The New Era: Neoliberalism and Its Critics

In the United States, the rise of neoliberalism during the 1980s and 1990s was characterized by a shift toward free-market policies, deregulation, and a reduced role for government in economic affairs. While traditionally associated with conservative politicians like Ronald Reagan and Margaret Thatcher, neoliberal ideas also gained influence within the Democratic Party, especially during the 1980s and 1990s.

During the Reagan era, Republican policies prioritized tax cuts for the wealthy, deregulation of industries, and a focus on free-market solutions to economic issues. Democrats, although critical of the Ronald Reagan and George H. W. Bush administrations, began, under the leadership of figures such as Bill Clinton, adopting many neoliberal principles in an effort to remain competitive politically and to support economic growth. Clinton's presidency (1993–2001) exemplified this shift with policies like the North American Free Trade Agreement (NAFTA), the repeal of the Glass-Steagall Act (which separated commercial and investment banking), and advocating for major welfare reform along with fiscal austerity to reduce deficits.

In the Democratic Party, this ideological realignment was often termed "Third Way" politics, popularized by figures like Tony Blair in the United Kingdom and Clinton in the United States. It sought a middle ground that supported market efficiency while maintaining some social safety nets, though critics argued it often led to the erosion of welfare provisions and increased economic inequality.

The influence of neoliberalism within the Democratic Party generated debates about balancing economic growth with social justice. While Democrats historically championed welfare programs and government intervention, many adopted the mantra that engaging with global markets and reducing regulation were essential for economic competitiveness.

By the late 1990s, the bipartisan consensus on free markets was well-established, with both parties supporting policies that favored economic liberalization. The decade saw a booming stock market, technological innovations, and economic growth, but also rising disparities and the groundwork for future financial crises.

In the 2000s and 2010s, neoliberalism continued to shape U.S. economic policies, though it faced increased criticism and challenge. During the early 2000s, the George W. Bush administration emphasized tax cuts, deregulation, and a hands-off approach to financial markets, reflecting core neoliberal principles. Notable policies included the repeal of regulations on derivatives and financial institutions, which contributed to the 2008 financial crisis. The crisis revealed vulnerabilities in the deregulated financial system and led to widespread economic turmoil.

In response, the government implemented bailout programs and stimulus measures, but many critics argued that a continued reliance on market-driven solutions exacerbated inequality and social disparities. The decade also saw the rise of technology giants and increased market concentration, reinforcing neoliberal ideas of innovation and deregulation.

In the 2010s, there was growing public discontent with economic inequality and the perceived failures of unfettered markets. Despite this, many mainstream policymakers within the Democratic Party, including President Barack Obama, maintained something of a market-oriented approach, focusing on trade agreements, new trading alliances, effective (but not excessive) regulation, and, to a degree, privatization.

However, the election of Donald Trump in 2016 marked a shift away from traditional neoliberal consensus, with his "America First" policies emphasizing protectionism, tariffs, and skepticism of free trade. Nonetheless, many underlying neoliberal economic structures persisted in the global order, and with the election of Democratic president Joe Biden these were renewed.

By 2025, however, Trump had returned to office and doubled down on his illiberal approach. Conservative commentators (and some liberals) began speaking of the "death of neoliberalism"—and perhaps of liberalism itself.