

A post-neoliberal consensus? Not on this basis

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Professor Simon Wren-Lewis has a recent post on his Mainly Macro blog entitled [A Post-Neoliberal Consensus](#). It is worth reading because it shows both how far mainstream economics has shifted after forty years of neoliberal failure, and how far it still refuses to go.

Simon begins with a discussion of work by Dani Rodrik, who recently argued that neoliberalism has lost its authority and a successor, post-neoliberal settlement, is emerging. [Rodrik claims](#) it embraces three elements:

- * *That the concentration of economic power has become excessive.*
- * *Restoring dignity to people and regions that neoliberalism left behind, particularly through good jobs; and*
- * *Recognising that government has an active role in intervening in the market economy.*

This matters because it concedes what neoliberalism spent decades denying. As a result, Simon argues that this new consensus is clearly not neoliberal. Rodrik is, then, he argues, noting something new.

Then, however, Simon noted that Trump's MAGA movement is also not neoliberal, precisely because it too involves direct state intervention through tariffs, immigration controls, and even state holdings in major companies. That, he suggests, matters because it tells us something uncomfortable: the death of neoliberalism does not automatically produce progressive alternatives. The vacuum can be filled by authoritarianism as easily as by democracy.

Having said this, Simon [then noted a book](#) published by the LSE last October, edited by Tim Besley and Andrés Velasco, which tries to define this emerging post-neoliberal settlement. The editors outlined five core principles:

- * *The old idea that markets produce while government redistributes no longer works as*

a core principle.

- * *The need for an active innovation policy to increase growth and spread it geographically.*
- * *That government is the insurer of last resort, with strong justification for activist fiscal policy beyond the Keynesian role.*
- * *Economics cannot be separated from politics, and*
- * *States need to be capable.*

Much of this is sensible and overdue. It states what is obviously the case. But as Simon notes:

Are both [these plans] just a reiteration of well known social democratic ideas? In some sense clearly yes, but this is different from the social democracy typically practiced in the UK in the 1960s or 70s, for example. In particular, trade unions do not play a major role, and there is no suggestion that state intervention should involve trying to shift the Phillips curve. Nor is nationalisation seen as desirable for its own sake.

The trouble is the framing of this in economic technocracy. Simon might frame these proposals against the backdrop of liberal democracy facing an existential threat from right-wing populism, and worse, but neoliberalism helped create this danger, and continuing to pursue neoliberal assumptions would therefore be foolhardy. This is where the problems arise, because as far as I can see, this new consensus moves the dial on those assumptions very little.

Treating these lists as possible foundations for a post-neoliberal settlement seems implausible to me: such a claim appears greatly exaggerated. That's because neoliberalism was not simply a technical error in policy design. It was a system of governance designed to shift power. The moves were:

- * Away from labour and towards capital,
- * Away from public institutions and towards private wealth,
- * Away from democratic decision-making and towards those who could purchase influence.

It failed not because it was badly implemented, but because it produced outcomes many now find intolerable:

- * Insecurity,
- * Unaffordable housing,
- * Collapsing public services,

- * Grotesque inequality, and
- * A democratic process increasingly perceived as captured.

If that is the scale of the failure, then two brief lists that tweak conventional social democracy just a little cannot repair it. That is because this supposed new consensus, in both its forms, reads more like a revised toolkit than a reset. It assumes what is needed is a better policy technique, resulting in policy innovation, stronger state capability, and recognition that politics matters. But these appear to be methods, and nothing more. What they do not require is an answer to the question without which no settlement can endure, which is, what is the economy for?

That this question is omitted matters.

Governance in any meaningful sense is scarcely addressed. Saying "economics cannot be separated from politics" is true, but it's not a democratic renewal programme. A post-neoliberal settlement requires explicit mechanisms to defend democracy against capture by wealth, media power, and platform propaganda. Without that, concentrated power will simply reassert itself.

Climate change is also entirely absent from the analysis as Simon presents it. That omission is extraordinary. Climate is not one policy area among others; it is the binding constraint on everything, and ignoring it replicates the neoliberal idea that it is a mere externality. No serious successor settlement can be built without placing ecological sustainability at its core.

Health is missing too, yet this may be the most politically explosive omission. Neoliberalism damaged the institutions of care and normalised insecurity. We now live with the consequences: declining healthy life expectancy, widening intergenerational divides, and younger generations being told they must accept lower security and weaker prospects than their parents assumed were normal.

If a new settlement does not speak to these realities, it will not command consent, which is why I think it is premature to say a post-neoliberal consensus is to be found in this thinking. Instead, what they look like is an elite conversation about how to adjust a failing model to preserve legitimacy. That may be an important stage in the development of mainstream thinking, but it is not the same as building a new settlement.

A genuine post-neoliberal politics, which I would call a politics of care, must start from lived experience and from what people actually want: care, security, dignity, sustainability, and democracy that works. People don't want an updated version of the old system. They want lives that work. They want housing they can afford, health care they can rely upon, meaningful work and fair pay, time for family and community, climate safety, and democracy that is not for sale.

Until a new framework is built on these realities, neoliberalism will not be replaced. It is simply trying to survive by changing its language and tweaking its methodology. That's a long way from delivering what is required.