial use in electronic components was growing faster than gold production) and created instability in the financial and gold markets.

The international gold pool (held by the U.S and eight other allied nations) "incurred losses of $641 million (of which the U.S share was 59 percent)" in the seven days following November 20th (Collins, 1996. P.405). The U.S attempted to maintain international confidence in the dollar, pledging to keep the price at Thirty-five dollars an ounce, and urging other nations to maintain their fixed exchange rates. This kept the gold price stable, but it was almost in vain. By mid-March in 1968 confidence in the Dollar and the U.S economy had waned again, leading to a speculative run on gold and unprecedented losses from the Gold pool; climbing to daily losses of almost $400 million, with losses for March running toward a billion (Collins, 1996). The U.S called for the closing of gold markets and invited finance ministers and central bankers from gold pool countries to an emergency meeting.

As a result, a new two-tier system of gold trading was introduced by which nations traded gold for the purposes of liquidity at the traditional $35 per pound,

[7] Recall that Samuelson is both a neoclassicist and a proponent of welfare economics. It is unclear what his position on these topics was in his advisory role, but his academic writings would certainly have abhorred these transgressions.

while private sale prices became set by supply and demand. As well as this, Special Drawing Rights were implemented through the IMF as a platform of trading gold and creating liquidity which did not actually involve the trading of gold. In this it was almost a nod toward Keynes' bancor. Furthermore, the U.S removed its national legal obligation to cover 25% of paper currency by gold reserves (Collins, 1996). On top of these global measures, Johnson finally approved tax raises, and while these measures bought the global system time, they ultimately proved to be too little too late.

The U.S BOP fell back into heavy deficits as the result of a stagflation in production and further harsh competition, particularly from Germany and Japan who had never fully embraced the collectiveness (under U.S hegemony) of the Bretton Woods system. Thus, it became evident that the system could no longer be propped up by the U.S, and that it was no longer in the U.S's best interests to either prop it up or be a part of it. Thus, at the recommendation of Paul Volker (who would later become president of the federal reserve), the dollar was detached from gold in 1971, and by 1973 floating exchange rates were reintroduced (Collins, 1996).

Total dollars in circulation grew exponentially. This triggered increased finance and a global flood of "both interest-bearing money-capital tied to value creation [(C)] and money-dealing capital [(Cm)]" (Van Der Pijl & Yurchenko, 2015. P.501). It also upheld the Keynesian national template and class compromise after productivity increases had waned which temporarily gave a false legitimacy to the new economic liberalisations (Van Der Pijl & Yurchenko, 2015).

Firms began shifting production offshore to escape labour costs and reduce taxes, either by setting up factories and operations in other countries or outsourcing production and labour to external, foreign-owned manufacturers (Unni & Scaria, 2009). This was perhaps necessitated also by the need for the financial stability of interest-bearing (M…M') circuits amongst speculative and increasingly unpredictable investment by money dealing capital (Cm), and declining corporate profits (Van Der Pijl & Yurchenko, 2015).

This post-gold standard decline of the Bretton woods era[8] demonstrated the destructive tendencies of speculative capital in volatile markets, an issue Keynes had predicted 37 years earlier. It is considered here a rather unique moment in history, the result of partially globalised, relatively unregulated, unstable and uncooperative market economies, and the frantically self-interested psychology of investors in such an environment[9]. This decline and dismantling of the Bretton Woods era and its international framework persisted through the mid-1970s, with the worst symptoms lessoning as economies gained stability. It brought with it a new class compromise with a 'rentier' of propertied and invested middle classes at the cost of the working class. It is also characterised by increasingly interlocked corporate boards of directors (Van Der Pijl & Yurchenko, 2015).

The decline and gradual disassembly of the Bretton Woods system paved the way for others to implement radical ideas into new policy frameworks. This is particularly true for Britain and the U.S.

2.2: Thatcherism: The Neoliberal Era in the U.K

Thatcher's 1979 Government waged war on organised labour and State-owned enterprise (SOE). British Leyland and the British Steel Corporation (under Ian MacGregor) both underwent extensive and controversial 'rationalisation' reforms at the cost of 130,000 directly employed jobs (Barlow & Mortimer, 2012). In the face of large-scale strikes, these reforms saw the introduction of direct balloting of employees; a piece of legislation which undermined the

[8] The U.S abandonment of the gold standard could be seen as the end of the Bretton Woods era and the beginning of an era of speculative or jungle capitalism, but it is seen here as a step in the decline of the Bretton Woods era and the dismantling of its international legal framework. This is because Keynes' national template continued to struggle through the 1970s (albeit under ferocious attack and gradual disassembly by neoliberal advocates) until being replaced by the neoliberal template in the 1980s.

[9] It must be noted that speculative flows still play a huge and destabilizing role in today's economies. However, the market conditions and speculative opportunities of the early 1970s have not been fully repeated. It is the *relative stability* (as opposed to actual stability) of markets achieved through academic progress and a degree of political wisdom which has prevented this historic moment from repeating. It is, in this writer's mind, imperative that speculative investments be regulated on a global scale if capitalism is to find any sustainable equilibrium and maintain public legitimacy.

cohesion and strength of organised labour in order to reduce picketing. The reforms culminated in the privatisation of both industries in 1988 (Barlow & Mortimer, 2012). In 1983 Thatcher had also set her sights on the coal industry and assigned her bulldog Ian MacGregor as head of the National Coal Board (www.bbc.co.uk/wales/history). The coal strikes of 1984-85 were deemed illegal through legislation changes and police were given new jurisdiction over picketers (Barlow & Mortimer, 2012. Turner, 1995). The coal Industry was finally privatised in the mid-1990s (www.bbc.co.uk/wales/history). Also privatised in Thatcher's era were several water companies, British Airways, Britoil, Enterprise Oil, and British Gas[10]. Each of these was listed as Public Limited Companies (PLCs) and shares were sold for each company. There were also government boards and committees formed to regulate the negative effects of these known monopolies entering the private domain. This shows an important mid-point of practical Thatcherism between Hayekian and Friedmanite conceptions of neoliberal doctrine; that she, as a neoliberalist after Hayek, with roots in Adam Smith's classical Liberalism, feared the effects of monopolisation but believed in the liberal freedoms and held an optimistic faith in market mechanisms which outweighed this concern (https://www.margaretthatcher.org/document/106680). It also highlights her practicality as a human who saw the impracticalities of breaking the SOEs up for sale, and the inefficiency of running and coordinating such essential industries as water and energy when provided by companies without national, or at least regional reach. This style of privatisation formed a template for other nations in the North Atlantic and beyond, especially where socialism had a strong history. For others such as the USA, other paths awaited.

2.3: Reaganomics: The Neoliberal Era in the U.S

While they both followed broadly neoliberal approaches, i.e. monetarist and austerity economics; it was the Chicago school's influence, particularly around austerity economics and antitrust laws which set the U.K and U.S.A apart

[10] Several questions of control after privatization remain unanswered for this writer, but these will have to await further study as time and space allocations do not permit them to be addressed here.

early on. However, the U.K would later align more to Friedmanite neoliberalism, it simply had different pre-existing conditions and social and political compromises to navigate.

The U.S.A, having no history of socialism, already housed a network of interconnected privately owned corporations, an entrenched national capitalist class (NCC) whose profit maximising interests lay in overriding the fair and equitable policy laid down by former congresses, and a national elite (NE) or inner circle of the fractionalised NCC who held similar views which varied in important ways. The NCC and NE, consisting of the owners and executives of corporations, operated and compromised amongst themselves through a network of representative think tanks, policy planning, and lobbying groups to advise and direct policy shifts before, during and after the Reagan administration. Beyond the NE, the NCC of the Reagan period was fractionalised into an 'old money' fraction tied to the NE or inner circle of national capitalists via interlocking corporate directorates and ownership, ivy league and elitist educational institutions and elitist social clubs whose support shifted from Keynesianism to Austerity economics through the 1970s and early 1980s; and a 'new money' fraction[11] of entrepreneurial led corporations in growth industries particularly in the sunbelt regions, who were isolated from the institutions and political access of the traditional capitalist class and tended to support supply-side economics. It was through the above-mentioned network of conservative policy groups that these class fractions compromised between theoretical preferences, and a practical neoliberalism was born.

Key to this network were the generally Austerity aligned American Enterprise Institute [AEI], Business Roundtable [BR], Hoover Institution, and Shadow Open Market Committee; as well as the generally supply-side oriented National Association of Manufacturers [NAM], the Chamber of Commerce [COCUS], the Heritage Foundation, and the Institute for Research on the Economics of Taxation (IRET) (Jenkins & Eckert, 1989). Within and between these groups, Austerity advocate scholars such as Milton Friedman (AEI; Chicago, MPS), Herbert Stein (staff at AEI; Chicago, MPS), Alan Greenspan (Hoover board), Alan Melzer (Shadow Committee coordinator; MPS), George

[11] The particular class groupings and fractions of any nation will vary and shift due to the development of the various generative mechanisms effective within each nation.

Schultz (BR and CFR boards; Chicago, MPS), and Beryl Sprinkel (Shadow Committee member; Chicago, MPS); and supply-side proponents such as Charles Walker (Business Roundtable consultant), and Norman Ture (Heritage and AEI staff, and IRET President) debated and designed policy programs for the U.S.A (Jenkins & Eckert, 1989).

It is interesting that the austerity camp was dominated by MPS members and scholars with intellectual links to the Chicago schools of law and economics, having either studied or taught there, (as displayed in brackets above). The multitude of Chicago influenced scholars in this network is probably due to the business leaders from the NE and 'old money' NCC faction who sat upon and commanded several of the groups boards of directors and were able to control membership and thus the perspectives present for debate, much like the Volker fund did with the early Chicago school projects. They also decided on the research programs these scholars could commit to, and thus loosely directed the direction and final perspectives reached by the scholars through academic debate (Jenkins & Eckert, 1989).

In 1979 Paul Volcker (not associated with the Volker fund), who had ties to both big business and the shadow open market committee (Jenkins & Eckert, 1989) was appointed as chairman of the federal reserve. He increased both the federal and prime interest rates to induce a recession, reigning in inflation, causing the dollar's exchange rate to spike, (Overbeek & Van Apeldoorn. 2012; Reinhart & Trebesch, 2016). and bringing C (interest bearing money) under the control of M (productive capital) (Van Der Pijl & Yurchenko, 2015). While this brought inflation and interest bearing money under control to the dismay of commercial banks, the simultaneous pressure put on developing nations to pay significantly increased interest on loans, coupled with the high price of dollars (which was the denominated currency of many loans) as well as austerity programs enforced by the IMF and WB, meant that internationally, large swathes of state-owned assets were sold on the open market, delighting investment bankers, feeding the predatory Cm money circuits (Van Der Pijl & Yurchenko, 2015), and creating a gap between commercial and investment bank accumulation that is yet to be closed.

Ronald Reagan became the leading Republican candidate in 1980 after a string of victories in the primaries as austere monetary policy was trumpeted as the solution to Volcker's recession. He was then approached by several corporate campaign funders and the above-mentioned policy organisations who offered their services to his candidacy (Jenkins & Eckert, 1989). Several advisory boards, comities, and even a tax policy task force were established as scholars from the various neoliberal groups, particularly supply-side[12] and austerity[13] theoreticians tried to smooth out their contradictions for practical implementation. The final and decisive installation being the Economic Policy Advisory Board made up of "three supply-siders (Arthur Laffer, Charles Walker and William Simon), seven austerity proponents (George Schultz, Martin Anderson [Hoover board], Arthur Burns, Milton Friedman, Herbert Stein, Paul McCracken, and Walter Wriston) and two ideological neutrals (James Lynn and Thomas Sowell [Hoover staff])" (Jenkins & Eckert, 1989. P.129).

Finally, in his inaugural speech, Reagan announced his four pillars of economic 'prosperity'; an austere and inherently contradictory mixture of supply-side and Chicago school economics. He proposed enormous tax cuts, the top income bracket being cut from 70% to 28%, and corporate taxes being severely reduced also (Laffer, 2006). At the same time continuing the tight fiscal and monetary policy in the federal reserve which had already seen anti-inflationary successes under Volker (Jenkins & Eckert, 1989. Laffer, 2006). Tight government spending, particularly social spending (and excluding military spending as military pressure was part of Reagan's vision of U.S international relations), was

[12] Supply side economics: Opposite to Keynesianism demand side economics. States that decreasing tax stimulates private investment, and so increases productivity and employment. Proponents such as Laffer go as far as to claim via the over simplistic *Laffer curve,* that decreased tax rates result in increased tax revenue because it incentivizes employment and increases the tax base. What this perspective fails to account for is the difference in incentive and revenue collection of rate changes to different tax brackets, the relation and incentive differences between income tax and GST. Thus, even if there is some truth to the theory in general, it has little practical use as an indicator of appropriate tax rates.

[13] Economic Austerity: Proposes stringent government budgets to reduce debt, abolished corporate taxes to stimulate growth, as well as monitored and regularly adjusted federal tax rates in order to create controlled recessions to curb inflation. This methodologically individualist approach places no responsibility on either companies or governments for the detrimental socio-cultural and ecological effects of the austere budgets and cuts in social spending. The effects of poverty for instance are seen as the individual's responsibility, regardless of employment and income rates which are directly altered by austere policy shifts such as welfare cuts and strategic tax raises. For instance, cuts in welfare increase the supply of labour and desperation of the unemployed, thus decreasing the competitive wage rate. It also increases the incentives toward alternative income streams such as criminal income, as do increases in the cost of living or any other measure taken which makes it more difficult for the employed to provide for themselves and their families.

implemented to control national debt (Jenkins & Eckert, 1989. Laffer, 2006). Reductions to the regulatory framework, especially to minimum wage protection, welfare programs, union power, and antitrust regulation completed the package that once delivered, would alter the course of U.S and subsequently global politico-economic relations for good.

While Reagan is widely credited as the implementor of neoliberalism in the U.S, it turns out that Chicago school theory was impacting regulatory outcomes prior to Reagan's election, and not just through the policy groups discussed above. Chairman Miller of the Board of Directors played a role in the inception of Chicago's antitrust doctrine into U.S legislation through the late 70s, challenging established interpretations of antitrust law. The call was then picked up by the Reagan administration, particularly one Assistant Attorney General Baxter (Flynn, 1983).

The Sherman Act, the Clayton Act, and the Robinson-Patman Act were all founded (prior to the Chicago schools influence) on the premises of fair and equitable entry and inclusion into, and opportunity within, a well-maintained competitive order of socio-economic and political power and wealth distribution. But each of these was undermined by the Chicago school's doctrine and its practical implementation and development prior to, during, and since the Reagan administration (Flynn, 1983). All three Acts have been undermined by a shift in perspective and interpretation, as well as over-complication and subsequent price rises of the legal processes and representation required by small to medium size businesses to build law-suits (Flynn, 1983). Thus, the Reagan administration saw unprecedented falls in antitrust regulatory action, even though the same official legislation existed.

As stated, the most significant economic contradiction early on was between supply-side tax cuts and austere monetary policy. The loss of tax revenue caused by the cuts resulted in government deficits which prompted the federal reserve to further restrict money supply. This effectively halted the economy and caused the fragile coalition of conservative policy boards and groups to split into several fractions. The more unified austerity front won out, and in 1982 Reagan and Volker settled on tax increases (although they would never reach anything resembling their pre-Reagan highs (Laffer,2006)) and further spending cuts. Thus, austerity economics as developed in the Chicago schools of law and economics came to dominate the social and politico-economic policy of the U.S.A in compromise with supply side economics and with few residual influences of Keynesian economics found in the new framework.

This basically sums up the second phase of neoliberalism, and its first national template, dubbed here Friedmanite neoliberalism. Observably based on Friedmanite and Chicago school theory, but in practicality a compromise between this austerity economics and its political opposition at the time, supply side economics.

2.4: The Washington Consensus: Rise of the neoclassical Era

In 1989 John Williamson outlined a policy framework which he believed the top heads in Washington[14] had generally agreed upon. It basically claimed a general convergence of international development ideology towards, but not directly in line with that espoused by the OECD. Williamson claimed in 2009 that his original terminology has been taken out of context and become the subject of much debate due to (a) generalisations of his 10 points which lack the specificity of his original documentation, (b) oversights and "wishful thinking" on his own part as to how converged Washington had become, and (c) differences in his theoretical observations and the pursuing practical developments as if his was some official declaration of Washington's unbending intentions in the developing world. It must be recognised for instance that the IMF pushed bi-polar exchange rate reform by which nations would either float their exchange rates cleanly or fix them firmly by an institutional device, while Williamson had proposed an intermediate regulation of competitive exchange rates. The IMF also pushed for comprehensive capital account liberalisation in direct opposition of Williamson's explicit call for limiting account liberalisation to foreign direct investment.

[14] Washington refers in this context to "both the political Washington of Congress and senior members of the administration and the technocratic Washington of the international financial institutions, the economic agencies of the U.S. government, the Federal Reserve Board, and the think tanks" (Williamson, 2009; P.8).

Williamson blames the first of these deviations for Argentina's financial collapse in 2001, and the second for the 1997 Asian crises.

The 10 principles of Williamson's Washington Consensus as found reviewed in *A Short History of the Washington Consensus* (2009) are as follows. Note that he had prematurely, discarded monetarism, supply-side economics and minimal government as "impractical or undesirable fads" (P.9).

> "**1. Fiscal Discipline.** This was in the context of a region where almost all countries had run large deficits that led to balance of payments crises and high inflation that hit mainly the poor because the rich could park their money abroad.
> **2. Reordering Public Expenditure Priorities.** This suggested switching expenditure in a pro-growth and pro-poor way, from things like non-merit subsidies to basic health and education and infrastructure. It did not call for all the burden of achieving fiscal discipline to be placed on expenditure cuts; on the contrary, the intention was to be strictly neutral about the desirable size of the public sector, an issue on which even a hopeless consensus-seeker like me did not imagine that the battle had been resolved with the end of history that was being promulgated at the time.
> **3. Tax Reform.** The aim was a tax system that would combine a broad tax base with moderate marginal tax rates.
> **4. Liberalizing Interest Rates.** In retrospect I wish I had formulated this in a broader way as financial liberalization, stressed that views differed on how fast it should be achieved, and-especially recognised the importance of accompanying financial liberalization with prudential supervision.
> **5. A Competitive Exchange Rate[15].** I fear I indulged in wishful thinking in asserting that there was a consensus in favour of ensuring that the exchange rate would be competitive, which pretty much implies an

[15] "I have seen it asserted that a competitive exchange rate is the same as an undervalued rate. Not so; a competitive rate is a rate that is not overvalued, i.e. that is *either* undervalued *or* correctly valued. My fifth point reflects a conviction that overvalued exchange rates are worse than unvalued rates, but a rate that is neither overvalued nor undervalued is better still." (Williamson, 2009; P.9: footnote 3)

intermediate regime; in fact Washington was already beginning to edge toward the two-corner doctrine which holds that a country must either fix firmly or else it must float "cleanly".

6. Trade Liberalization. I acknowledged that there was a difference of view about how fast trade should be liberalized, but everyone agreed that was the appropriate direction in which to move.

7. Liberalization of Inward Foreign Direct Investment. I specifically did not include comprehensive capital account liberalization, because I did not believe that did or should command a consensus in Washington.

8. Privatization. As noted already, this was the one area in which what originated as a neoliberal idea had won broad acceptance. We have since been made very conscious that it matters a lot how privatization is done: it can be a highly corrupt process that transfers assets to a privileged elite for a fraction of their true value, but the evidence is that it brings benefits (especially in terms of improved service coverage) when done properly, and the privatized enterprise either sells into a competitive market or is properly regulated.

9. Deregulation. This focused specifically on easing barriers to entry and exit, not on abolishing regulations designed for safety or environmental reasons, or to govern prices in a non-competitive industry.

10. Property Rights. This was primarily about providing the informal sector with the ability to gain property rights at acceptable cost (inspired by Hernando de Soto's analysis)." (Williamson, 2009. P.9-10)

While some, such as Robinson (2004), Carroll & Sapinski (2016), and Stiglitz (2003) have interpreted these points as fundamentally synonymous with neoliberalism, indeed, as the very definition of practical neoliberalism, it seems their criticism is misplaced. It will be noted that some key neoliberal prescriptions are missing from this list; monetarism is not promoted over fiscalism, although it is inherent to both neoliberal and neoclassical models. Minimalist governments are also not promoted. Meanwhile, public spending is promoted for healthcare and education which would obviously fall outside the sphere of the discussed neoliberal model of development, but well within that of neoclassical MMEs. Broader austerity economics, private property rights, privatisation, trade-liberalisation, and moderate taxes with wide tax bases are all shared attributes of neoliberal and neoclassical thought, and deregulation, as proposed by Williamson, excludes the forms most frequently critiqued as neoliberal. In fact, Williamson's views on deregulation are more closely aligned with Samuelson's ideas than the destructive Friedmanite values Williamson is accused of. Furthermore, and as noted, both the Asian financial crises and Argentinian collapse can at least partially be attributed to practical deviations from the exchange rate and FDI liberalisations in the Washington consensus. In fact, Williamson argued against both bi-polar exchange rates, and comprehensive capital account liberalisation specifically.

Therefore, it must be admitted that this set of policy prescriptions falls more closely toward the neoclassical blueprint than the neoliberal. This is not to say that those scholars would be wrong to critique it, simply that it should be critiqued for what it is; that is one scholar's observations of growing trends amongst Washington and the international institutions.

It is utilised here as a rough framework for the neoclassical model of development preferred by Washington.

This list is observably optimistic. Perhaps, as Williamson admitted, it was published a decade early. In hindsight, it was at the forefront of a perspective shift which took place through the late 1980s and early-mid-1990s. A shift that really came into its own in the mid-late-1990s when Bill Clinton and Tony Blair shifted policy in the U.S and U.K toward neoclassical Third-way formulations of the mixed market economy. Thus, ending the decade long reign of Friedmanite neoliberalism. This shift is largely due to Samuelson's influence in and beyond the U.S, and Anthony Giddens' (1994, 2000) influence in the U.K. This era saw the mentioned welfare reforms, tax alterations, and improvements to state education and healthcare provisions. It also saw the first U.S budget surpluses since 1969.

This formulation lasted, largely intact, until the 2008 financial crises, after which we have seen a regression into protectionist nationalism, as demonstrated by Trump in the U.S, an intensified reversion toward socialism in South America, the consolidation of economic power by the Chinese communist government, the reinforcement of socialist ideals in France demonstrated by the near rise of Le Pen and recent protests, and of course-Brexit.

While the U.S and U.K made the shift to MME neoliberalism in the mid-late-1990s, the international institutions in charge of the global monetary system lagged somewhat, with the IMF grasping to the Friedmanite model until after the 1997 Asian financial crises, and even the 2001 financial collapse of Argentina, each of which highlighted some serious flaws.

2.6: Section Conclusions

Section two has covered perhaps the most important politico-economic shifts in modern history; the rise and fall of both the Bretton Woods system and Friedmanite neoliberalism. In doing so it identifies three stages in post WW11 capitalism in the U.S and U.K. These are (1) the Bretton Woods era from 1944 until it was definitively ended by the Reagan and Thatcher administrations, (2) the era of Friedmanite neoliberalism which rose through the late 1970s, dominated the politico-economic landscape of the North Atlantic through the 1980s, and was finally reigned in during the mid-1990s when (3) neoclassicism gained dominance and maintained the legitimacy of free-market capitalism through class compromise in the MME template, and especially third-way formulations. While the focus of this essay is the rise and fall of both the Bretton Woods and neoliberal eras, it is worth noting that a fourth stage of capitalism has developed since the financial crash of 2008. This is the era of post crises protectionism, but a full examination must await further study.

Practically we see that the three capitalist models of development with their separate national templates were each based on corresponding ideological blueprints. The Bretton Woods model of development was based on compromises between Keynes and White who represented Britain and the U.S at the Bretton Woods conference. Much of the national template was carried over from the New Deal.

The neoliberal model was largely based on the writings of Friedman and his cadre at Chicago University. It was however implemented in compromise with other ideas such as supply-side economics. Proponents also never fully disbanded the welfare state or the workers Unions, although both were heavily reduced over the years.

Finally, the MME model is captured in the neoclassical writings of Samuelson. It is itself a compromise between Keynesian and Classical models and shares many affinities with neoliberalism which both schools have carried through from classical liberals. As such it has carried through many practical aspects of the neoliberal template such as monetary adjustment and a degree of disregard to private monopoly (more onus was placed on negating its negative effects though); while at the same time strengthening and reinstituting Keynesian tools, such as fiscal adjustments, redistributive taxes, and wage controls, and also reinvigorating the welfare state. It will be noted that the MME is a much more flexible template than the neoliberal model which came before it.

Working with this, we see that each of the intellectuals reviewed in section one proposed his own ideological blueprint. However, section two has demonstrated how these ideological blueprints are practically implemented in compromise with existing socio-economic and political viewpoints, opposing intellectuals, and exogenous pressures. It showed the employment of key scholars and advocates to key positions and delved ever so slightly into the class and class-fractional conflict and compromise involved in political shifts, especially those of such a magnitude as explored here.

It has thus, delivered on our first major theme, finding that practical models are unlikely to reflect the purity of ideological blueprints. The brief exploration of developments in the U.K under Thatcher shows that even closely linked and similarly governed nations will experience similar ideological developments in practically diverse ways based on unique historical evolutions in thought and structure.

Section 3: Neoliberal Institutions.

Recall that WW11, and particularly the 1944 Bretton Woods conferences marked a profound shift in the international institutional layout. The Bretton Woods agreement was reached through negotiations between the allied nations, particularly Britain and the U. S, and specifically, their economic representatives being John Maynard Keynes and Harry White respectively. However, the economic strength of the U.S compared with the devastated European countries and the political and ideological segregation of the Soviet Union, as well as the dependence of allied states, particularly Britain, on U.S generosity; insured a bias of bargaining power which allowed the U.S to twist the agreement in its favour (Boughton, 2004). From the weighted debates of these new deal economists, stemmed a global project which linked all participants currency to the American Dollar which was then linked to gold. This perversion of the gold standard[16] was widely adopted, as were the other aspects of the Bretton Woods model of development and its national template. Demand-side economics saw the continued growth of workers unions to protect wages and worker's rights to stimulate employment and demand for manufactured products. Manufacture and industry were largely nationalised with the import and export of raw materials and completed goods being the norm over the outsourcing of labour and manufacture of components associated with the international production networks of today. To oversee and facilitate the implementation of this agreement, and as a compromise of Keynes to the geopolitical arguments of White, two institutions were created. White's International Monetary Fund (IMF) was created as a lender of last resort who would lend to nations to avert immediate balance of payments deficits (Reinhart & Trebesch, 2016), while the World Bank, originally the World Bank for Reconstruction and Development (IBRD) was set up to lend money to nations for 'brick-and-mortar' reconstruction projects and further development of the allied nations.

But these were not the only international organisations established in the post WW11 fora. The General Agreement on Tariffs and Trade (GATT), was a

[16] A true gold standard relies on each nation linking their own currency to gold without the median of the particular currency which has the power to set value, or as it happened, crash the system by removing their dollar from the value of gold.

multilateral legal framework aimed at increasing international trade by eliminating impediments such as tariffs and integrating European markets under the Marshal plan for their and the U.S's mutual gain. It was founded largely on the basis of U.S hegemony to increase the sphere of economic integration and political alliance to combat the post-war spread of communism (Davis & Wilf, 2017). Although this legal agreement was not in itself an institution, it laid the foundation for the World Trade Organisation which was formed in 1995, and still makes up a significant portion of its legal framework in 2018.

Also established at this pivotal moment in history was the Organisation for European Economic Cooperation (OEEC), which has since grown into the Organisation for Economic Cooperation and Development (OECD). The OEEC was originally established in 1947 to administer the Marshal plan by addressing balance of payments issues while liberalising participant nations' policy frameworks and lowering quotas (Clark & Thompson, 2011).

One thing each of these institutions and their associated legal frameworks have in common is their gradual, and sometimes quite sudden evolution in ideological position, and subsequent reorientation of roles, mandates, and internationally binding legal frameworks. From Bretton Woods roots for the IMF and WB and Marshal plan aid for the OEEC/OECD, and the GATT/WTO, toward Friedmanite neoliberal values through the late 1970s and 1980s, to more refined and less extreme neoclassical tenets through the late 1990s.

As will be seen, the breakdown of the Bretton Woods era which led to the uptake of neoliberalism had a profound effect on these institutions. Because of the OECD and G7 countries' dominance of voting procedures (particularly the U.S), the spread of neoliberalism amongst them led to its spread within the named institutions, and subsequently into the nations under their sphere of influence, often forcefully. As such the neoliberal era is characterised by the North Atlantic's geopolitical and economic dominance of the south. Because the OECD and G7 nations utilised their powers for their own benefit, especially the U.S, the institutions represented their interests in the developing world in an increasingly coordinated manner and used their leverage to reach favourable conclusions. This was done through a national template that was both incentivised and forcibly imposed through Structural adjustment programs (SAPs). Once nations had been indoctrinated into the neoliberal template, they entered into the global marketplace via WTO membership, after which they were held to internationally binding law which favours the OECD and G7 nations.

The uptake of neoclassicism and the MME template stemmed from widespread disillusionment with neoliberalism's failure to provide adequate economic stability, equilibrium, social welfare, or ecological sustainability. The re-realisation that unguided markets led by unrestrained multinational corporations were not, in reality, the perfect mechanism of unfettered social good that the theoretical works had made it seem; the understanding that trickle-down economics was a farce for instance, or that stability and growth required a number of intricate and constant interventions, and that without supervision corporations would run rampant and soon overheat both the economy and the planet to the demise of every living organism; brought about a consciousness of the necessity for change. Thus, the era of Friedmanite neoliberalism which emerged through the 1970s to take hold in the early-1980s, was capped in the mid-late-1990s and has been continuously phased out since. This is not to say that the West or these global institutions have lost faith in capitalism or even free-markets by any means. Simply that the global order has shifted to a more flexible version that seeks to use market mechanisms, private property, and ever-more Keynesian regulation to address the identified short comings of Friedmanite neoliberalism.

The following four sub-sections explore these developments institution by institution to divulge the details and determinants of these shifts on the evolution of the transnational model of development, and the national template included within and spread to the world. Thus, satisfying the second major theme of this thesis.

3.1: The International Monetary Fund

The IMF was created at the 1944 Bretton Woods conference but became operational in 1947. The U.S's previously mentioned dominance at the negotiating table gained it the U.S dollar-based exchange rates which turned other currencies into fiat currencies, as well as the locating of the IMF headquarters in Washington. Meanwhile, the U.S's generous financial contributions bought it a bias of voting rights and majority control of lending decisions (Boughton, 2004).

Early IMF loans were short term, usually one-year standard arrangements to cover balance of payments deficits. However, due to reoccurring BOP deficits these were increasingly stretched to two-year arrangements and renewed as necessary (Reinhart & Trebecsh, 2016). Most early loans went to advanced nations, as the Bretton Woods institutions' original memberships were the allied nations, of which advanced nations were both the worst affected, the most important to the international economic system, and held the greatest influence in voting procedures. Such early loans came with limited conditionality. This was the norm for the first two decades of IMF operation, but as U.S economic hegemony came under fire, the layout of international economic geopolitics shifted with it, requiring the IMF (and other institutions) to adapt (Boughton, 2004).

The combination of U.S spending through the Marshal plan, as well as its financial involvement in Indochina, particularly in the Korea and Vietnam, undermined its economic growth. Simultaneously, Japan (released from the conflict in 1945) and Germany were utilising protectionist policy to stimulate rapid growth and investing heavily in key companies and sectors including automotive manufacture. This directly challenged the more liberal U.S industries and undermined the intentions of the Bretton Woods agreement to sustain a stable international economy. This aligns, at least in Germany, with the nationalisation of investment proposed by Hayek, and the Ordo-liberalism which diverged from his writings led by Ropke and Euken.

As a result of heavy competition from these systems and the rising Asian tigers, the U.S held percentage of world exports fell from twenty-two to twelve between 1948 and 1978, while its percentage of international reserves fell from fifty-four to twelve (Boughton, 2004; P.8). This trajectory was obvious as early as 1969 when the IMF introduced Special Drawing Rights as a response to a shortage of Gold and U.S Dollars. As U.S economic and financial power was diluted and "more currencies became fully convertible for current account and even capital transactions" (Boughton, 2004; P.8). It became increasingly obvious that the system of fiat currencies was unsustainable. In 1971, inspired by economist Paul Volker, President Nixon floated the U.S dollar from the gold standard and refused to trade gold in the global market, effectively collapsing the

Bretton Woods system of international exchange (Goldman, 2005; Zeiler, 2013). This pitted currencies against each other with valuation based on supply and demand which saw the U.S dollar drop 13.5 percent against the German mark, and over 16 percent against the yen. Combined with a 10 percent surcharge on imports, this fed an unprecedented surge of speculative investment into the U.S as investors fled European exporters, collapsing their stock markets. $400 million were sold overseas and as more and more currencies were floated from the dollar, international exchanges were flooded with volatile money, adding options to the speculative banquet (Zeiler, 2013).

The IMF experienced a phenomenal influx of members from low-and middle-income countries through the early-1970s (Reinhart & Trebesch, 2016). But the 1970s also saw the rise of Saudi Arabia and other middle eastern oil producers. The first oil shock in 1973 rocked the global economy. It fuelled the recycling of petrodollars as financial intermediaries reinvested middle-eastern deposits into low and middle-income oil consuming neighbours. In collaboration with the Eurodollar and other financial markets which were still experiencing a speculative boom, these phenomena contributed to an “aggressive expansion” of lending to a myriad of developing nations by financial intermediaries (Reinhart & Trebesch, 2016; Boughton, 2004). It seemed too good to last, and it was.

In 1979 Paul Volker, who since 1971 had risen to president of the federal reserve, introduced austere monetarism and increased both the federal and prime interest rates, causing the U.S. dollar to spike and forcing these developing nations to pay significantly increased interest on loans (Reinhart & Trebesch, 2016). This caused widespread economic turmoil amongst indebted low and middle income, developing and emerging economies whose loans were mostly taken as short-term agreements with variable interest rates and were often dollar denominated. The real cost of debt service rose exponentially, but the markets were not through with them. The early 1980s saw commodity and oil prices collapse, and much of the global south was thrown into financial ruin (Reinhart & Trebesch, 2016). Seeing nations in Latin America, Africa, Southern Asia and the European periphery as unsound investments, private banks stopped lending. Their abandonment plunged global markets into darkness and left affected countries with no real solution to their systemic destitution (Boughton, 2004). This resulted in a debt crisis which has been described as a lost decade (Reinhart & Trebesch, 2016).

The IMF had, since it was discussed by Keynes and White, considered private sector financial flows to be of “limited scope and importance” and with shared scepticism of cross-border portfolio flows had decided in Article vi that “the IMF should be given the power to restrict capital flows [via controls] in situations where they seemed to be destabilizing […] and did not restrict payments for transactions on the current account.” (Boughton, 2004; P.11).

In the mid-1970s The IMF began hiring Chicago based scholars (Wolff, 2013). This marks the beginning of an ideological shift for the IMF, and between 1976 and 1983 IMF lending programs doubled. By the 1980s IMF staff claimed that markets had grown to the extent that it was considered beneficial to attract continuous capital inflows rather than attempt to cover BOP deficits with one-off loans. At this point policy reforms targeted at attracting foreign investment began to take precedent in negotiations, with the initial loan seen as a short-term substitute. This marked the consolidation of Friedmanite neoliberal ideology, and the beginning of its transnational implementation through the national template dictated by its lending conditions which were incorporated into structural adjustment programs (SAPs), and Enhanced (otherwise referred to as Economic) Structural Adjustment Programs (ESAPs). These programs gave low-interest loans to low-income countries in return for in-depth reforms of macro and microeconomic policies, predominantly industrial, fiscal and monetary policies. With this, the lender of last resort had adopted the role of crisis management and using the tools at its disposal (Western ‘best practices’ which were, as noted, almost synonymous with Friedmanite neoliberalism) it went to work re-establishing Southern economies. It continued to develop in this capacity long after the Washington Consensus was published.

In 1997 Asia fell into a crisis that quickly spread into Latin America, Russia and Eastern Europe. By the 1990s international financial flows were considered crucial to financing any emerging or industrial nation (Boughton, 2004).

The IMF's handling of the crises shows that this institution at least, was not in consensus with the domestic policy of Washington.

At the time, several Southeast Asian currencies were attached to the dollar. They had been coerced into comprehensive capital account liberalisation, opening their markets to international capital. The influx of investment lifted national companies, economies and currencies to unprecedented heights. Then things in Asia took a turn for the worse when Thailand began to falter around 1995. The default of an industrial property developer in early 1997 marked the bursting of an industrial property bubble, and with the 1995 collapse of the Mexican Peso on their minds, investors began pulling their money from Thailand (Boughton, 2012). Speculative arbitrage on their currency worsened the contraction, while Thailand refused to devalue, or preferable to the IMF, float the Baht. Instead, it attempted to hold up the economy by forward selling the Baht, draining its reserves, and closing down or taking over finance companies to stop them defaulting. Finally, on July 2, the Thai government gave in to IMF advice to float their exchange rate. The Baht fell "17 percent against the U.S dollar in offshore trading, and the Asian financial crisis [began] in earnest" (Boughton, 2012. P.506).

The close proximity of Southeast Asian countries along with the basket of linked exchange rates spread the hardships, and soon, limited reserves and large account deficits became the norm, causing a broad overvaluation of Southeast Asian currencies (Burton & Nesiba. Ch.7 in O'Hara, 2004). The IMF stepped in with short-term loans on the conditions that nations 1) "raise interest rates in an attempt to halt the slide in currency values and 2) [] pursue contractionary fiscal policies designed to cut consumption. The fall in consumption would, theoretically, lead to a decrease in imports and a reduction in the current account deficit" (Burton & Nesiba. Ch.7 in O'Hara, 2004. P.162). These served only to intensify the present contractionary trajectory. And by 1998 the whole of Southeast Asia was in a state of economic crises.

Clearly, the IMF's bi-polar exchange rate model played a part in Thailand's and thus Asia's financial crises. But more influential, as pointed out by Williamson, was the comprehensive opening of capital accounts which allowed for speculative arbitrage such as currency attacks, volatile investments and capital flight. On top of this, the IMF coerced Asian countries into contractionary fiscal and monetary adjustments in the midst of a down-turn.

It wasn't until 2000 that the IMF began to see the error of its ways. It launched a comprehensive review and restructuring of its policies. Restructures focussed on six areas:

"Strengthening surveillance and crisis prevention; Helping member countries strengthen their institutional capacity; Improving IMF lending; Enhancing the framework for crisis resolution; Strengthening support for low income countries; and Ensuring that the IMF is an open and learning institution" (www.imf.org/external/np/exr/ib/2002/120502.htm).

Included in these are several key concessions. The IMF decided it would be more considerate and attentive to national needs and goals when applying conditions for their loans. Even claiming that "In helping members to devise economic and financial programs, the Fund will pay due regard to the domestic social and political objectives, the economic priorities, and the circumstances of members, including the causes of their balance of payments problems and their administrative capacity to implement reforms" (IMF, 2002a. P.1-2). Furthermore, they claim in an ethical breakthrough, that "the Fund will be guided by the principle that the member has primary responsibility for the selection, design, and implementation of its economic and financial policies" (IMF, 2002a. P.1).

The lead-agency arrangement is heralded as the end of overlapping and incoherent discrepancies between the IMF and WB in areas of mutual interest. As stated by the IMF, "The application of a "lead agency" framework, such as between the Fund and the Bank, will be implemented flexibly to take account of the circumstances of members and the overlapping interests of the two institutions with respect to some aspects of members' policies. The Fund's policy advice, program design, and conditionality will, insofar as possible, be consistent and integrated with those of other international institutions within a coherent country-led framework" (IMF, 2002a. P.3). This is a clear shift from previous circumstances when the two institutions would solicit as many SAPs as they could onto members in need. It also backs up a key theme of this thesis, that these four institutions work together through their unique roles to maintain and reconstruct the global monetary system.

While these concessions offer an illusion of good intentions, no amendments were made to their Articles of Agreement at this time. The reforms are simply a statement that the IMF would be more equal, fair and transparent with the application of its agenda. It does, however, offer increased grounds for States to set their own priorities, including welfare and social spending. It also offers a new platform geared towards poverty reduction and includes the admission that market exposure might, in some cases, be gradually increased, and in some cases might need more stringent regulation by states to retain stability.

This new way to interpret and administer the articles facilitates the spreading MME national template. And signals the IMF's recognition, and acceptance of the new neoclassical era in international economic and socio-political policy regimes.

In this subsection, we have seen the development of the IMF from an extension of U.S post-WW11 geopolitical relations. We see how a collapse of the Bretton Woods system, led to the rise of Friedmanite neoliberal values. This, along with the pursuit of a neoliberal global economy by the OECD and G7, resulted in a shift in IMF mandate and the introduction of SAPs used to more effectively enforce its policy prescriptions. The IMF held onto Friedmanite values for years after even the U.S had made class-compromises to off-set its negative social outcomes. Finally, from 2000 to 2002, after the Asian financial crises, and coinciding with the financial collapse of Argentina, both of which were caused in part by IMF interference; the IMF reviewed and reformed the process by which it applies the mandate and policies in its Articles of Agreement. This signals the end of the IMF's neoliberal era, and the beginning of its neoclassical era through the introduction of a more nuanced approach to international integration.

3.2: The World Bank

At the Bretton Woods conference, debate flared over the proposed International Bank for Reconstruction and Development (IBRD). Keynes had insisted that the bank be created, it was if nothing else, a nod to his clearing Union. He found little argument from White on the topic. White, also a keen proponent of the new deal era, made a convincing argument; that "there's nothing that will serve to drive [developing and war torn] countries into some kind of-ism-communism or something else-faster than having inadequate capital" (Goldman, 2005; P.55). Backed by the U.S and supported by other allies, the IBRD was created to loan capital to rebuild and further develop war-torn allies.

After a period of inactivity under the first president, the second, a veteran of wall street named John McCloy finally authorised the first loan. France was chosen over Poland and Chile, and the $500m dollars requested was reduced to $250m and offered with strict conditions. Firstly, France had to pledge that IBRD interest payments would be prioritised over all other foreign debt payments; and secondly, France had to accept that "the Bank would closely supervise the French economy to ensure that the government took steps to balance its budget, increase taxes, and cut consumption of certain luxury imports"; and thirdly, that $250m worth of bonds would have to be successfully floated on the New York market prior to approval (Goldman, 2005. P.56; Bird, 1992).

"Simultaneously, the [U.S.] State Department bluntly informed the French that they would have to "correct the current situation" by removing any communist representatives from cabinet" (Goldman, 2005. P.56; Bird, 1992).

This was done in May 1947, showing that in the very first loan, conditions entailed both ideological policy reforms and U.S geopolitical motives which challenged state sovereignty and even the scope and effectiveness of democracy. Within hours of the communist ousting, McCloy announced the loan application successful (Goldman, 2005; Bird, 1992).

The Bank continued its highly selective and conservative lending policy, favouring relatively safe loans in the West until the Marshal Plan was launched.

While the plan was launched by President Truman, it was driven and named after U.S secretary of state, General George Marshal, but was the brainchild of U.S undersecretary of state for economic affairs, Will Clayton.

Clayton had seen first hand the struggles of broke and broken European nations. He took it upon himself to solve the rampant social issues such as poverty and rioting that he saw as the results of inadequate state planning necessitated by a lack of functioning industry, market strength, and economic resources. With the backing of Marshal and Truman, he spent several months working with European governments as they drafted and submitted a unified plan for reconstruction, along with a request for aid funds to complete it. This aid of course, came with trade liberalising conditions as per Clayton's free trade and sound monetary economic perspectives[17] for the good of Europe, and U.S trade and geopolitical interests in the area, i.e. increasing lucrative free trade and stopping the spread of communism. Even the Brits, still under a grandeur illusion of imperial greatness in 1947, succumbed to "a reduction in […] preference margins, while cutting their reciprocal demands for U.S tariff reductions" (Steil, 2013).

The Plan, guided by the specially established General Agreement on Tariffs and Trade (GATT), and administered by the OEEC, pumped Europe full of U.S dollars in an attempt to liberalise and rejuvenate markets and quell the spread of communism from the East.

The Marshal Plan had a dire impact on the IBRD which saw demand for its services plummet. This left the institution with no direction or real purpose to serve. If the IBRD was to survive, it needed a new mandate, a new purpose. The decision was made to spread its services beyond Europe, outside the Marshal plan's scope. The obvious places to start were the remaining colonies and the newly independent ex-colonies.

The lack of available knowledge and understanding of developing nations and the near absence of academic literature on the topic, coupled with a long and widely accepted history of colonial violence and exploitation founded on an undying Western arrogance; put the IBRD on the frontline of barbaric development discourse and action. But progress was slow. Due to their wall street financing the IBRD's focus was initially confined to tangible, trade inducing infrastructure projects. The big five voting powers of its membership (U.S, U.K, Germany, Japan, and France) commanded much of the early architecture of the Bank and insured their firms were well represented. Thus, early international

[17] Clayton took at least some influence from Hayek as well as Keynes. The Marshal plan achieved much of what Keynes had envisioned with his clearing fund, albeit without the bancor or global economic stability; while the GATT Clayton established, and his idea of a European federation could have come directly from *The Road to Serfdom.*

lending debate revolved around whose "currency would be used and whose financial intermediaries and capital goods would be purchased" (Goldman, 2005. P.58). On top of these concerns, pressure from the U.S State Department confined them to its geopolitical allies (Kapur, Webb & Lewis, 1997).

It is interesting to note that while Guatemala and Ceylon among others were off limits due to the "political position of the parties in power" (Goldman, 2005. P.58), The U.S had no problem allowing, and even supplementing loans with additional Military and foreign aid funds, to several "brutal authoritarian regimes in Latin America" (Goldman, 2005. P.58; Payer, 1982). This fits well with more radical discourse (See Klein, 2007) which claims that democracy plays less part in U.S foreign policy than the opening of borders to foreign investment. It also lends itself to claims that authoritarian regimes have been used to implement economic reform in areas where the people and therefore democratic processes have been unaccommodating, especially when reform was desired to stop communist or socialist developments.

Regardless, these conflicts of interest in IBRD activities effectively hamstrung the institution between its initial shift toward colonial development and the decline of the Bretton Woods system through the 1970s. This said, the IBRD had taken baby steps toward its current role as a multilateral policy powerhouse.

The wars in Indo-China had a few effects on the World Bank (WB). Firstly, they undermined U.S economic dominance, contributing largely to the falling of the U.S's share of world GDP from 35 percent in the 1950s to 26 percent in the 1970s (Gwin, 1997); secondly, it caused political and economic havoc in affected areas; and finally, amid popular disapproval of U.S participation in the war which was going shamefully wrong, President Johnson decided to fire his Secretary of Defence, or more accurately, reassign him to chairman of the World Bank (Goldman, 2005).

In his first few weeks, "Former Harvard Business School professor, Ford Motor Company CEO, Ford Foundation board member, and Secretary of Defence" (Goldman, 2005. P.62), Robert McNamara, wasted no time in developing two goals for the WB. The first was to establish "new sources of finance", and the second was to establish "new mechanisms to protect the Bank against funding risks by develop[ing] a plan for standby credit with commercial banks" (Goldman, 2005. P.61).

With his rather impressive resume, it seems hard to believe that McNamara had no association with the 'old boys club' of crony capitalists and national elites. Although it is claimed that the intentions of his development policies were good, given his history and the outcomes of his policies, it seems unlikely. He may well have been the most genuine chairman so far in his efforts to curb poverty, but overall his time is mired, as are so many others, by the prioritising of geopolitical concerns and corporate favouritism over the people his position exists to help. None the less, McNamara managed what might at the time have seemed impossible; to fund, create, and utilise knowledge production and dissemination networks and the subsequent influx of development and modernisation literature, to legitimise a massive geographical and in-depth increase in WB funding, projects and influence.

The Volker inspired collapse of the Bretton Woods system, and the huge rise in speculative investment tasted like opportunity on the tip of McNamara's tongue. Amidst the vast variety of brazen rocks awaiting the tumultuous waves of abundant wealth, McNamara's WB was advertising risk guaranteed investments in highly liquid global bonds. An investment which aided the construction of productive infrastructure and ensured favourable policy shifts in exciting and potentially lucrative locations; thus, creating further investment opportunities. It was a sandy beach on which to await the calming of volatile financial seas. On top of issuing bonds, the WB increased its lending base and "by the 1980s was borrowing from countries as diverse as Kuwait, Japan, Libya, and India. It was working with large pension funds and multiple brokerage firms, not just the U.S. undersecretaries of treasury" (Goldman, 2005. P.61). The bank also began borrowing in multiple currencies outside those of its big five members. The shift in funding structure allowed McNamara's WB to curtail to an extent, the control of its big five members, and even bypass the geopolitical interests and subsequent limitations of the U.S State Department.

With such a successful mechanism of capital building in place, the problem soon became who to lend all its capital to in an international climate where demand for WB services had diminished greatly across the colonial and ex-colonial world, partly due to dissatisfaction, and partly due to a lack of ongoing necessity. It was at this point that McNamara declared his vision of extending WB aid to the poorer countries, focusing on agricultural investment and development, educational development, slum rebuilding, and rural healthcare (Goldman, 2005). Agricultural underdevelopment, in particular, was said to be a leading cause of poverty, malnutrition and economic underperformance.

But this new direction required data, something McNamara viewed as missing from development discourse. He sent his WB envoys to all corners of the globe on reconnaissance missions to divulge the who, what, where and how of global poverty and underdevelopment, but the information in some areas came too slow. To speed up the information collecting process, "as well as expedite and legitimise new loans, McNamara [further developed] his own knowledge generating machinery, by adopting two Rockefeller Foundation-funded research centres in Mexico and the Philippines, from which he created the multi-sited research network called the Consultative Group on International Agricultural Research (CGAIR)" in 1971 (Goldman, 2005. P.85). By 1983 (two years after McNamara's departure from the WB) "50 percent [of the total area planted in wheat in developing countries] was planted in CGAIR promoted [innovative semi-dwarf varieties]" including "80 percent of the total area for wheat in Latin America" (Baum, 1986. P.86). Rice fields saw the same phenomenon with "58 percent of total area for rice in developing countries […] planted with [innovative] semi-dwarf varieties" including 95 percent in China, 58 in India, and 40 across the rest of Asia (Goldman, 2005. P.86; Baum, 1986).

In its first 25 years "the Bank's CGAIR trained approximately 50,000 scientists, many of whom took up prominent positions as ministers of state, agriculture and finance, as well as CEOs and research directors for major multinational firms (Goldman, 2005. P.86). This "science-industry-government network" (Goldman, 2005. P.86) facilitated by the WB, created a clear and growing orthodoxy of reward and belief which quickly legitimised the liberalisation of agriculture in the developing South. As its lucrative nature was revealed to investors, particularly in supporting industries such as "energy, fertiliser, chemical pesticides, synthetic seed [and] farm machinery" (Goldman, 2005. P.86); they began to put more stock in McNamara's investments in education. This bought new funding for the creation of "agricultural universities and research and policy centres throughout the South" (Goldman, 2005. P.86) to further direct agricultural development. "These prominent national institutes attracted development dollars and university exchanges with American land-grant institutions (e.g. the universities of Illinois and Iowa) and economic and law departments (e.g. University of Chicago), helping to "Americanize" agro-food systems, property-right traditions and statutes, and trade and investment laws in the Banks borrowing countries" (Goldman, 2005. P.87; Dezalay & Garth, 2002).

With so many development loans being thrown at the south, its levels of debt became otherworldly, growing on average twenty percent per year between 1976 and 1980 (Goldman, 2005. P,88). "By the 1980s much of what the World Bank was lending did not go to [productive projects]; most of it went to pay the interest on national budget deficits" (Goldman, 2005. P.88; McMichael, 2004).

These payments, along with the purchase of goods and agricultural inputs their new agricultural systems relied on, formed the majority of crippling northbound capital flows. On top of this, global over-supply meant their produce was worth little in comparison to their costs and resulted in huge deficits and debt crises. These debt crises were of course framed as the fault of southern countries whose inefficient economic policies hindered their ability to pay back their generously given loans. This framing set the foundation for one of McNamara's final additions to the WB; the Structural Adjustment Programs through which indebted countries on the brink of total implosion are forced by absolute financial necessity to restructure industrial, monetary, fiscal, trade, and even social and civil policy frameworks for an insufficient loan which adds to their total indebtedness.

In 1981 Reagan replaced McNamara with Alden Clausen, the ex-president of the Bank of America. Aside from continuing to deepen the SAP regime, Clausen saw fit to fire the chief economist and hire in his place the dedicated Friedmanite, Anne Krueger. By the end of the Clausen-Krueger reign, most of the previous staff had also been fired and replaced with orthodox (Friedmanite) economists (Dezalay & Garth, 2002). During this time SAPs became the primary mandate for the seemingly coordinated WB and IMF, and "by the late 1980s UNICEF reported that World Bank adjustment programs were responsible for the "reduced health, nutritional, and educational levels for tens of millions of children in Asia, Latin America, and Africa" resulting in a "lost decade" for many of the Banks borrowers" (Goldman, 2005. P.90). The debt crisis, which ought to have spelled the end for the WB and IMF saw both take on new roles.

The WB under the Clausen-Krueger partnership emerged as the key mediator of North-South debt relations, albeit on shaky ground. The Bank faced heavy criticism for "reduced public spending; mass unemployment; currency collapse; rising prices for food, fuel, and other goods; and falling wages and export prices" (Goldman, 2005. P.94) across the lending board; along with increasing mass protests and organisation amongst those who opposed it. It faced further criticism for its support of some particularly heartless and/or short-sighted projects such as the "dozens of destructive dam, mining, and forestry projects" in Thailand; of forced resettlement; "the Narmada dam project in India [;] and the Poponoroeste highway project in Brazil" (Goldman, 2005. P.95) which facilitated the ground clearing of huge swaths of the Amazon and the subsequent harassment and displacement of local villages and peasants.

Finally, after forty years of operation and with at least fifteen of blatantly destructive policy legitimised by a manufactured, directed, and downright manipulative development discourse; northern media hosted the long-deserved stoning of the willingly destructive or short-sighted institution. It should have signalled the WB's last breath, instead the institution designed a new paradigm of manipulative "theories, idioms, images, slogans, departments, priorities, and data" (Goldman, 2005. P.96). As such, the bank, fronted by Barber Conable from 1986-1991, and then Lewis Preston until 1995, reported its new learning: "that there could be no sustained economic growth without a sustainable environment and just treatment of ethnic minorities and indigenous peoples living on fragile ecosystems" (Goldman, 2005. P.96-97).

In 1985 the WB had 15 staff dedicated to environmental issues and lent less than $15m for them. In 1995 the new Environment Department employed over 300 dedicated staff and lent almost $1b, a growth of over 90 percent per year (Goldman, 2005. P.97). This Green neoliberalism, with its emphasis on environmental issues came to dominate WB protocol to the extent that borrowing nations had to conform to the new National Environmental Action Plan (NEAP) before any new loans could be approved. NEAP complements the WB's SAPs by forcing nations into "creating cookie-cutter-like environmental protection agencies; redrafting forestry, land, and water laws [with an eye for privatisation]; establishing national environmental policy and research institutes; and training a cadre of professionals to carry out environmental reforms" (Goldman, 2005. P.97).

In order to survive, the WB dropped some aspects of Friedmanite neoliberalism from its SAP mandate, but it did not drop the interests of its major voting powers, or those of their corporations. It simply articulated them into a discourse which focussed on diverting negative attention and legitimising its continued operations in these interests through a gradual shift towards the MME template.

The changes continued into the mid to late 1990s as Wolfensohn, appointed president in 1996, espoused, and altered the institution toward a new fair and flexible procedure which worked alongside NGOs, governments, and even religious institutions in order to empower local communities and become more accountable for the social effects of its dealings.

Combined, these transformations represent a conscious shift from purely Friedmanite ideals to a more nuanced neoclassical approach, accepting that free-markets, left to their devices, do not naturally result in social good. That a more nuanced approach that actively accounts for and mediates between differing interests in differing areas, is necessary in order to achieve socially acceptable results, and thus maintain legitimacy as an institution. A real concern for the WB in the late 1980s and 1990s.

To summarise, the WB struggled during the Bretton Woods era, only finding traction under McNamara. In a rapidly changing global geopolitical and economic environment, McNamara grew the WB into a noteworthy institution and set the intellectual and procedural foundations for its neoliberal shift, including the establishment of SAPs. Friedmanite neoliberalism was then implemented in truth by the Clausen/Krueger partnership and upheld relentlessly under multiple presidents, in cooperation with other institutions, and at the behest of the U.S and G7, until global criticism threatened the legitimacy and even the existence of the institution. Under these circumstances, the bank was forced to recreate itself in a more nuanced and socially acceptable format which facilitated the MME national template in recognition that its neoliberal policy prescriptions were unsustainable.

3.3: The General Agreement on Trade and Tariffs and the World Trade Organisation

The General Agreement on Tariffs and Trade (GATT) began its legacy in 1948 as an offshoot of the marshal plan. Twenty-three countries signed the two-year debated agreement with a mind to lower tariffs and liberalise international trade. At the time, the UN was in the midst of formulating a much more comprehensive and restrictive proposal, with fifty countries involved in the debates to form an international trade organisation to supplement the Bretton Woods institutions (the GATT Years… WTO.ORG). It was an ambitious project, and in the end, it fell flat when the U.S among others decided they would not commit to it and refused to ratify the agreement (the GATT Years… WTO.ORG). This left the GATT in a fortunate standing, as the only international trade treaty. Over the years it served as the platform for several rounds of international trade and tariff negotiations, with increased liberalisation reached at each. The first four rounds focussed on tariff reductions. The fifth, the Dillon round, included discussions on the ECC/EFTA conflict (Wolfe, 2007). The following Kennedy round from 1964-67 focussed on Tariff reductions and Anti-dumping measures. The seventh, the Tokyo round from 1973-79 introduced non-tariff trade liberalisation issues.

One-hundred and twenty-three countries participated in the final round of trade negotiations under the original GATT. This Uruguay round, which ran from 1986 to 1994, introduced several new aspects. It included "Tariff [reductions], non-tariff measures, rules, services, intellectual property, dispute settlement, textiles, agriculture, [and the] creation of WTO" (the GATT Years… WTO.ORG) as a more formal forum for trade negotiations.

The WTO "provides the common institutional [and legal] framework for the conduct of trade relations among its members" (Hoekman & Kostecki, 2009. P.58-59). These include the ever-evolving GATT, as well as the General Agreement on Trade and Services (GATS), and the Agreement on Trade-Related Intellectual Property Rights (TRIPS), both of which were included in the Uruguay round of GATT negotiations as roles for the new institution (Hoekman &

Kostecki, 2009). The WTO also has a mandate for arbitration procedures in the instance of agreement breaches (WTO.ORG).

The GATT was founded on the basis of U.S hegemony and “cold war policy to support economic integration and alliances as twin pillars” (Davis and Wilfe, 2017).

Traces of this logic remain in the fact that nations who adhere to the WTO’s neoliberal policy prescriptions will not be able to revert or convert to communist organisation due to severe trade loss and because the liberal policies generally required for entry (and often imposed through interaction with the WB and IMF) are incompatible with central planning and difficult to reverse. The WTO has, since the cold war, acted as a geopolitical club of nations which ensures trade and thus economic benefits to its members, facilitating free trade and trade negotiations, including the fair arbitration of disagreements.

The timing of the Uruguay round, between 1986 and 1994 is rather interesting to this thesis as negotiations began in the neoliberal era and ran through the period in which academic and national views were shifting. Unfortunately, the WTO took on many Friedmanite ideals such as its harsh monopoly inducing take on intellectual property rights, and its unsympathetic view towards developing countries who sought to protect traditional agricultural and manufacture processes and the livelihood of individuals within them. The prescriptions in the Uruguay round also favour the key players; the OECD and G7 nations, and their large firms. This throwback to the GATT’s geopolitical motives is unsurprising, however, it seems as though this might be one of the final negotiations in which the G7 are able to bully developing nations into submission.

The Doha round, the first under WTO guise, collapsed over negotiations between the U.S and the E.U, but there was also heated conflict between the north and south. India stood strong against pressure to further reduce tariffs on its agriculture and manufacture sectors, claiming that over half its population is engaged in agriculture, either for subsistence or profit, and that reducing tariffs would displace large swaths of them. They further argued that these individuals would be forced to seek employment in low skilled manufacturing jobs but wouldn’t find employment because reduced tariffs on goods, as pressed in the Doha round, would open the country to cheap imports and heavy competition from the likes of China. This they argued would not only prevent displaced farmers from procuring new employment but would further add to unemployment as local manufacturers were forced to downsize their operations. They were backed in their steadfast resolution by “a group of 42 developing countries known as the G33, which includes heavyweights such as Indonesia” (Polaski, 2006. P.2).

There is a growing concern among scholars, that preferential bi-lateral and multilateral trade agreements (PTAs) threaten the WTO’s value. Allee et al (2017) note that “it has become conventional wisdom that WTO negotiations remain deadlocked” (Allee et al, 2017. P.333-334). This adds further incentive to nations looking to strike timely arrangements that go beyond the mandate of the WTO, and scholars have been concerned that this might result in contradicting legal obligations between WTO and PTA agreements.

Allee et al conducted a comprehensive systematic textual analysis of all PTAs signed since 1993. They found overwhelming evidence that the links and overlap between WTO legislation (identified by direct quotes from, alignment with, and affirmative language toward WTO documents) and PTAs have been growing since the mid-1990s. This shows that WTO members are using PTAs largely to bypass the immobile consensus structure of the WTO. Interestingly, it is the same major players, mostly the OECD nations who are most active in pursuing PTAs. This “suggests that these major economic players are more committed to the multilateral trade regime than some commentators have feared (Allee et al, 2017. P.363).

Building from these findings, we see that the WTO has slowed due to its incumbent membership and the subsequent difficulty in reaching consensus on key topics. Also, as noted by Kostecki (2009), members have often negotiated terms of accession with prospecting nations which fall outside the WTO mandate. It is not silly to theorise that with the slowing of WTO progression, and an excess of extra interests to pursue, that major players would seek PTAs as a way of advancing their specific economic and geopolitical interests in specific nations and regional blocs, in a timely fashion which by-passes the need for consensus. This allows them to directly apply their political and economic dominance to leverage favourable deals that go above and beyond WTO mandate. To determine this in evidence, one would have to scour the PTAs in search of patterns of terms which do this. A good starting point would be the arbitration clauses found in such PTAs as the proposed but scrapped (by Trump) Trans-Pacific Partnership agreement and the Trans-Atlantic Trade and Investment Partnership. These arbitration laws, were they enacted, would have allowed multi-national corporations to sue nations for impeding their profitability in the International Centre for the Settlement of Investment Disputes, where companies can expect more favourable outcomes than the WTO arbitration process. This direct and widespread assault of national sovereignty effectively bypasses the WTO dispute settlement system without the host of the multi-national technically breaching its WTO obligations.

In summary, the GATTs initial mandate, as devised by Clayton and implemented by Marshal and Truman as an extension of the Marshal plan and thus U.S geopolitical interests, based its initial model somewhere between Hayek and Keynes. Its focus was liberalising and coordinating trade and as such it functioned as a publicly funded, broadly neoliberal coordinator. In practice, this worked well with Western best practices throughout the Bretton Woods era and well into the neoliberal era, and it became somewhat of an international country club for the G7 and its friends, particularly the other OECD countries. Accession to the club was largely based on the applicant's geopolitical standing and came with increased trade opportunities. Interaction and compliance with the WB and IMF are also relevant indicators of successful accession applicants.

The Uruguay round of negotiations resulted in the incorporation of the GATT into a wider framework of market coordination and trade liberalisation. Interestingly the negotiations ran through a period of changing economic and social perspectives, from neoliberal to neoclassical models of development. As such the neoliberal foundations and legally binding agreements of the negotiations were quickly becoming relics when they took effect. They were then begrudgingly put into policy over the following decade. Many of these policies worked well in both neoliberal and MME templates, but some such as TRIPS have been questioned in the more flexible neoclassical era for their monopolistic propensities.

The following Doha round in 2008 collapsed over negotiations between the U.S and E.U, signalling conclusively that the U.S no longer holds any absolute dominance in the institution. There was also a great deal of conflict between the North and South, with India finding support from over forty other developing nations when they stood fast against the invasive liberalisation the developed nations were attempting to bind them to. With the developing nations almost holding a united majority, and with disagreements internal to the North Atlantic, it seems unlikely that the blockade on all-encompassing trade agreements via the WTO will let up any time soon. This, along with the shift towards a more protectionist model of capitalism post-2008, explains the rise of bilateral and multilateral trade agreements.

2.4: The Organisation for European Economic Cooperation and the Organisation for Economic Coordination and Development

In 1947 representatives of European countries met in Paris at the invitation of Britton and France. The agenda of the day was a coordinated transition into the Marshal Plan, and from it, the Organisation for European Economic Cooperation (OEEC) was born. Its mandate was to address B.O.P deficits while liberalising participants and lowering quotas, as both a symbol of cooperation and a condition of U.S aid (Wolfe, 2007; Clark & Thompson, 2011).

Apart from Spain's exclusion on the grounds of its autocratic State under Franco, participation in the OEEC was Optional. "Austria, Belgium, Denmark, France, Greece, Iceland, Ireland, Italy, Luxemburg, the Netherlands, Norway, Portugal, Sweden, Switzerland, Turkey, the United Kingdom, and Western Germany" became members with the U.S and Canada as associated observers. "By 1958 all were members of NATO except the Neutrals (Austria, Ireland, Sweden and Switzerland)" (Wolfe, 2007; P.1), and the OEEC had reduced tariffs and trade restrictions between participants by 90 percent (Wolfe, 2007).

The treaty of Rome was signed in 1957 and enacted in 1958, thus forming the controversial European Economic Community (EEC). The EEC undermined the OEEC's role in the monetary coordination of Europe by taking on the role of monetary stabiliser, including the management of B.O.P deficits. Thus, the combination of its own successes and the forming of the EEC left the OEEC with no real role to play in the global economy.

While the OEEC was stumbling, tensions were mounting between the EEC and the nations which would later (1960) form the European Free Trade Agreement (EFTA); an association formed by nations excluded from or unwilling to join the EEC. The seven future members of the EFTA (Austria, Denmark, Norway, Portugal, Sweden, Switzerland and the United Kingdom), were concerned about EEC tariff concessions negatively affecting their own exports to EEC nations. The U.S. under-secretary stepped in proposing late in 1958 "what came to be known as the Dillon round of multilateral trade negotiations in the GATT (Wolfe, 2007. P.2). These negotiations did not begin until 1960 and lasted until 1962; an infuriating time frame for the EFTA nations. In the meantime, they explored other avenues.

On 12-01-1960, just eight days after EFTA's formation, representatives from its seven members and the founding members of the EEC along with the U.S, met informally at the hotel majestic in Paris ahead of the OEEC annual ministerial meeting (Clark & Thompson, 2011). The French and Americans broke etiquette by ignoring the alphabetical seating arrangement when they sat together ahead of the others arrival. This symbolised, along with the non-invitation of the OEEC secretary general, a marked shift in politico-economic thought and the intent to overhaul the struggling OEEC from the outside (Clark & Thompson, 2011). In an international environment of increasing U.S trade surpluses, account deficits, and tensions with the Soviet Union over control of Berlin, and with communisms rapid inroads into southeast Asia and south America; came the creation of the G4, composed of the present parties. A subsequent G4 report in April of 1960 suggested the OEEC be reformed into a new entity whose purpose "would be to coordinate the provision of aid to underdeveloped countries, and to offer consultations on economic policy and trade [both within and] beyond Europe" (Clark & Thompson, 2011). A decided emphasis on third world capitalist development to quell the communist expansion in these areas, as well as the U.S.'s desire to share the financial burden of this geo-strategic task, resulted in the addition of *development* to the title. Despite internal squabbles and political vying for influential positions, a final draft of the OECD convention was signed on 14-12-1960 (Clark & Thompson, 2011; Wolfe, 2007).

The convention was enacted in September of 1961, and it carried over its full membership: “Austria, Belgium, Denmark, France, Greece, Iceland, Ireland, Italy, Luxembourg, the Netherlands, Norway, Portugal, Sweden, Switzerland, Turkey, the United Kingdom and both occupied zones of Western Germany” (Clifton & Díaz-Fuentes, 2011. P.558). It also accepted the U.S, Canada and Spain as full members. However, from this point, and for the next several decades, it heavily restricted membership with only “Japan (1964), Finland (1969), Australia (1971) and New Zealand (1973)” (Clifton & Díaz-Fuentes, 2011. P.558) gaining membership before the 1990s.

From 1961 until the early 1990s, the OECD acted as an exclusive trans-Atlantic club. It used a comparative research agenda steeped in U.S driven economic practices to promote and aid member’s development toward a co-ordinated trans-Atlantic market place. It also promoted policies seen as best practice in the Atlantic to other nations it sought to influence (Wolfe, 2007). As early as 1975 the OECD was being critiqued as an exclusive club of U.S allied, market-oriented nations who could reach rapid self-interested consensuses, the results of which were disseminated to/through the UN, IMF, WB, and WTO among others (Camps, 1975). During these decades, changes to the OECD’s economic base changed with, rather than set, the dominant economic discourse of its major players (Clifton & Díaz-Fuentes, 2011).

The insurgence of neoliberalism in the wake of the 1968 crises, the collapse of the Bretton Woods system, and then the oil shock of 1973; and in particular, the insurgence of Friedmanite neoliberalism through the late 1970s and 1980s, affected the national policies proposed by the OECD. As this economic doctrine gained ground internationally, through its entrenchment in the U.S, it gained increasing support from orthodox and conservative economists. Friedmanite neoliberalism was seen as the way to solve the U.S’s ongoing financial qualms, and even though these were wholly unique to the U.S, the perspectives soon gained ground as their successes were observed on a purely financial platform which disregarded social and ecological concerns, as did U.S priorities. Alternatives, especially those grounded in demand-side economics became more heavily critiqued both within Academics and the OECD peer-review procedure.

The McCracken report of 1977 proved controversial as it split national interests and opinions in its attempt to push Friedmanite economics into the OECD economics department. The report failed to convince both national and OECD staff economists who were trained in the Keynesian fashion, of neoliberalism's worth. As such the ideological shifts were less than had been hoped for by those in favour of the new paradigm. This shows that as early as 1977 the influence was being felt in the OECD, but that not all parties were on board with the shift yet. It does, however, mark the beginning of the OECD's paradigm shift. Over the course of the early 1980s the OECD was criticised by both Reagan and Thatcher as being insufficiently market-oriented (Clifton & Díaz-Fuentes, 2011; Marris, 1983).

An OECD working paper published in 1983 combines Supply-side economics with Austerity measures and Quotes a "widely-held distrust of ad hoc interventionism" (Chouraqui & Price, 1983). Another, published in 1987, reviews the economic shifts throughout the 1980s. It notes not only that the above-mentioned shifts in perspective had become the mainstream by 1985, but also that unexpected shortcomings in the realms of sustained growth, inflation control, employment growth and budget deficit reductions expected from them have been largely due to insufficient structural reform including insufficient liberalisation in the fields of financial markets, privatisation, labour markets, the reduction of trade barriers and openness to foreign competition. Also held responsible are government interventions in free trade, fiscal and monetary policy, and irresponsible government spending, particularly social spending (Chouraqui, Clinton & Montador, 1987). This clearly shows the OECD's paradigm shift to neoliberalism in the early 1980s.

As far as Anti-Trust concerns go, the OECD is certainly pro-multi-national firm, and it is difficult to find working papers concerned with Anti-trust issues. The 2011 Declaration on International Investment and Multinational Enterprises, an amendment of the original 1976 document, lays out some guidelines concerning competition. Clause X.2 states that multinationals should:

> "Refrain from entering into or carrying out anti-competitive agreements among competitors, including agreements to:
>
> a) fix prices;
>
> b) make rigged bids (collusive tenders);

c) establish output restrictions or quotas; or

d) share or divide markets by allocating customers, suppliers, territories or lines of commerce." (OECD, 2011).

In line with this, Mayer, 1996, explores corporate governance in its variation between nations and its interaction with different ownership structures to attain the effects had on growth and competition; but what few anti-trust related policy recommendations can be found are geared toward facilitating both growth and competition. Both texts suggest an intermediate take on anti-trust concerns.

Monopoly is not the concern here, but abuse of it, particularly where this undermines fairness in the commodity market. However, the OECD has no legal mandate or authority to impose or ensure adherence to its suggestions, and multinationals are simply implored to follow these practices in alignment with national legal structures. While the OECD suggests that nations adopt laws aligned with their suggestions, these are mostly intended to ensure no favouritism toward national enterprises is instituted over multinationals or external competition. So, while the OECD prescribes the above quoted narrow range of pro-competitive regulations, they seem to ignore the competitiveness of multinationals in national, and particularly developing nations where multinationals often have the means to outcompete any and all national competitors. This shows that the OECD is at least tacitly supportive of all but the most extreme Friedmanite values.

In 1988, amidst pressures to include non-member nations in its research and evaluation programs, the OECD formed the Council on Non-Member Countries. They were particularly interested in the high growth Asian Tigers (Wolfe, 2007) although none of these but South Korea have gained accession. It was in 1992 that "ministers for the first-time elaborated principles for the participation of non-members in OECD work, and eventual membership" (Wolfe, 2007. P.7). Subsequently admitted have been "Mexico (1994), [South] Korea (1996), and a number of European countries" (Wolfe 2007. P7) through the 1990s and 2000s. In 2007 "Brazil, India, Indonesia, China, and South Africa [entered into a process of] enhanced engagement" (Wolfe, 2007. P.7); and accession negotiations opened with "Chile, Estonia, Israel, Russia and Slovenia" (Wolfe, 2007. P.7), with all but Russia gaining accession since.

Interestingly, of these twelve countries who have either been admitted into, or entered accession negotiations with, the OECD; only four (South Korea, Chile, Israel, and Slovenia) have not borrowed from the WB, and only two (Israel and Slovenia) have escaped the clutches of IMF arrangements, and are the same two who have avoided both.

Slovenia simply refused aid from either, choosing instead to implement gradual self-directed adjustments to their macro and micro-economic and social policies. As a result, Slovenia has out-performed its ex-soviet comrades becoming the first to gain entrance into the EU. By ignoring the WB's harsh criticism of their non-shock therapy approach, and of course, by keeping government debt to a minimum; Slovenia had achieved by 2008 a per capita GDP of almost $27,000, total exports of $29 billion, unemployment of six percent, public debt of less than thirty percent, and a budget deficit of three percent (Slovenia facts, 2009).

Israel has avoided both WB and IMF loans because, as a relatively wealthy nation, they didn't need aid, and because their geopolitical alliances and capitalist history required, in the eyes of the west, no intervention[18].

A clear pattern can be observed here, of WB and IMF interference or aid adjusting national policy structures to align with neoliberal 'best practices', and entrenching nations into the global economy prior to accession negotiations taking place. Accession into the OECD represents a particular image or orthodox perspective of national success; One's joining of the developed elite countries club. For some, especially those in South America and South Asia, this may be symbolic of the ideological victory of neoliberalism in a long-fought war of positions with left-leaning, nationalist, socialist, and communist thinkers, as well as large portions of the populace. It must be noted that original members such as the Nordic nations have not faced the same pressures as newcomers.

Delving further into OECD interaction with other supranational institutions; there is an argument to be made that the OECD directly influences the IMF, WB and WTO, and in some cases, vice versa. The WTO is an observer on eighteen OECD bodies, while the IMF is an observer on thirty-nine, and the WB on forty-five. On top of this, senior OECD staff including the secretary

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[18] In fact, discourse surrounding the MENA region and IMF and WB aid shows that peace treaties and alliance with Israel, who represents western and particularly U.S interests in the Middle East and North Africa, is a more accurate determinant of access to aid than economic status or financial need (Harrington et al, 2006).

general participate in high-level meetings of these institutions (Woodward, 2009). Furthermore, the bias of voting in the IMF, WB and until the Doha round, the WTO favours the G7 who's like-mindedness and long-standing OECD membership creates a convergence of policy favouritism towards those perceived by these nations as best practice. As such, it necessitated from the mid-1980s for at least a decade, a commitment to a privatised, free-market global economy, with an emphasis on Friedmanite neoliberalism as espoused by the U.S who has historically held a highly weighted vote. As the global economy has grown in complexity, the G7 has come to rely more on the interconnected network of OECD, WB, IMF and WTO research and knowledge production. Thus, a cycle has emerged in which these institutions provide the knowledge and perceptions of 'best practice' which are then voted as such by the G7, and then disseminated globally. It must be noted that as the neoliberal era wrapped up, fiscalism and a neoclassical model aligned with a flexible MME national template gained ground as a replacement.

It has been noted by others, that influential to this network of knowledge creation are the lobbying efforts of some international think tanks, particularly the International Chamber of Commerce, the Bilderberg Conferences, the Trilateral Commission, the World Economic Forum, and the World Business Conference for Sustainable Development (Carroll, 2010). It is argued that these think-tanks influence global policy creation in the OECD in much the same way as the national scale equivalents discussed earlier do in the U.S. They will not be explored in depth here, but bear mentioning and further investigation at a later date.

The OECD "works closely with several countries from Asia, Africa, Latin America and the Caribbean to further shape its work" (OECD Watch). Alluded to in this quote is the OECD's ongoing interaction with emerging economies around the world.

It was in the mid-1990s that the same green revolution that shook the WB spread through the OECD. These issues were illuminated by heavy criticism in the 1990s, as was the economic instability and inequalities in the distribution of wealth associated with OECD policy recommendations. In response to these critiques, and in recognition of its errors, the OECD veered slightly to the left in its policy prescriptions, to settle on the neoclassical model of development centred on the MME national template, which introduced class compromise and sought to enhance economic stability in the free-market, thus maintaining its hegemonic legitimacy. Since then OECD research has sought to identify practical ways in which economies can simultaneously achieve stable growth, effective poverty reduction, and ecological sustainability. Its knowledge base of best practices is still wholly based on market principles, but the extremist Friedmanite values have given in to more nuanced neoclassical perspectives.

To summarise, the OEEC was formed in 1947 to assist with the administration and coordination of the Marshal plan. All members except the few neutral countries became members of NATO within the following year, showing that the OECD was never interested solely in economic matters. In fact, geopolitical issues were a big motivation for the Marshal plan and subsequently for the OECD. In saying this, economic liberalism was always a top priority and as such 90 percent of tariffs and other tariffs and trade restrictions were removed in the first 11 years.

The Treaty of Rome and the EEC created by it undermined the OEEC somewhat, taking on the role of monetary stabilisation, and leaving the OEEC largely purposeless. Then the creation of EFTA by the non-EEC nations of Europe began to challenge the EEC and heated debate erupted between the two. It was clear that rapid action was needed, and after an almost conspiratorial meeting, the G4 was formed and proposed the reformation of the OEEC into an entirely new organisation.

This was realised in 1960, and the new OECD took on its role as an international country club of coordinated free market-oriented nations.

Friedmanite neoliberalism first showed itself in the McCracken report of 1977. By 1985 it was the mainstream ideologue of the institution. This timeline fits well with the national development of neoliberalism in the U.S and the U.K, which makes sense as at the time, the OECD took its policy prescriptions from its members, particularly the G7 nations.

It continued down this path utill the mid-1990s, pushing its prescriptions which reflected its members' international interests, through its research and knowledge creation faculties and its influence in the IMF, WB and WTO.

Each of these supranational institutions are observers on relevant OECD bodies, and OECD staff participate in decision-making procedures within them. This, along with the G7's weighted influence in each institution gave the G7, and particularly the U.S, a controlling stake in global economic coordination and development.

Heavy criticism in the late 1980s and early 1990s focussed on the inequality, increased poverty and ecological issues associated with their prescriptions. They were forced, in order to maintain legitimacy with the public, to re-assess their actions and mandates. They subsequently began to address these issues by toning down Friedmanite aspects of their policies and allowing for the flexibility of the neoclassical model and MME template.

3.5: Section Conclusions

Section three has demonstrated that neoliberal ideology, and particularly that of Friedman, has been utilised by supranational institutions, twisted to fit the wants, needs and interests of dominant G7 nations (both economic and geopolitical), then forced rigorously, ruthlessly and relentlessly on the world between the early 1970s and mid-1990s; after which class compromises and ecological protection were increased to maintain the legitimacy of neoliberalism in a broader form.

Beginning in the U.S, Friedmanite neoliberal ideals infiltrated these four supranational institutions. The ideology and tenets of Friedmanite neoliberalism were moulded to further serve the anti-communist geopolitical objectives of OECD nations in the cold war era. This provided grounds for a more forced induction of nations into the global market economy.

As the development trajectories of these institutions aligned, led by the G7 nations and implemented via their political and economic dominance, influence via the OECD, weighted voting powers, and in some cases their power to appoint presidents; these institutions have been amalgamated into a complementary and coordinated set of mechanisms for the purpose of global economic and geopolitical articulation and dominance.

It has been observed through historical analysis, that through the neoliberal era, and to a lesser extent, since; the IMF and WB worked, often together to (a) open new markets to capital, (b) enforce a level of free-market capitalist structural adjustment that (1) makes it difficult, if not impossible to revert to communism, and (2) provides lasting conditions preferable to transnational corporations. They (c) create the infrastructure necessary for capital and business to run effectively and efficiently, and (d) ensure further compliance, and an inescapable reliance on international companies, markets and investments through national debt.

The IMF works by giving loans when countries have no alternatives to their “aid”. Nations are therefore almost powerless to resist their SAPs.

Because the IMF doesn’t offer loans but is rather the only option for applicant nations in dire need of finance, negotiating power is weighted in a “you called us” relationship. The IMF covers immediate BOP deficits, on the grounds that borrowing nations make structural adjustments in line with western best practices, as set out by the OECD. These practices evolved through White’s prescriptions in the Bretton Woods era, followed by a moulded version of the Chicago school ideology following Friedman in the neoliberal era, then towards Samuelson’s neoclassicism the 1990s.

The IMF’s role in the supranational institutional network is to convert nations to free-market economies and integrate them into the global economy. This is especially salient as these nations have often been pursuing protectionist measures and because shared economic hardships provide an incentive to adopt communal measures of shared provision such as communism or socialism. Thus, the IMF’s role as ‘lender of last resort’ might more accurately be thought of as a ‘lender of first contact’. It contributes to points (a), (b) and (d) above.

The WB contributes to (a), (b), (c) and (d), and while this overlap might seem to some as competition between the two to serve their respective functions and remain viable, it is more appropriately viewed as a functional overlap ensuring a comprehensive coverage of their true roles over the global community. Indeed, the two often work together now through the leading agency collaboration. The WB has brokered IMF loans with nations, and likewise, the IMF has referred nations to the WB for reconstruction loans. In such arrangements, nations take loans from both institutions, but the leading agency is responsible for the coordination of SAPs.

The WB is primarily a development lender. As mentioned earlier it lends for infrastructural projects designed to optimise conditions for industry and business to function efficiently and effectively. It has long been criticised from all angles as an institution who favours its major voting powers, and their multinationals, funding the projects which best serve their political and economic interests. From this perspective, the Poponoroeste highway in Brazil has been funded for the profitable harvest of the Amazon by multinationals, and General Suharto's transmigration scheme can be seen as a means of clearing space for foreign-owned resorts.

By loaning to nations not already indebted to the IMF, or whose IMF SAPs could be expanded in the interests of its OECD members, major voting powers, and their multinationals, the WB further opens markets to outside investment and competition. By facilitating big business through infrastructure and policy adjustments, the WB contributes to the reliance of nations on multinationals, while simultaneously serving corporations' expansionist and profitability interests. Finally, by lending to nations unlikely to be able to repay debt, they embed nations into a commitment to, and reliance on, the network of supranational institutions and the interests they represent.

Furthermore, The WB has established extensive knowledge production and dissemination networks which operate to legitimise its own projects and assist in the uptake of its endeavours, and as such further loans and influence.

The GATT/WTO has evolved to oversee the global economy. It works by providing legal obligations to its members in the areas of goods and service trade and regulation, intellectual property rights, and the arbitration of disputes in these areas. It also offers knowledge and data, which via skewed collection and measurement strategies, such as GDP measurement, guides members toward its own objective of maximised aggregate growth in national and global markets. From this data, it forms and advises best practices in line with those of the OECD.

It offers incentives to members in the form of increased and supposedly non-preferential trade with other members, providing they stick to their free-market legal obligations, maintaining their openness within the global free market.

However, as noted, some nations have been blocked from entry by certain states until certain conditions are met. This is one way that the WTO acted as a policy tool for its major players. Its negotiation rounds also pushed bias trade liberalisation throughout its vast membership by creating legally binding agreements which favoured G7 and OECD nations. This trend persisted until the 2008 Doha round of negotiations collapsed. However, all previous agreements still stand as binding.

The OECD is the mega-power of these supranational institutions. It has, since the mid-1980s, led the way in economic policy, and had for decades, already led the other institutions on geopolitical issues. It works as a forum for advanced industrialised countries, gathering data on the effects of their economic policy, and advising best practices going forward. In this, it is similar to the WTO and WB, except the methods of data gathering and rating/ranking vary between institutions[19]. The OECD's subjective and ideologically saturated research agenda serves to legitimise the policy regimes preferred by the G7 nations.

The OEEC, and the OECD have developed from an institution of U.S hegemony in post war reparation and development, to an institution of G7 shared hegemony over global political and economic policy regimes. As such, and due to the G7's combined voting power in each institution, the WTO, WB, and IMF have

[19] The OECD uses an in-depth peer-review process by which members rate and compare each other's policies, recommending via workshops and seminars, best practice in accordance with OECD data. Research programs are agreed upon by members, creating the opportunity to bias programs toward ideologically saturated measures. The major powers within the OECD are the G7 nations, and these get the majority of attention and say within the process. This process has been developed since 1991. Before this rating was much less formal (Francesco, 2016).

The WB has three distinct indexes. Put briefly, they are the *Doing Business* indicator which "ranks countries according to the intrusiveness of various sorts of regulations on business activities" (Francesco, 2016. P.356). The *World Governance Index* which measures six aspects of national governance: "Voice and accountability, policy stability, government effectiveness, rule of law, control of corruption, and regulatory quality" (Francesco, 2016. P.358). And the *Regulatory Quality* sub-index of the World Government Index, which "focuses on the policy output and "includes measures of the incidence of market un-friendly policies such as price control or inadequate bank supervision, as well as perception of the burdens of imposed by excessive regulation in areas such as foreign trade and business development"" ((Kaufmann et al, 2004. P.255) Francesco, 2016. P.358). The WB uses a combination of surveying local experts and officials, and directly analyzing regulatory policy. It advises via direct communication with officials and public media (Francesco, 2016).

The WTO monitors national trade policies, ranking nations' performance by such measures as GDP and GNP, and ensures they comply to WTO legal obligations.

been articulated to the OECD’s agenda. Thus, each institution serves the interests of the G7 in its own place in the cooperative Supranational institutional network.

Conclusion

This thesis was composed of two main themes. They were a) the national and international progression from ideological models to practical models of development through debate, compromise, and the tactical positioning of intellectuals and supporters, and b) how the practical models in question have gained influence in national and international institutions, and how their influence is then spread through these institutions.

Section one explored some of the key ideological models which have been proposed by scholars in the 20th century. The purpose of this was to illustrate the key differences of these perspectives, a) to provide a nuanced understanding of each set of values and perspectives and how they came to be, and b) to demonstrate how these ideological works each propose a blueprint for national and/or international development.

Both Mises and Friedman based their models on assumptions, which following Keynes among others are seen as fallacious. These assumptions are a) that competitive market forces lead to the most efficient use of resources and will direct capital, resources and labour into only the production of those items which best meet societal needs and reasonable wants, b) that capitalists who direct them elsewhere are destined for failure, c) that free-markets will inevitably result in the stable equilibrium that best serves humanity, and d) that stable free markets are not just possible, but prevalent, and that all which is required for their realization is the disassembly of restricting government regulation and intervention.

Hayek offered a more nuanced neoliberalism which was refined by others into ordo-liberalism and implemented in Germany and beyond to prosperous ends. It is a shame that Hayek is often lumped in with Mises and Friedman and accused of the same assumptions. A careful reading of *The Road to Serfdom* will reveal that he went to great lengths to correct these assumptions via careful state regulation and interference. This book is worth reading by anyone with an interest in the universal betterment of humanity.

Keynes offers a scathing critique of classical liberalism, and particularly these assumptions carried forth by Mises and Friedman:

> “(1) that the real wage is equal to the marginal disutility of the existing employment;
> (2) that there is no such thing as involuntary unemployment in the strict sense;
> (3) that supply creates its own demand in the sense that the aggregate demand price is equal to the aggregate supply price for all levels of output and employment.” (Keynes, 1936. P.20).

His general theory is based almost entirely around overcoming them, and he proposes an entire blueprint founded on this premise. His works were hugely influential in the early 1900s and influenced the new deal, but his wisdom was pushed aside in the wake of WW11 for the ambitious U.S centric proposals of White.

White didn’t offer a full template as the others did. He was simply concerned with creating an international institutional framework for the consolidation of U.S hegemony, and he was very successful, but as shown in section two, rather short-sighted.

Finally, Samuelson who had been an economist since at least the1940s reached prominence with his neo-Keynesian synthesis of neoliberal and Keynesian thoughts. Though the neoliberal aspects he proposed resembled more those of Hayek than Friedman, it is shown in section two that existing Friedmanite values were carried through instead. Samuelson can be rightly called the father of neo-Keynesianism, and his works build the foundation for the modern MME. As such they are quite flexible, but as noted, followers such as Giddens have proposed more specific structures to sit atop them.

It is important to recall the juxtaposition of these scholars’ views on equality, special privilege, monopoly, the role of the state, and international relations.

Mises:

- Equality: Equality in the eyes of the law is promoted so that individuals can better achieve their own inherently unequal potentials.
- Special privileges: No special privileges should be given to anyone. Capitalists do not have special privileges due to their ownership of production facilities and control of labour.
- Monopoly: Competition will negate monopoly except where companies control a resource. In such cases, exorbitant profits may be taxed.
- Role of the state: "Guaranteeing the protection of life, health, liberty, and private property against violent attacks" (Mises,1927. P.52).
- International relations: Open interaction and free trade and movement of capital, goods and people between neoliberal nations.

Friedman:

- Equality: Equality of outcome is both undesirable and impractical. Private education and unrestricted markets offer the most equality of opportunity.
- Special privileges: None to be given to any member, group or class of society other than limited tax incentives to the poorest.
- Monopoly: Monopoly is not a concern and bears no societal harms to speak of. Note that this view was developed in the FMP and Friedman had spoken strongly of the societal risks of monopoly previous to this corporately funded project's commencement. Note also that Friedman neglected to mention the two most relevant forms of monopolisation in *Capitalism and Freedom.*
- The role of the state: To set the rules of the game, moderate their differing interpretations, and enforce them on those who would not otherwise play the game.

- International relations: The individual is the focus of his doctrine and any restrictions put on international trade are inherent restrictions on individuals within. They are thus unacceptable.

Hayek:

- Equality: Whilst equality of outcome is seen as restricting to individual and thus societal potentials, equality of opportunity is promoted so long as it doesn’t restrict impersonal market functions.
- Special privileges: No special privileges were to be given. However, state-facilitated unemployment insurance and state employment of the otherwise unemployed were seen as beneficial aids so long as employment completed tasks beneficial to society and incompatible with private markets.
- Monopoly: Seen as inherently undesirable, Hayek proposes it can be thwarted through disadvantageous monetary policy and direct regulation.
- Role of the state: The regulation of monopoly, the organisation and/or provision of social insurance and state employment, the control of monetary policy and supply, the provision of healthcare and security, or any other task deemed beneficial or necessary to society which the competitive market is ill-suited to provide.
- Hayek proposed an international federation sporting laissez-faire policy while leaving nations free to create their own. This federation would control or coordinate a military presence large enough to enforce its laws and halt international military invasions, thereby maintaining peace.

Keynes:

- Equality: Although some degree of inequality of outcome is required to incentivise the necessary range of human functions in society, this ought to be reduced through redistributive tax and payment mechanisms, rigid wage policy, and state employment on national projects.

- Special privileges: The above three equalising mechanisms are seen as special privileges.
- Monopoly: While monopoly is seen as undesirable, Keynes, in his sceptical realism, has cleverly crafted his blueprint to function in states of both perfect or imperfect competition.
- Role of the state: To stimulate the economy and maintain a level of equality through public works and employment, provide stability through wage, fiscal and monetary policy, as well as responsible usury laws, and to provide justice, security, education, healthcare and other beneficial services to society.
- International Relations: Keynes promoted an international clearing union that would, via a newly created and printed international currency, provide much-needed capital and coordinate exchange rates and monetary policy.

White:

- International Relations: White proposed an international system of fixed exchange fiat currencies attached to a gold exchangeable U.S dollar. The institution of choice to oversee international affairs was the IMF which would lend to nations to cover BOP deficits, provided conditional policy reforms were implemented.

Samuelson:

- Equality: Some degree of inequality of outcome is necessary for the functioning of society. However, these can be reduced, and their negative effects offset through regulation and welfare programs.

- Special privileges: Include exorbitant incomes for CEOs, celebrities, and top professionals, particularly those in finance. Privileges are also extended to the poor, elderly and disabled in the form of welfare payments, special grants, subsidised or free healthcare and education programs, food stamps and accommodation allowances.
- Monopoly: With little hope of restoring perfect competition, Samuelson focusses instead on negating the negative effects of imperfect competition. He even accepts monopolistic and oligarchic industries and points to the few benefits of these industries of scale. He is, however, always looking to increase the equality of both outcome and opportunity.
- Role of the state: MME states provide progressive and redistributive tax systems and public spending on things like justice, defence, welfare, roading, and education and healthcare subsidies. They also make fiscal and monetary adjustments to stabilise the economy and maintain international political and economic relations which facilitate international trade in the private sector. Furthermore, they regulate undesirable business practices and inefficiencies through anti-trust law and direct regulation of wage prices, working conditions, and damaging environmental practices. They also offer incentives and disincentives for desirable and undesirable practices respectively.
- International relations: Samuelson gives preference to free and unrestricted trade between nations adapted to the flexible MME national template.

Section two then presented a historical narrative of capitalism's development between WW11 and the mid-1990s, focussing on the U.S. but delving at times into that of the U.K. The purposes of this were (a) to illuminate distinct stages of capitalism and identify their proponents and ideological backing, and (b) to show the complex political and social compromises that are unique to each nation but indefinitely result in a variance of policy outcomes from the purely ideological model, thus demonstrating the difference between ideological and practical models of development.

Four separate stages of capitalism were identified within this timeframe, three of which were the result of intentional interventions in the political trajectory by agents who advocated specific ideologies.

The first stage has been dubbed the Bretton Woods era. It resulted from negotiation and compromise between the allied nations near the end of WW11. The key nations in these negotiations were the U.S and Britain, and the key agents were Keynes and White.

Much to Keynes' chagrin, his superior intellect was bulled over by White's tact, and the U.S.'s superior bargaining power. The result was the formal agreement of an international model of development. The national template would be largely carried over from the 1933 New Deal, and included state education and healthcare, strong labour unions, rigid wage policy, national works and employment, and increasing welfare programs. These roles were carried out to minimise inequality and provide fair opportunity to society.

The U.S dollar was linked to gold and others to it, as per White's plan to make the dollar and gold synonymous in the dollar centric global economy.

States were to be overseen by two institutions, the IMF and the WB. The IMF was to loan for BOP deficits and the WB for reconstruction and development projects. However, two more were formed to aid the administration of the Marshal plan in Europe and coordinate national policy toward the New Deal template.

This era provided a degree of stability, growth and equality until the financial crisis of the late 1960s cast the world into turmoil. The U.S practically defaulted on its global responsibilities. In 1971 it freed the dollar from gold, and in 1973 it floated the dollar's exchange rate. Pandemonium ensued.

With little solid footing in the North-West, capital spilled out into the developing countries in bulk, aided by the developing roles of international institutions. By the late-1970s however, a new tide was coming in. The ideas of Friedman and the Chicago schools of economics and law were gaining clout. Backed by an array of economists and politicians it started to influence the politico-economic landscape of the U.S and beyond.

In 1979 Thatcher was elected Prime minister of the U.K, and in 1981 Reagan became president of the U.S. These elections mark the end of the Bretton Woods era as the two new leaders set about embedding neoliberal tenets into policy in their respective nations. Thatcher leaned a little more towards Hayek's blueprint early on and had to face the remnants of socialism. Reagan went directly for Friedmanite neoliberalism. Labour unions, wage regulation, welfare programs, and state-owned enterprises were largely dismantled over the following years. Monetary policy was promoted above fiscalism as the cure-all for economic woes, and political compromise took place between austerity and supply-side proponents. Thatcher grew more Friedmanite as the years went by.

Neoliberalism spread around the G7 and Friedmanite values seeped into the increasingly interconnected and coordinated international institutions. Through these institutions, the G7 began to dictate self-interested policy and build an international institutional and legally binding framework that cemented them on the top rungs of global economic and geopolitical power. However, even they began to rely on the research and knowledge created by this network.

Through the late-1980s and early-1990s, the international institutions came under heavy criticism for favouring developed nations and multinational corporations over the welfare of developing nations and their populaces. As such the G7 nations also came under increasing pressure. It was clear changes were needed to ease international tensions and maintain the legitimacy of the global framework. Thus, through the mid-late-1990s, led by Tony Blair's government and the Clinton administration, and in line with the survivalist tactics of the international institutions, Britain and the U.S moved toward the more flexible third-way formulation of the MME template. This marks the end of the neoliberal era, and the beginning of the neoclassical era.

The nationally flexible practical MME template retains a free-market policy structure. It prescribes low or no trade barriers and alters the structure of class compromise, reintroducing the welfare safety net, increasing redistributive taxes, and progressively raising wages, as well as rewarding professionals and investors for putting their labour or capital to use. It combines monetary and fiscal controls, and compromises between austerity, supply-side, and demand-side economics. The MME template was followed in the U.S and abroad until at least the 2008 financial crises, after which noticeable trends have leant towards more protectionism.

Section three set out to track the development of four key inter/supra-national institutions; the IMF, WB, WTO, and OECD, over the same period. The purpose of this was to (a) see if they were affected by the same shifts in thinking and the same ideological movements as the U.S was, (b) to see if they were politically influenced by the North Atlantic toward given ends, and (c) to discern their relative positions and roles in the global economy, and whether they worked in unison or competition with each other to fulfil them.

The IMF, founded at the Bretton Woods conferences under the direct influence of White, struggled initially as the Marshal Plan institutions (GATT and OEEC) impeded on its role as lender of last resort to cover national BOP deficits. The Bretton Woods era was constructed to institutionalise U.S hegemony, and as its main vehicle, the IMF has always been in a prime position to do so, with weighted voting powers for the U.S, and communism quelling conditions for lending. However, the Marshal plan undermined its function in this area.

The ideological shift to Friedmanite neoliberalism, however, reinvigorated the institution and it shifted its focus accordingly. The U.S maintained its voting bias within the institution, but increasingly merged its will with that of the wider G7 and even OECD membership who shared geopolitical and economic interests in the developing world. The same bloc held dominant influence in the WB and WTO as well, and the institutions became increasingly coordinated over the neoliberal era.

During the neoliberal era, the IMF took on the role of lender of first contact, venturing into the developing world with much-needed loans and harsh SAPs that bent nations toward the neoliberal national template. This involved opening borders to FDI, selling state-owned assets, removing trade barriers, and reducing wage and labour protection. It indebted nations on legally binding contracts, and reformed policy. It also opened nations up to outside companies and aimed for the comprehensive liberalisation of capital accounts to FDI and external capital. Thus, it created a reliance of national economies on north-western capital, finance and industry, and a subsequent vulnerability to sudden outflows; as well as binding them to the framework via debt. Its role in the global framework was essentially to begin the process of integration of developing nations into the supra-national regulatory framework.

The WB which was also founded at the Bretton Woods conference, but under the guidance of Keynes, also found itself undermined by the Marshal plan early on. It found itself with no real role in Europe as the Marshal plan had taken up the role of development lending, albeit with better terms for the nations in question. It to struggled along until the rise of Friedmanite neoliberal ideology, at which point it set its sights on the developing world.

The WBs rise was swift under McNamara. He created lakes of funding fed by rivers of public and private investors and went to work loaning it to developing nations for development projects. There were of course conditions, which would serve the same functions as IMF SAPs if the IMF had not lent to the nation previously or supplement them if it had. These took the form of WB SAPs and were continued under subsequent leaders who only grew in Friedmanite ideology through the 1980s.

The G7 and OECD nations held a dominant influence in WB proceedings, and as such, the WB has served their geopolitical and economic interests well; damning the flood of communism during the cold war and integrating nations into the global framework through debt and the increased reliance of nations on outside capital and industry. Furthermore, it implanted a complex network of knowledge creation and dissemination to provide legitimacy to its cause.

Development projects funded the facilitation and growth of private industry, and SAPs focussed on further opening nations economies up to FDI and foreign companies. As such, the WB’s role in the global framework became that of the industrial embedder.

GATT was formed as part of the Marshal plan to coordinate North Atlantic, particularly European economic and trade policy, and to secure a united front against the spread of communism. Its mandate was to provide a multilateral legally binding framework of trade policy. It has always focussed on free-trade and the reduction of barriers; thus, it was not forced to alter its roles for the neoliberal era. It did, however, alter its research and policy advice to back the corporate model following the lead of the OEEC/OECD (and thus the G7), and expand its membership broadly, bringing into its fold the nations whose policy had been aligned by the IMF and WB to the dominant template. In doing so it further integrated them into the global framework which its role is to oversee.

Its legally binding contracts ensure that members abide by the template and offer them the incentive of increased trade to do so. It has been noted that in the past the WTO has denied countries entry on geopolitical conditions, and also that nations, particularly the G7 and the U.S, have vetoed accessions until conditions are met that fall outside the WTO's mandate.

The OEEC/OECD was created to oversee and coordinate the administration of aid under the Marshal plan. It has always worked closely with the WTO, providing research and knowledge for the better implementation and overseeing of aid provision and trade agreements. It was developed by the U.S and G7 through the early 1980s into a centre for international research and neoliberal policy advocacy and increased its ties and coordination with the IMF and WB also.

It has become the highest echelon in the network and provides much of the international and national policy framework by which the others abide. It is a vehicle of G7 shared hegemony, and non-G7 membership is almost symbolic of full integration into the network and its framework. It works by (a) creating research and knowledge that legitimises its cause, (b) through the inclusion of other institutions as observers of its bodies and procedures, as well as the participation top officials in decision-making procedures in the other institutions, and (c) through the G7's dominant influence in each institution which aids their convergence on OECD policy proposals and confuses the origin of these proposals.

The early 1990s saw the entire network, as well as the G7, come under heavy criticism for its favouritism of multinationals, the harshness of IMF and WB SAPs, and the negative social impacts felt by influenced nations. The amassed criticisms brought into question the legitimacy of the framework, the desirability of each member of the network, and the hegemony of the U.S and G7.

In order to survive and maintain any lasting influence and ensure the continuation of the global free-market order, huge compromises were made on national and international scales.

This basically ended the neoliberal era of capitalism which had grown to be internationally dominant, and brought about the era of neoclassical capitalism. This allowed more national flexibility and ownership of national policy frameworks and focussed more attention on social and environmental effects. It also allowed and renewed legitimacy in the supranational institutional network and free markets through class compromises and compromised internationally between the north and south; or the advanced and G7 nations and the developing world.

Section one contributed to the first key theme by providing a nuanced understanding of the values and perspectives held by each of the key scholars of this timeframe, and the unique ideological models of national and/or international development they formed.

Section two illuminated four distinct stages of capitalism and identified their proponents and ideological backing. It also showed the complex political and social compromises experienced in the U.S through the implementation of ideology into practice, which resulted in the differentiation between the pure ideological models and the practical models of development that are based on but deviate from them. By including aspects of British development, section two also showed how the challenges faced, compromises reached, and implemented national policy structures are unique to each nation but indefinitely result in a variance of policy outcomes from the purely ideological model.

By fulfilling these purposes, sections one and two have demonstrated the national progression from ideological models to practical models of development through debate, compromise, and the tactical positioning of intellectuals and supporters, thereby delivering on the thesis's first key theme.

Section three found that the inter/supranational institutions were in fact influenced by the same ideological movements and demonstrated that they were politically influenced by the G7 and OECD nations, particularly the U.S., toward given ends. It then discerned their relative positions and roles in the global economy and demonstrated that they work in unison with each other to fulfil their shared and individual roles. Thereby maintaining and growing the influence of the global institutional network, the national and international policy frameworks it supports, and the influence of its key players, at least between WW11 and the mid-1990s. Thus, it has delivered on its second major theme.

This thesis has shown how the G7 and OECD nations, particularly the U.S., have utilised this integrated network of supra-national institutions to (a) set the rules of the game, or the framework inside which economic and political developments take place, whilst ensuring (b) that their geo-political interests are prioritised, and (c) that their economic interests, and as such those of the corporations they host, are taken care of.

In doing so it has evidenced the need for an integrated approach combining geopolitical, profitability, and spontaneity of development discourses into a single theory of global development. It has also evidenced the need for increased integration of sociological, economic, political, and historic analysis and discourse into the same approach in order to gain informed perspectives and rounded models moving forward.

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