

## BOOK REVIEW

*Breaking Free of Neoliberalism: Canada's Challenge: What It Will Take to Deal with American Decline Inequality and the Climate Crisis*, by Alex Himelfarb. Toronto: James Lorimer and Company, Ltd. ISBN: 978-1-4594-1947-6. Pages: 1-240.

Reviewed by **Matt Fodor**<sup>1</sup>

“Perhaps if we understand how we got here, we will be in better shape to find our way out. What is it about how we have organized ourselves that has so divided us, that has led so many to think that the best we can hope for is to slow the decline or to focus on protecting ourselves and those closest to us from its consequences?” (14). This is the question Alex Himelfarb seeks to answer in his timely book, *Breaking Free of Neoliberalism: Canada's Challenge*. It begins from the premise that “ideas matter – the ideas the elites hold about how to govern and the ideas we all hold about what's desirable and what's possible – and that these ideas took a dramatic turn over the 1980s and 1990s” (14).

Since that time, neoliberalism has become the dominant ideology and the main barrier to overcoming great challenges such as climate change, growing inequality, the declining state of democracy, and the erosion of solidarity. The book chronicles “the development of neoliberalism from philosophy to political project to a political order that has shaped public policy and penetrated our common sense” (16). Hence neoliberalism is not only a set of ideas and policies such as lower taxes, deregulation, privatization and free trade, but “most important and least visible, it is a way of thinking about ourselves and our relationships to one another, the state, and the future” (22).

Himelfarb comes to the subject from an interesting vantage point as “a complicit insider and an interested outsider” (10). A sociology professor before entering the civil service in the 1980s, Himelfarb served in several senior roles before being appointed Clerk of the Privy Council and Secretary to the Cabinet in 2002, serving prime ministers Jean Chrétien, Paul Martin, and (briefly, during the transition) Stephen Harper. Having been in the federal government during the transition, Himelfarb reflects: “I don't think...[we] truly understood how profound the changes we were experiencing and helping to usher in...It's hard to see revolutionary change when you are in the middle of it, part of it, complicit in it” (15).

Since retiring from government service, Himelfarb has been a prominent progressive voice and critic of the dominant neoliberal ideology. He coedited the book *Tax is Not a Four-Letter Word* (2014) and currently serves as chair of the steering committee of the Canadian Centre for Policy Alternatives. *Breaking Free of Neoliberalism*, however, is not an insider account; instead, it draws from public sources informed by personal impressions of the public service.

---

<sup>1</sup> Matt Fodor is a writer, political strategist and PhD candidate in political science at York University. His research areas are Comparative politics and Canadian politics with a special interest in social democracy.

*Breaking Free of Neoliberalism* is comprised of eight chapters. The first four chapters chronicle neoliberalism's journey from political philosophy to political project to political order, and how neoliberalism took hold in Canada. The latter four chapters look at the persistence of neoliberalism since the 2008 economic crisis, neoliberalism's cultural impact, and the possibility of a progressive alternative.

Neoliberalism can be traced to Friedrich Hayek and other thinkers in the 1940s who sought to combat social democracy, Keynesian economics and the welfare state. Neoliberals sought a state that protected the market and was insulated from democratic demands that promoted economic equality. It soon attracted the support of wealthy business interests who sought to overturn the postwar consensus. The end of the postwar boom in the mid-1970s created an opportunity to forge a new consensus. Margaret Thatcher and Ronald Reagan were the first world leaders to embrace neoliberalism. But neoliberalism was truly consolidated as a political order in the 1990s when centre-left and social democratic parties underwent a transformation known as the Third Way, a governing philosophy embraced by Bill Clinton and Tony Blair.

The Third Way promoted inclusion and the lifting of the bottom but was more accepting of inequality than traditional social democracy. Like Thatcher and Reagan before them, Clinton and Blair accepted the neoliberal premise of "organizing ourselves around competition in the market, focusing the state on protecting the market and insulating the market from the democratic urge to equality and solidarity" (91). Neoliberalism now seemed inevitable; while partisan differences still existed, electoral choices were narrowed to different variations of neoliberalism.

Himelfarb then chronicles the history of neoliberalism in Canada over a three decade period, covering the governments of Brian Mulroney, Jean Chrétien, Paul Martin and Stephen Harper. Mulroney led the first neoliberal federal government, which lifted restrictions on foreign investment, made the tax system less progressive, privatized crown corporations, cut social programs. Most crucially, Mulroney negotiated the Canada-U.S. Free Trade Agreement, which more deeply integrated Canada into the American economy and over time led to the harmonization of tax and social policies.

"It's hard to get a handle on the Chrétien-Martin years," Himelfarb concedes, "no doubt in part because I played some part as a nonpartisan advisor to both and therefore am inevitably complicit in the policies I am describing" (106-107). Nonetheless, Himelfarb is highly critical of the government he served in further extending neoliberalism in Canada. The Chrétien Liberals pursued a Third Way approach of fiscal prudence, low taxes and investments in human capital and the knowledge economy (Chrétien was among the world leaders who took part in the meetings of the Progressive Governance Network of Third Way leaders; Himelfarb served as advisor to the Prime Minister at these meetings). Free trade was taken as a given, beginning with the ratification of NAFTA in 1994.

The 1995 budget slayed the deficit in two years, but it came at the expense of large cuts to vital services, further constraints on federal spending, and a reduced federal role in social policy. In 2000, the Liberals implemented significant income and corporate tax cuts. While the tax and program cuts stopped after 2000 and the Liberals moved in a more progressive direction (a period coinciding with Himelfarb's tenure as clerk), the fiscal anchors remained in place.

Harper then brought a more unapologetic and ideologically conservative neoliberalism. The Kelowna Accord with Indigenous peoples and the childcare agreements with provinces that were negotiated during Martin's minority government were torn up. For Himelfarb, Harper's decision to cut taxes – including a two-point cut to the GST, as well as income and corporate tax cuts – is particularly illustrative. Unlike his predecessors, who could justify austerity and program cuts in order to balance the budget, Harper faced a surplus situation. The tax cuts were a solution to the “problem of too much money to spend.”

The GST cut resulted in \$15 billion in lost revenue. The impact of all the tax cuts “was to eliminate the surplus, seriously restrain the possibility of any new possibility of any new federal programs or investments, and eliminate any cushion for the bad times which, in turns out, were just around the corner” (124-125). Two other key components of the Harper regime were punitive anticrime measures and unwavering support for the petroleum sector.

Neoliberalism has not delivered growth and broadly shared prosperity, but instead unprecedented corporate wealth and power, and a dramatic increase in inequality. Its credibility took a hit in the 2008 global financial crisis, but neoliberal governance continued. In the U.S., Barack Obama promised “hope and change” but was more of a conventional politician than many of his supporters initially believed and surrounded himself with advisors steeped in neoliberalism. American politics then took a darker turn with the election of Donald Trump, who represents not a break from neoliberalism but rather an authoritarian variation of it (the recent U.S. election confirmed Trump's dominance of the U.S. political scene).

In Canada, Justin Trudeau promised “real change” from the Harper years and has led the most activist government in decades. Nonetheless, Himelfarb maintains, Trudeau “was still colouring within the neoliberal lines” (154). Trudeau did increase taxes on the wealthy (though this was offset by the ‘middle class’ tax cut), increased income supports for children and signed childcare agreements with the provinces. But the Trudeau government's climate action plan remained heavily dependent on market mechanisms, and the dental plan implemented with the support of the NDP is means-tested, in line with neoliberalism's preference for targeted rather than universal programs.

When the pandemic struck in 2020, “it seemed that COVID-19 might do what even the financial meltdown and climate change had not: make clear what needs changing and even convince us that big change is possible” (162). Governments around the world provided essential supports to workers and businesses and spoke about ‘building back better.’ But regrettably, decades of declining trust, neoliberal ideology, and the isolation of the pandemic

“created the perfect conditions for misinformation, disinformation and conspiracy theories...we could find whatever truth we were looking for online, whatever ‘proof’ or ‘expert’ that might confirm our biases or feed our hunger for certainty” (165). (Himelfarb chaired a panel on science and health misinformation for the Council of Canadian Academies).

The disconnect between citizens and government and politics has widened and politics has taken a sharp turn to the right. The 2024 budget, Himelfarb notes, included some progressive measures on housing, pharmacare and the closing of some tax loopholes, but the rhetoric was not backed up by the necessary taxation and spending. Predictably, it was attacked by the Conservatives and the business community as ‘tax and spend’ and too focused on social priorities rather than economic productivity, while generating little enthusiasm with progressives. Political choices seem to be limited to progressive incrementalism or something far worse.

Himelfarb makes the insightful point that while most critical analyses of neoliberalism view it as a political project-turned-political order, it is also very much a cultural project; as Gramsci argued, a political order requires language to infiltrate our “common sense” and everyday thinking. Crucially, neoliberalism has made all of us doubt the value or utility of acting collectively. “Breaking out of the age of neoliberalism,” Himelfarb writes in the concluding chapter, “means breaking free of neoliberal common sense” (207).

In terms of an alternative to neoliberalism, there is no blueprint, and a top-down approach is neither feasible, nor desirable. Himelfarb takes inspiration from the presidential campaigns of Bernie Sanders, which offered an ambitious agenda and pointed a possible way to a post-neoliberal world, and social movements such as the Leap Manifesto and the Forward Together Moral Movement which see the crises we face as interwoven and tackle questions of class, power, and democracy. Crucially, what is needed is a new solidarity and to “rediscover the emancipatory power of collective action” (219).

*Breaking Free from Neoliberalism* provides an insightful analysis of how neoliberalism emerged and its continued grip on politics and discourse, presented from the unique perspective of a practitioner who participated in its development and has since critically reflected on its impact. It picks up from the work of those who have chronicled the development of neoliberalism in Canada such as William Carroll, William Little and Jim Stanford and brings the analysis up to the present period; it also follows in the path of those of those, such as the American political theorist Wendy Brown, who have written on neoliberalism’s impact on the political imagination.

Himelfarb’s *Breaking Free of Neoliberalism* is a clarion call for the rejection of neoliberalism and its impoverished conception of freedom as the freedom to compete and consume and a renewed focus on solidarity and the common good. Written in an accessible, conversational manner, it is of interest to general readers who wish to understand our current malaise as well as students of Canadian politics.