Winners tend to assume that their victory was inevitable. The appeal of postfacto functionalism is considerable, and it is understandable why those looking back may consider that history was on their side. Such an attitude seems to pervade among sympathizers of market economics throughout the globe but particularly in Latin America and eastern Europe. That markets should and would win the ideological battle is often seen as the most natural of processes. While not engaging in polemics regarding the desirability of such outcomes, I will address the extent to which neoliberal ideals have established both an ideological and a de facto policy monopoly. More importantly, I will ask how we account for the apparent victory of neoliberalism at the start of the twenty-first century. Among other things, and contrary to expectations, this victory has created a growing context of uncertainty in Latin America. Intellectual victories can be read as monopolies of thought and action that provide some paradigmatic stability. Yet the experience of neoliberalism in Latin America encourages the opposite reading: the overwhelming acceptance of the doctrine has changed the rules of the game to a point that the new ones are confusing and the old ones seem not to matter. To explain the outcome of this uncertainty discussed at some length in other chapters in this volume, one needs to explore the major question of how and why neoliberalism established its monopoly.

I will not address the process of, or prospects for, transition. The literature on what one author has called “transitology” is already massive.1 Rather, I will discuss what I believe has been a largely neglected question: why did market ideology win so overwhelmingly in such a short period of time? Most of us can easily recall a time not so long ago when the term crisis was easily associated with capitalism.
Amidst the American triumphalism of the new millennium, we seem to have forgotten the common perspective of the world in 1979: a powerful Soviet Union increasingly allied with a commodity-rich developing world, both willing and able to challenge the West. Twenty years later, the United States and its economic principles are hegemonic. I begin with the observation that this practical homogeneity of economic and political views is in itself worthy of analysis.

My proposed answer will have three parts. In the first, I will attempt to define exactly what the neoliberal paradigm is and how it influences public policy. I will then suggest that part of its triumph may be understood through what DiMaggio and Powell (1982) have called “institutional isomorphism.” Third, I suggest that the paradigm was spread through a series of connections between individuals and institutions (abetted by asymmetric distributions of power). Thus, the triumph of liberalism is not necessarily the victory of a “better idea” but the triumph of an imperial vision (Hall 1988). Finally and most important, I link this victory to the coercive property of finance capital and its ability to demand new forms of behavior and new policy paradigms from practically every country after 1975. The combination of (1) a ready policy solution; (2) a group ready to carry it out; and (3) the political leverage with which to force this solution accounts for the great second victory of liberalism.

I should note that this analysis is not necessarily concerned with the economic and social performance associated with the market. Few today would question the superiority of market economics in promoting growth (despite the events of the past years). Moreover, the positive relationship between improved performance in measures of aggregate living standards and both liberal economic systems and integration into the global economy is fairly well documented. Thus, I do not wish to necessarily argue that there is a “better way.” The actual benefits of liberalism, however, do not wholly explain its success. The victory of a policy paradigm or an ideological perspective cannot simply be assumed but must be explained politically, and this is what this chapter is attempting to do.

A second clarification concerns the unit of analysis. This chapter provides a “satellite’s-eye-view” and necessarily neglects the domestic and even regional dynamics that may be involved. By doing so, I do not claim that global structures can account for all developments. But, I do take seriously the notion that with greater interdependence, the structures of a global system do have an independent causal role to play in determining policy choices and outcomes. Much of previous work on a global comparative scale has utilized long-standing