The limited persuasiveness of the neoliberal ideology

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Abstract

During the last three decades the basic neoliberal positions remain dominant and comprise the main directions for policy-making in the majority of advanced countries. The central pillars of neoliberalism are the market and the individual, while the basic neoliberal objective is "the retreat of the public boundaries", on the basis that unregulated capitalism in the market is more effective towards growth and general prosperity. In other words, the economy, according to neoliberal thinkers, operates more efficiently without governmental interventions. While unregulated market capitalism is effective and leads to economic growth and expanded prosperity, public intervention undermine individual initiative and discourage entrepreneurship. Thus, governmental intervention, even if it possesses rational and ethically tolerable intentions, has an inhibiting effect on economic activity. Specifically, for neo-liberals the promotion of the private interests refers to a procedure that is regarded as a good practice while the promotion of the public could create several disparities. Such ideas are linked to a form of extreme individualism, as expressed in Margaret Thatcher's famous statement that "there is no society, only individuals and their families". The intervening state is considered a mechanism that cultivates a culture of dependence and thus undermines freedom, which is understood as a freedom of choice. On the other hand, self-help, individual responsibility and entrepreneurship, are supported by neoliberals. In general, these ideas are thought to be promoted through the process of globalization, which is often characterized as "neoliberal globalization" (Heywood, 2000: 83). The basic neo-liberal policies include privatization, reduction of public spending, deregulation, tax cuts (mainly in businesses and direct taxes) and welfare state policies' dismantling. In this context and for more than three decades, neoliberalism was the dominant economic ideology. While, as an ideology, emerged unharmed from the global economic crisis of 2008-9, neoliberalism is now exposed - more than ever - to several critiques which claim that it has failed to fulfill its initial and fundamental promises-objectives. This study aims to analyze the basic parameters of neoliberalism in order to investigate the level of persuasiveness of the neoliberal ideology.

Key Words: Neoliberalism, state, individual, crisis, market economy, welfare

1. Introduction to some basic theoretical considerations of neoliberalism

According to Heywood (2000: 82-83), neoliberalism is - in a sense - a renewed narrative of classical liberalism and, in particular, of the classical political economy, formulated by reputable free-market economists such as Friedrich Hayek and Milton Friedman and philosophers such as Robert Nozick. The central pillars of neoliberalism are the market and the individual, while the basic neoliberal objective is “the retreat of the state boundaries”, on the basis that unregulated capitalism in the market is more effective towards growth and general prosperity. In other words, the economy operates more efficiently without governmental interventions. While unregulated market capitalism is effective and leads to economic growth and expanded prosperity, the state intervention undermine individual initiative and discourage entrepreneurship. As Dymski (2014: 2) notes “the neoliberal entry-point in economics builds on the view that market outcomes will be optimal when economic agents make rational choices with minimal governmental interference”.

Governmental intervention, even if it possesses rational and ethically tolerable intentions, in any case, has an inhibiting effect on economic activity, for the neoliberal ideology. In short, “private equals good while public equals evil”. Such ideas are linked to a form of extreme individualism, as expressed in Margaret Thatcher’s famous statement that “there is no society, only individuals and their families”. The democratic state is considered a mechanism which manages to cultivate a culture of dependence and to undermine freedom, which is understood as a freedom of choice in the market economy. Thus, self-help, individual responsibility and entrepreneurship, are supported by neoliberals.

The term “neoliberal” is often associated with two procedures that were enhanced during the 1990s. The first was the deregulation of the global financial system, crowned by the financial collapse of 2008 (the first “crash” in the United States after the interwar period) and the continuing, sluggish decline in the Euro area. The second was the globalization of the economy, which was accelerated by the free flow of financial resources on the one hand and a new, more ambitious and free, form of trade agreements. “Financialization” and globalization have become the most visible as well as significant manifestations of neoliberalism in the post-modern/post-industrial era. For over three decades neoliberalism was the dominant economic ideology. While it has emerged as an ideology from the 2008-9 global economic crisis, neoliberalism is now exposed - more than ever - to criticism mainly due to the fact that it has failed to fulfill the promises it had made (Cahill & Konnigs, 2017).

The core of the modern neoliberal project is based on the notion of temperance, which has religious foundations that refer to Protestantism (Chollet, 2012). Consternation varies in physics, politics and temperance in the narrow economic sense of the term. Neoliberal politicians such as Thatcher, Reagan and Merkel consider physical neutrality to be factually and politically necessary by sticking to the limitations of public spending and budgets so as not to lead to fiscal derailment. In the latter case, political tolerance is considered more as a regulatory issue that cannot work for those who are most interested in redistributing income. Neoliberals, however, respond to this issue in a regulatory way, for reasons of efficiency, but also for reasons of individual liberty, through a small state which only cares about proper market-functioning (Held, 1989: 160). As Hall notes (2011), "neoliberalism is based on the free, possessive individual", with the state being considered tyrannical and oppressive. More specifically, the welfare state is the basic enemy of freedom as long as it makes the individual dependent to public intervention, undermining individual responsibility and innovation. For neoliberals, the state should never rule society, dictate free people how to dispose their private property, regulate the economy of the free market, or mix the right to profitability and the accumulation of personal wealth. According to a central axiom of neoliberalism, which was especially cultivated by Milton Friedman, free markets ensure optimal resource allocation and therefore, orderly functioning of the economy. By allowing impersonal market forces to directly allocate resources and income, individual freedom and economic prosperity will go automatically hand by hand (Friedman, 1962). When the introduction of free market and the intensification of deregulation fails, neoliberals usually oppose the argument that resources are not distributed optimally because a completely unbundled market is necessary. With this argument, they shift the success of their venture into the future in search of ideal conditions of the "absolute and proper market". For neoliberals, if society has an organic quality, it is precisely the uncoordinated or spontaneous coordination of many people who are characterized by personal motivation (Kolev, 2013). The idea of spontaneous coordination is related to the concept of tradition as internalized to the active subjects of knowledge and wisdom. It is the concept of "know-how" acquired by the individual who manages the problems initially (Sorman, 1986). The third case of narrow-mindedness, is differentiated into temperance during a recession and during a fundamental crisis. In the period of economic recession, even neoliberals do not recommend as necessary an exaggerated temper, but the revision and reorientation of public spending.

However, it is recommended from the neoliberals, to keep relative distance from governmental support and rescue packages, so as not to disrupt self-determination in the stagnation period (Thurow, 1997). Emptiness during the recession means "no more spending" but no "cost containment". The governmental interest in this phase is less focused on the "restart" of the economy, namely on public investment, but on stabilization, so that the recession will not leave permanent damage but will act as a laxative. In this respect, for instance, flexible working time, private investment enhancement through tax incentives and so on, are recommended. It should be noted though that the opposite is recommended in times of structural crisis. Absolute temperance. However, in a crisis, which is fundamental, temperance is not only inadequate in terms of the development of society but also a regulatory political error. Savers, employees, employers, all stakeholders in society have to bear the cost of the errors that banks and investors have committed. This separation of those responsible from the effects of the decisions, sets the basis for new crises. These crises are endorsed by the very economic policy of neoliberalism itself, which include fiscal rigor, monetary control, privatization, deregulation and labor market flexibility.

2. The economic failure of theory

During the recent economic crisis there were several opinions, especially left-wing, which supported that neoliberalism is not still a dominant ideology, in a sense that it was proven unsuccessful but survives due to the lack of alternatives (Hardt & Negri, 2009: 151-152; Hardt, 2010: 1; Harvey, 2010: 227). On the other side, Anderson describes neoliberalism as "the most successful ideology in world history", which, as a set of principles and rules, undivided across the world (and) "no collective agency" is able to match the power of capital and for "the first time since the reformation, there is no longer any significant oppositions—that are systematic rival outlooks—within the thought-world of the West; and scarcely any on the world scale either" (Anderson, 2000: 17). It turns out that neoliberalism failed not in political but in economic terms due to the fact that it failed to create a stable and continuous economic growth, increase and facilitate the opportunities for economic mobility, reduce the levels of unemployment and achieve, in general, economic prosperity of the whole society and not only of specific groups, which usually are in the highest level of the socio-economic pyramid.

Indeed, since the 1980s the neoliberal concepts about financial regulation and economic policy have dominated the global policy-making, forming a long-standing era of neoliberal hegemony in that "multinational firms with global reach have increased their control of production and distribution, and national governments' capacity to control the activities of economic agents operating within or across their borders has been increasingly constrained or even censured. The two aspects of neoliberalism are interlinked: firms that can threaten to relocate anywhere use the threat of withdrawal to force host governments to minimize their regulatory constraints and tax assessments. This is the very definition of power. Governments in Latin America and Asia were put under duress and forced to open their markets by debt crises in the 1980s and 1990s. Some large financial intermediaries failed in these crises. But the financial conglomerates that survived became increasingly dominant, using their vast resources and access to global financial centers to extract fees from wealthy and poor alike. These conglomerates' products and services pervaded so many areas of economic life that the neoliberal era has been characterized as a period of financialization" (Dymski, 2014: 6). However, throughout the developed world, the procedures of extensive market liberalization have failed to achieve their initial objectives. Most developing countries, such as China, which show high economic development levels, did not necessarily follow the neoliberal policies of non-intervention by the state in the market (Rodrik, 2002: 1; 2011: 165; Quiggin, 2011: 29). Thus, the neoliberal assumption that the international liberalization of the markets will bring redemption, seem dubious (Beck, 2009: 4) as long as the "invisible" hand of the markets is not able to automatically regulate and finally propose viable solutions for the economic and social problems that free market economy creates.

This ascertainment is strengthened even more, because the drastic global and structural imbalances which were created during the neoliberal era, actually comprise the basic parameter that led to the occurrence of the global economic crisis of 2008-2009. The structural imbalances are strongly connected with the enormous differences in the balances of external account surpluses and transactions, the crucial divergences in income and wealth, the intensification of social inequality by income gap widening and finally in the significant potential differences between national banking systems. Consequently, the countries with surpluses of current account balances are playing the role of powerful lenders towards the countries with deficits of current account balance (Alfaite et al 2014). Thus, an unequal interdependence is created, clearly obvious in the Eurozone level, while the factors of international economic instability are even strengthened, supported by specific groups of powerful countries in order to impose economic restrictions in countries with low economic activity. Under these circumstances, the tendencies of public goods' mismanagement are strengthened due to the failure of recognizing some public goods as decisively important (Dymski, 2009: 12) for social welfare and at the same time impose a framework of checks and balances to international transactions as well as in the banking sector generally. Consequently, the imbalances not only in economic but also in social terms (social inequality) are visible in the Eurozone as it is clearly obvious in the Table 1. It should also be mentioned that such a trend is followed in several categories of social problems, such as youth unemployment, social vulnerability, general unemployment, lack of social cohesion, poverty, inability to access public goods such as health and education as well as quality of living (Tzagkarakis, 2017).

Table 1: Differences in income inequality based on GINI coefficient index in Eurozone-12

Member State	1998	2008	2015	Difference 1998-2008	Difference 2008-2015
Core					
Austria	24	27,7	27,2	+15,42	-1,81
Finland	22	26,3	25,2	+19,55	-4,18
Germany	25	30,2	30,7	+20,80	+1,66
Netherlands	25	27,6	26,4	+10,40	-4,35
Luxembourg	26	27,7	28,7	+6,54	+3,61
Belgium	27	27,5	26,2	+1,85	-4,73
France	28	29,8	29,2	+6,43	-2,01
Periphery					
Italy	31	31	32,4	0,0	+4,52
Greece	35	33,4	34,2	-4,57	+2,40
Ireland	34	29,9	30,8	-12,06	+3,01
Spain	34	31,9	34,6	-6,18	+8,46
Portugal	37	35,8	34	-3,24	-5,03

Source: Authors' compiled data sets using official Eurostat data (2016), Data available at: http://ec.europa.eu/eurostat/tgm/table.do?tab=table&init=1&plugin=0&language=en&pcode=tessi190 (Accessed: 02/10/2016).

Obviously, the neoliberal doctrine has led to a significant divergence between Eurozone countries, as some, such as Germany, have boosted their competitive advantage while some others, such as the southern European countries, have faced tremendous competitive and financial problems and needed additional funding. This certain policy doctrine that followed austerity measures in order to maintain price stability and avoid inflation increases, has led to further social inequalities and welfare policies dismantling in large part of the Eurozone. At the same time, the distinction between the core and the peripheral countries automatically removes Europe from its fundamental aims, and consequently, due to the doctrine of budgetary discipline, it places insurmountable limitations on national social policies. In essence, it is clearly a distinction between North and South, between borrowing and lending states, with borrowers being subject to severe sanctions, restrictions and controls. Concurrently, the state is being used as a rescue tool for the financial sector and can no longer drastically intervene at the level of social welfare. As Beck suggests (2013: 30), “state socialism is being implemented for the rich and for the banks, neoliberalism for the middle classes and the poor”.

It turns out, that despite its failure as a theory, neoliberalism remain politically dominant. This political resilience of neoliberalism is often related to the process of defending its positions as sacred principles rather that as scientific. As Rüstow notes, “neoliberalism is an economic theology that represents a God-demanded order of things in the economy and in society, in which the invisible market hand ensures that the divergent forces return to a continuously harmonious relationship, not to intervene in this process by methods such as state intervention” (Rüstow, 2001: 91). However, despite the neoliberal objections about the role of the state as a stabilization mechanism, most successful economic policies used the state in order to increase growth and implement structural reforms (Rodrik, 2011: 164-173; 2012: 5-9). At the same time, during economic downturn, the state was frequently used in order to rescue large businesses as well as to provide a relatively acceptable social safety net (Rodrik, 2010; 2012: 5-9).

According to Legatum Institute (2017: 9), states such as Norway, Sweden, Denmark, Australia and Finland, in which the state has a relatively important regulatory role while provides a high level of social welfare, social inclusion and individual freedoms, display also the best economic indicators from 2009 to 2017. It turns out that social cohesion has a positive impact on the market economy (Mavrozacharakis & Tzagkarakis, 2018). Several empirical studies indicate that economic prosperity, development and income security are directly linked with an institutional framework which includes a variety of regulatory mechanisms and public interventions (Acemoglou, Johnson & Robinson, 2005: 389-396; Hall & Jones, 1999: 83-116; IMF, 2003: 75-81; Rodrik, Subramanian & Trebbi, 2002: 22-23; Rodrik, 2004: 1005-1008; Word Bank, 2002: 5-26; Zattler, 2004: 19-25). All the above-mentioned indicate that the creation of a stable institutional framework facilitates the successful functioning of the society and the economy while avoids political and economic turbulence (Fukuyama, 2004; 2011: 450-452; Zattler, 2004: 5).

On the other side, neoliberals often use several arguments in order to support the notion of free markets and the reduction of public intervention. These arguments can be separated into three categories. The first includes the assumption that the large public sector, as long as it needs increased public funding, lead to tax increase, thus, creating more distortions and inefficiencies to individual activity and market economy. As Hayek (1973/2002: 184) argues, the necessary taxation in order to fund state actions should only be subject to unified principles and not to policies which focus on income redistribution. The second category includes the assumption which connect the public expenditures with state activities' increase. These state activities are also characterized by low productivity in comparison with the private sector (Baur, 2001: 53). According to this view, public intervention should be implemented only by measures which remove restrictions on trade and free movement of the capital and not by increases in public spending which will lead to increased inflationary pressures (Hayek, 1944: 27-31). Thus, the state intervene to the economy only when specific public goods are not able to be offered by the latter and are matters of the general interest, as long as the main focus is to create the space to the markets to function properly. The third category focuses on the lack of incentives on the market by the public sector in contrast with the private sector. The belief that prevail is that free and uninterrupted market function is the main process that can ensure the optimal and socially acceptable distribution of the available means of production while, at the same time, will achieve full employment, monetary stability, economic growth and high levels of well-being (Hletsos, 2010: 141). Therefore, the main policies that are proposed by neoliberals focus on the liberalization of the private initiative from bureaucratic barriers and administrative arrangements, which mainly undermine the individual entrepreneurial incentives (Adams, 2001: 20).

It turns out that, for neoliberals, the completely free market can substitute the state activity and in a sense, become the main regulatory-determinative mechanism for political and economic developments. In this sense, as it is well known, Hayek, one of the main neoliberal philosophers, advocated the liberalization and deregulation of financial transactions not only in the national but also in the international and supranational level, through policies such as the privatization of public enterprises, public spending reduction and creation of a strong legal framework that will protect, at the institutional level, the market function from public interference (Jessop, 2002: 454-455).

On the other side, the supporters of state intervention usually insist that the state offers useful services by protecting the individuals as well as the businesses. For them, the high or smart level of public spending can provide sufficient levels of crucial infrastructure in all levels as well as an effective welfare services framework (Judt, 2010). Both can sufficiently contribute to the increase of productivity levels, of the general societal growth and well-being. However, in order to achieve high levels of public funding, it is necessary to raise the level of taxation, which can create several barriers to the free market economy. For the supporters of state intervention such barriers can be easily outreached by the positive effects of public spending on economic development as long as several countries with high levels of public spending show also high levels of institutional quality, education, innovation and social protection.

At this point it is necessary to distinguish between four economic development models in order to test the abovementioned argument. The models are the following; the Anglo-Saxon, the Nordic, the Continental and the Mediterranean. This classification (Figure 1) by Sapir (2006: 380) is based on social justice and economic efficiency criteria.

Figure 1: A Typology of European Economic Development Models

		EFFICIENCY	
		Low	*High*
EQUITY	*High*	Continental	Nordic
	Low	Mediterranean	Anglo-Saxon

Taking into account this typology, it is obvious that the Nordic model is characterized by high levels of economic efficiency and social equality while it has a high level of public intervention and institutional development. It is also characterized as a social-democratic model as long as it implements redistributive policies with high levels of public intervention. On the other hand, in the Mediterranean model there is a correlation between low levels of efficiency and quality with low institutional development and effectiveness of the public sector. The international indicators of global development also confirm the abovementioned hypothesis (Schwab, 2017: 326). The countries with relatively developed public institutions such as Germany, France, the Netherlands as well as all the Nordic countries, are included among the 20 most competitive countries worldwide. Surprisingly for the neoliberal assumptions, despite the fact that these countries have an extensive public sector and levels of intervention – especially the Nordic – they also manage to construct extremely competitive economies.

It turns out that in economic and financial terms, the public institutions are necessary for market economies in order to achieve fiscal and macroeconomic stability along with transactions' legal security as well as, high levels of social cohesion. Furthermore, public institutions can also provide the necessary incentives in order to develop positive investing conditions as long as they can enhance trust, efficiency and security of transactions. In achieving these objectives, the state should regulate both the labor and the financial markets.

However, the political dominance of the neoliberal ideas after the 1970s as well as the revisionist social-democratic compromise of the Third Way, created lucrative ground for the survival of neoliberalism and for the prevention of the construction of an institutional framework both at the national and the international level which will regulate the market economy. On the contrary, the implemented economic reforms primarily focused on privatization of public goods and services in order to achieve the total liberalization of the markets. Actually, this objective was in the core of economic policy which was called the "Washington Consensus". It was a ten-point agenda which was developed by Williamson (1990: 7-20) and broadly implemented in South American countries, in order to address the indebtedness and stimulate growth (Zattler, 2004: 19-21, 26-30). The implemented policies included the following objectives; public spending reduction, fiscal discipline, trade liberalization, reforming and liberalizing markets in order to facilitate trade and direct foreign investment, implementing privatizations, protecting property rights and increasing monetary competitiveness (Zattler, 2004: 19-21, 26-30).

The main aim of this agenda was to address the economic and financial problems that the South American countries were facing through the implementation of the abovementioned policies. But soon enough it became the main policy directive that was used by several international institutions such as the IMF and the World Bank, as well as by specific national governments, such as the Reagan government in the USA and the Thatcher government in the United Kingdom (Dumenil & Levy, 2017). However, few years after the implementation of this agenda in the Latin American countries, there was a substantial growth of criticism as long as instead of reducing the public debt, these countries became even more indebted and the stabilization of their economies failed (Alvares, 2014). Therefore, the neoliberal agenda unilaterally tried to liberalize and deregulate the markets, without taking into account the fact that the state can act as a stabilizer and provider of institutional security. For this reason the agenda may be regarded as imperfect with a crucial weakness. This refers to the gap not only in institutional terms but also in social, as long as the totally unregulated financial market without institutional support, may lead to the exacerbation of the social problems.

Under these circumstances, Hall and Jones (1999: 84) show that there is a positive correlation among per capita income and quality of social institutions. The latter is determined by the corruption susceptibility, the quality of bureaucracy, the level of legal certainty, the liberalization of the economy and the investment risk. Moreover, the neoliberal assumption that the incomparable macroeconomic stability would last forever, was proven insufficient as well as the assumption that the prices determined by the financial markets are definitely more accurate. Such assumptions are yet not verified, leading us to the conclusion that neoliberal ideas have failed (Quiggin, 2011: 29). It turns out that the "neoliberal ideas also do not seem to have the necessary validity, namely those which insist that upgrading policies for the affluent will lead to upgrading the socially vulnerable, and that state functions and initiatives can be more effective if privatized" (Mavrozacharakis &Tzagkarakis, 2018: 12).

3. The current neo-liberal policies

The monetarist origin of the neoliberal economic theories is evident as monetary stability, restrictive monetary policy (avoidance of state interventionism - public spending) and hence the fight against inflation are key objectives for neoliberals. According to them, the economy of expanding - stimulating demand causes inflation, creates precarious jobs, or undermine economic growth and employment prospects. The prevalence of the austerity doctrine and neoliberal reform has been a development that has proven to be a fatal mistake since supporters of harsh austerity have never realized the real causes of the crisis. The rationale for limiting state budgets is wrong a priori because they confuse public needs with the needs of a private household. Ultimately, the crisis in the Euro area is not primarily driven by irresponsible fiscal policy. Spain and Ireland had, for example, on the outset of the crisis, surpluses in their budgets. Much greater was the damage that arose from the unregulated banking system, which lent money profusely and irresponsibly. The public sector had not borrowed as much as the private sector at the European level. The Euro crisis was misinterpreted as a fiscal crisis. However, this is a balance of payments crisis. As Wolf notes, in the years of euphoria before the financial crisis, funds were moving smoothly and "Greece, Portugal and Spain recorded deficits in current account balances of 10% of GDP. These deficits funded surplus spending in the private sector, the public sector or both. The period of rapid economic growth has also caused great damage to external competitiveness" (Wolf, 2012). The "sudden obstacles" to capital inflows followed. These barriers were created during the 2008 global crisis (affecting Greece and Ireland) in the spring of 2010 (affecting Greece, Ireland and Portugal) and finally in the second half of 2011 (affecting Italy, Portugal and Spain).

The general problem was not exclusively related with the wasteful fiscal policy. Public debt grew only after the onset of the financial crisis, in the wake of the deep recession and the implemented policies-interventions in order to rescue the banks. Besides, as Keynes pointed out, the period of economic take-off rather than the recession is the right moment for austerity (Hannsgen & Papadimitriou, 2012: 10). Consumer spending remains stagnant in the euro area as wages are not rising. Companies do not invest sufficiently, because sales have been canceled due to falling demand. If, at the same time, public investment and public spending cuts are reduced they will create a shrinking economy, while tax revenues will be falling. The direct consequence is stagnation and deflation.

The problem of austerity is that it is linked with anti-social measures such as cuts in public spending, raising the age-old retirement age and reducing wages and pensions. Particularly evident are the negative effects of austerity in Greece and Spain, with an unemployment rate of over 25% and a new generation that no longer has a potential for addressing the challenges and become included in a social and economic framework which will create further conditions of welfare and development. On the contrary, almost 50% of all young people in Southern Europe have no jobs (Kotroyannos et al 2015). An entire generation is literally dissolving from politics. Unemployment and inequality is accompanied by precarious work, fears of the future, and psychological problems (Wilkinson & Pickett, 2010). Austerity worsens the situation not only socially but also financially. As long as there is austerity, the banking crisis will continue, because for every unemployed person, savings are reducing and "bad" loans (the inability to pay the loans) are rising, something that leads to funding-bank problems.

These, lead to greater constraints on lending and hence to GDP shrinking, which in turn leads to higher debt. Overall, this policy is meaningless and cannot resolve the crisis, but only continue to aggravate it. As noted by Krugman (2012), those who served the "common beliefs" of austerity in Greece and Spain "forgot the fact that the people are also involved here and that the world in these two countries simply says that it has reached its limitations: with Unemployment at Great Depression levels and with former middle-class workers looking for food in trashes, austerity has already lost the main objective". The countries of the European region, and especially Greece, suffer from cyclical and structural economic problems. Their economies are not sufficiently profitable and thus not competitive in the Euro area. Everyone knows that within the Euro area these countries will need a lot of assistance in order to give a positive sign on their economies and to develop their productive models.

4. Concluding remarks for further consideration

The ideological hegemony of neoliberalism is expressed through concrete policies such as monetary stability, unregulated and free markets, fiscal constraint, wage cuts, labor flexibility, collective bargaining and trade unionism weakening, the autonomy of tax havens with the argument of investment incentive, the denial of the welfare state, the reduction of the governmental intervention and bargaining power, the transfer of national sovereignty to rigorous fiscal centers, the tax incentives for capitalists, the support of banks against the burden of taxation and the failure to provide liquidity to the market. These policies dominate. However, their economic impact is particularly controversial in terms of social cohesion and sustainable economic growth. In conclusion, this is a policy based on the reproduction of inequality through the continuous opening of the income inequality and through horizontal contraction applications. In the midst of these policies, what is usually called “upward progress”, is triggered, in the sense that the past seems better than the present.

As an expression of a clearly ideologically charged policy, which is in essence, stemming from the “productive capitalism” of capital and labor and is subordinated to the casual financial “casino capitalism” that destroys the horizontal social wealth in favor of a vertical wealth of the oligarchy, neoliberalism functions in order to abolish progress, in the collective or social sense of the term. As a result, Europe has entered a period of high ideological tension. Of course, this is perceived by a few people. Few perceive that the dominant ideology is an element of identity for those who govern, and therefore this ideology must be discreetly emancipated, effectively eroding the social fabric. Hence, one of the characteristics of competent ideologies, is not to be massively perceived as symbolic forms.

Within this narrow context, the gap between rich and poor is becoming wider (Piketty, 2014). Social inequalities are increasing and social disintegration is already fairly threatening. Basing on European wealth distribution studies from 2005 onwards (Bertelsmann, 2017), it turns out that the uneven growth of income and the fiscal policy that corresponds to it, are not enough for creating social cohesion and welfare as long as public policies are restricted.

But neoliberals conceal themselves as supporters of a seemingly objective economic theory. As an economic science, based on unchanging rules and facts of a harsh reality. Therefore, neoliberalism is a theory which takes various forms in the media and dominates the explanations and interpretations of social elites. Seemingly, the general concepts of this ideology are reported and even supported by the average citizen and unfortunately, also by those who lost a significant part of their real income by horizontal neoliberal policies. Thus, this ideology is reproduced imperceptibly in social discussions, which are determined by the power of “speech”, imposed by several media and think tanks. The message of neoliberalism though is clear: the state should be simplified, reduced and withdrawn for the benefit of market forces from the economic and social spheres of activity. This message is also directed against pledged work because it is allegedly associated with high costs insisting that the collectively organized labor market generates unemployment. In this regard, the neoliberal economy considers that high tax burden on businesses and rigid labor legislation act as a deterrent to investors and weaken national and regional economies. For neoliberals, excessive market regulation and inefficient social systems weaken the international competitiveness of an economy.

It should not be underestimated that the majority of policies supported as solutions to the current crisis are similar in ideological terms and ultimately come from the same economic theory. Surprisingly though, the neoliberal theory and its manifestations have never been exposed to any verification. Paradoxically, no version of neoliberalism has been in a position neither to anticipate the present crisis nor there was a spectacular economic outcome from the implementation of the pre-eminent neoliberal measures, apart from mass impoverishment, depression and social unrest. But because economics is an independent science and the supporters of neoliberalism invoke the scientific basis of their theory, we must assume that a theory which does not offer real outcomes in all the relevant levels (economy and society) loses its fundamental and existential basis - at least if we follow a proper methodological process. Instead, the opposite happens; "the wrong medicine leads to a lack of recovery but is administered at even higher doses".

At the same time, all incisions and deregulations which supposedly lead to a relatively satisfactory life become socially tolerable. Because they are projected as an appropriate, realistic, uniquely feasible and inalienable solution. But no one is responsible for the billion of Euros stacked on tax havens and in Switzerland, because stock markets operate unchecked-unregulated, without the regulatory power of the states. Nobody explains why the rampant increase in the assets of some private and business groups that refers to the steep increase in corporate profits, is not subject to taxing processes that would certainly have a relief effect on the society. But here lies the greatest success of the neoliberal agenda. Successful erosion of entire societies. The "dominant international elite" succeeded in showing its particular interests as collectively applicable, common interests.

As a basis for legitimizing decisions in the field of politics and the economy, the so-called "factual" barriers are commonly highlighted, which only allow a minimum range of possible actions. The choices are therefore drastically limited, as only some of them are allowed in the "competition against all" context. Within this narrow context, the gap between rich and poor is becoming wider. Social inequalities are increasing and social disintegration is already fairly threatened to be tackled with accurate propaganda, complementary to repressive tools. As a result, the content of democracy changes as long as its quality is diminishing and the conditions of its existence are substantially threatened. In conclusion, democracy is reduced to a context of mortgaged institutions and processes, within which it is virtually impossible to form a coherent opposition to the dominant neoliberal ideology even though, in social and economic terms, it has failed to achieve its initial projections.

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