

# The Dilemma of Neoliberalism and its Transcendence

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## Abstract

Neoliberalism advocates privatization, marketization, liberalization and global integration, caters to the value orientation of the western mainstream academic circles, meets the needs of the global expansion of monopoly capital, and is essentially a capitalist ideology dressed in economic theory. Neoliberalism in the practice of various countries, especially the new dilemma faced by the current new crown epidemic response, has shown that it is suffering from a serious crisis. China adheres to the road of socialism with Chinese characteristics and has achieved an all-round transcendence of Neoliberalism.

## Keywords

Neoliberalism; COVID-19; The Road of China.

## 1. Introduction

Neoliberalism is an ideological trend that appeared in western countries in the 1930s to defend liberal capitalism. With the development opportunity of economic globalization, Neoliberalism has penetrated from economy to politics, society, culture and other fields. Facing the global expansion of Neoliberalism, a clear understanding of the ideological essence disadvantages of Neoliberalism. it will help us strengthen the road of China and grasp the correct direction of comprehensively deepening reform.

## 2. Related Concepts of Neoliberalism

### 2.1. The Emergence and Development of Neoliberalism

Neoliberalism is a new theoretical trend of thought, ideological system and policy proposition developed in the process of inheriting and developing bourgeois classical liberalism economic thought and opposing Keynesianism. It believes in the principle of laissez faire, advocates the "market omnipotence theory" based on private ownership, and opposes the unnecessary intervention of the state and the government in the economy. With the implementation of the "Washington consensus", Neoliberalism has gradually changed from an initial economic theory to a compound ideological trend with the characteristics of politicization, paradigm and ideology, so as to "evolve into the economic paradigm and political program of international monopoly capital" [1]. Neoliberalism in a broad sense usually includes western economic schools such as London School, modern monetary school, rational expectation school, public choice school and supply school. Hayek, Friedman and Buchanan are its main representatives.

Neoliberalism is the product of the development of capitalist economic, political and social contradictions. At the beginning of the 20th century, capitalism began to transition to the stage of monopoly capitalism, with frequent internal crises and unprecedented fierce contradictions in capitalist society. The economic crisis broke out in the capitalist world in the 1930s, and the classical economics based on market fundamentalism was impacted and gradually declined. On this premise, some western economists began to reflect on the disadvantages of classical economics and liberal capitalism, gradually divided into two

different camps: Neoliberalism and Keynesianism, and Keynesianism advocating state intervention gradually became the main stream of economics at that time. In the 1970s, with the two oil crises as the fuse, the economic and social contradictions in western capitalist countries intensified and fell into the stagflation dilemma of "three high and one low". As a result, Neoliberalism has gained the opportunity to rise, and the major schools of Neoliberalism have entered the public vision and gradually gained the mainstream position. Since entering the 21st century, with the great progress of science and technology and the rapid development of productivity, in order to meet the needs of the development of capitalism, Neoliberalism has more and more political tendencies, manifested as "politicization, paradigm and ideology", and has become an important part of the theoretical system of global integration of international monopoly capital in the United States and Britain "[2] The global implementation of the "Washington consensus" is a sign of its development and transformation. Since then, Neoliberalism has penetrated into the world on a large scale, and vigorously opened the process of "global integration" led by Neoliberalism. However, with the successive failure of the practice of Neoliberalism in Latin America, Eastern Soviet Union and Asia, the periodic outbreak of the world economic crisis, the failure of the neoliberal government in dealing with the epidemic and its disregard for human rights, people have a deep understanding of the defects and deficiencies of Neoliberalism, the influence of Neoliberalism has gradually weakened, and it has gradually declined in China [3].

## 2.2. Ideological Essence of Neoliberalism

Neoliberalism has never been a pure economic theory.

Since its birth, Neoliberalism has obviously had political tendencies and political goals, which deeply reflects the interests, aspirations and requirements of the monopoly bourgeoisie.

With the development of Neoliberalism and its export to Latin America, Eastern Soviet Union and Asian countries, Neoliberalism has more and more political color, and its ideological function has gradually been noticed by people.

Therefore, although the views of various schools of Neoliberalism are not exactly the same, they are essentially defending the capitalist system and reflecting the values of capitalist will. Neoliberalism is essentially the "political economy" of western countries and an ideological theory masked by economic theory.

After the Reform and Opening Up, Neoliberalism began to penetrate into China in an all-round way, especially in the ideological field, constantly attacking and smearing socialism with Chinese characteristics, denying the superiority of the road of China and development model, trying to influence the reform of China's socialist market economic system and even subvert China's regime. We must recognize the essence of Neoliberalism, deeply criticize it on the basis of comprehensively deepening reform and vigorously developing the socialist market economy, unswervingly adhere to the socialist development model with Chinese characteristics, and promote the development of the international political and economic order more reasonably.

## 3. The Dilemma of Neoliberalism

Neoliberalism was once regarded as a good way to solve various economic, political and social problems. However, just as the "Great Depression" crisis in the early 20th century triggered people's reflection on classical liberal economics, the failure of Neoliberalism in the practice of various countries also pushed people's query and criticism of this theory to a new stage. The hitherto unknown novel coronavirus pneumonia policies that are carried out in the new liberalism policy state of the new crown pneumonia show that Neoliberalism has already gone to a "dead end" and is facing unprecedented crisis.

### 3.1. The Great Contrast in the Implementation of Neoliberalism

The practice of Neoliberalism in the world not only failed to effectively promote economic growth, but also led to the intensification of economic crisis and social conflicts. Some scholars pointed out that "the rise and expansion of Neoliberalism is essentially a process in which monopoly capital forms an alliance with political countries and continuously removes the constraints of capital proliferation. It is a process in which capitalism moves from the old systemic crisis to the new systemic crisis [4] On the one hand, Neoliberalism has not been able to promote the economic growth of developed capitalist countries. Since the 1980s, Neoliberalism has dominated Western developed countries and various economic organizations. It has played some positive roles in history. Therefore, it has been favored by the Western ruling party, and is considered by Britain, America and other countries as the best way to promote economic growth. However, the continuous outbreak of economic crisis in capitalist countries has prompted people to doubt Neoliberalism. People began to question the effectiveness of Neoliberalism and whether it can continue to play a role in promoting economic growth. In the political field, the elitist political concept and practice advocated by Neoliberalism are also challenged. A series of events, such as the Brexit of Britain, the rise of populism, the successive emergence of right-wing forces in the United States and Britain, show the decline of Neoliberalism in the political field.

On the other hand, the practical effect of Neoliberalism in developing countries is far less than expected. For developing countries, the economic reform model advocated by Neoliberalism is not conducive to solving problems in most cases, but will hinder economic development. In the middle and late 20th century, as a policy choice to guide economic transformation, Neoliberalism was imposed on some developing countries. Decades of reform practice has proved that most countries that have adopted neoliberal policies have fallen into crisis and dilemma. Such as, the experiment of neoliberal reform in Argentina and Uruguay ended in failure, the neoliberal reform in Chile also paid a heavy price, and the "shock therapy" in the Soviet Union, Eastern Europe and other countries caused economic stagnation. Generally speaking, the implementation of Neoliberalism in the developing countries has destroyed the development order of developing countries, hindered the economic development of developing countries, weakened their national independence and national sovereignty, damaged the long-term interests of developing countries and widened the gap with developed countries.

### 3.2. COVID-19 Breaks the Neoliberalism Myth Again

The COVID-19 broke the myth of economic development created by Neoliberalism in the past decades in the 2008 international financial crisis. The new crown pneumonia outbreak not only broke its myth in the economic field, but once again unveiled its hypocrisy. Under the epidemic, neoliberal capitalism has shown a systematic failure in all fields.

On the one hand novel coronavirus pneumonia has broken the myth of health care systems in Europe and America. Novel coronavirus pneumonia is a popular health care system in Europe and America. It is a good and advanced medical and health system. It can deal with all kinds of infectious diseases well. However, the outbreak of the new crown pneumonia epidemic has rapidly collapsed the image of the health care system in the United States, Britain and Sweden. Some countries deliberately raise the detection threshold to "reduce" the number of confirmed patients, some countries are short of doctors and drugs and can not treat patients in time, and some countries are unable to see a doctor because of the high medical price. Neoliberalism is to blame for the emergence of this situation. Neoliberalism advocates the privatization and marketization of medical treatment and pursues the maximization of interests, resulting in the reduction of "redundant" beds in hospitals. At the same time, the number of hospitals has also decreased year after year, which makes the national public

health system unable to resist when dealing with large-scale infectious diseases. The novel coronavirus pneumonia has broken the myth of Western political system and state governance. The fight against the epidemic not only requires the full response of the public medical system, but also requires the state to mobilize and organize the strength of the whole society. During the epidemic, many Western officials sought private interests through the epidemic, which led to serious political corruption and bad social impact. Besides novel coronavirus pneumonia besides the crisis of medical system and corruption of political system, it also led to a series of problems such as sharp social contradictions, intensified cultural crisis and fragile financial system in western countries.

Once upon a time, with its ideas of "freedom" and "equality", Neoliberalism was popular all over the world, but it is difficult to hide its essence as the spokesman of contemporary international monopoly capitalism ideology. The crises and difficulties caused by the global implementation of Neoliberalism fully show the great contrast between its theoretical assumption and the actual situation. Novel coronavirus pneumonia is not the best model for human social organization development, either theoretically or practically. The current crisis of the new crown pneumonia epidemic sweeping the world is a vivid example.

## **4. The Transcendence of Chinese Road to Neoliberalism**

### **4.1. The Spread and Influence of Neoliberalism in China**

At the beginning of Reform and Opening Up, the overall social environment was relatively loose, and people's minds ushered in great liberation. Neoliberalism spread widely in China with its ideas of freedom and equality, trying to "lead us to the road of capitalism" [5] through color revolution. In the 1990s, neoliberals and the government reached some consensus on a series of major issues such as Reform and Opening Up, developing market economy and joining the world trade organization, and the relationship between the two sides eased. Since the 21st century, with the increasingly prominent problems such as the gap between the rich and the poor, corruption and ecological environment, and the improvement of people's cognitive ability, more and more people began to realize the essence and harm of Neoliberalism, and began to question and criticize the reform model advocated by the ideological trend of Neoliberalism. neoliberals believe that the emergence of these problems just shows the deficiency of the degree of "liberalization, marketization and privatization". Only by improving the market economy, increasing opening up and carrying out political reform can we effectively solve social contradictions and promote fairness and justice. This debate continues, but the decline of Neoliberalism in China is irreparable. It is undeniable that Neoliberalism has played a positive role in promoting ideological emancipation and the establishment and improvement of market economy. Among them, the neoliberal view that the market is an effective mechanism for resource allocation, the view that government and enterprises should be separated to establish a modern enterprise system, and some research methods of neoliberal economics have certain reference significance for the development of market economy and broaden the vision for China's Reform and Opening Up. However, as a tool for capitalist countries to expand their ideology to the world, Neoliberalism has also caused many negative effects. Neoliberalism advocates comprehensive privatization and marketization and denies socialist public ownership. On the one hand, it has damaged the social atmosphere, encouraged the unhealthy styles of consumerism, hedonism and money worship, and hindered and affected the leading position of China's mainstream socialist ideology. On the other hand, Neoliberalism magnifies the negative effects of capital chasing profits, intensifies social contradictions, and brings many negative effects in various fields. In short, Neoliberalism has brought many hazards and potential risks to China's economic and social development.

## 4.2. The Transcendence of "China Road" to Neoliberalism

China's Reform and Opening Up and the global expansion of Neoliberalism are synchronized in time. In the context of the global expansion of Neoliberalism, China's Reform and Opening Up has made great achievements. Although China's development model is influenced by Neoliberalism to some extent, we should see that China's Reform and Opening Up is fundamentally different from the Neoliberalism, especially in terms of "marketization", "privatization" and "financial liberalization". Although they are similar on the surface, they are actually very different. In the coping with novel coronavirus pneumonia, the two different performances reflect the great differences in development concept, mode and road.

In terms of "marketization". Although China has carried out the reform of the socialist market economic system, continuously strengthened the role of the market in resource allocation and put forward the propositions of "giving full play to the decisive role of the market in resource allocation", it has never abandoned the leading position of the government in the macro-control of the national economy and the government's control and leadership over the economy; As far as the construction of China's socialist market economic system itself is concerned, China neither advocates a complete planned economy nor takes the road of comprehensive privatization, but promotes economic construction and development in an orderly manner under planned deployment. Facing the outbreak of the world economic crisis, China has proved the superiority of the socialist market economy with Chinese characteristics with practical actions, reflected the strong regulatory role of the government on the national economy, and achieved the transcendence of the capitalist development model.

On the issue of "privatization". While encouraging, supporting and guiding the non-public economy, the Chinese government has also made great efforts to develop the public economy and promote the healthy development of the state-owned economy. In the process of deepening the ownership reform of state-owned enterprises, the asset scale of state-owned enterprises once showed a shrinking trend, but after the 21st century, the asset scale of state-owned economy has basically stabilized, and the competitiveness and control of state-owned economy have not been weakened but significantly enhanced in the reform. Since the 19th CPC National Congress, the Central Committee has further stressed the need to strengthen, optimize and expand state-owned enterprises. In other words, the leading role of the state-owned economy has not been weakened, and both public and non-public sectors of the economy have developed healthily and fully.

On the issue of "financial liberalization". Since the Reform and Opening Up, there has been a trend of financialization in China to a certain extent, the degree of financial liberalization is rising, and the degree of opening of the financial market is also expanding. However, the Communist Party of China has always played a leading role in financial work, developed the financial industry with the general tone of seeking progress while maintaining stability, and the national financial security risk is under control. Taking the proportion of state-owned banks as an example, by 2020, the proportion of state-owned banks in the total assets and loans of all Chinese banks will still remain above 50%, which shows that the degree and risk of China's financial liberalization are still controllable. China's financial market-oriented reform is very different from Neoliberalism.

The Novel coronavirus pneumonia reply process reflects the superiority of the road of China fully. In the face of the " Novel coronavirus pneumonia ", thanks to the strong leadership of the party and government and the coordination and cooperation of social organizations, the public and other subjects, the party and government made overall planning, planned the overall situation, collected national resources to treat all patients, created a Chinese miracle and example of epidemic control, handed over excellent treatment answers, and not only safeguarded the life safety of our people, Moreover, it has made important contributions to

the maintenance of world public health security, in sharp contrast to the western countries pursuing Neoliberalism.

In terms of the world significance of China's development model, The "The Belt and Road Initiative" and "Asian Infrastructure Investment Bank", "a Community of Shared Future for Mankind", launched by China, It embodies the spirit of all mankind harmonious development, which is quite different from the "predatory" global expansion led by Neoliberalism. This global governance model and concept promoted by China essentially advocates mutual benefit, win-win results and common development, which is a comprehensive transcendence of the global expansion of Neoliberalism. Of course, the development of "the road of China" does not mean that China can completely avoid the negative impact of Neoliberalism. At present, the slowdown of China's economic growth is not only due to the transformation of China's economic growth mode and paying more attention to the quality and efficiency of economic development, but also the result of the world economic crisis caused by the global expansion of Neoliberalism. How to actively deal with the global expansion of Neoliberalism and resist the negative impact of Neoliberalism is a major issue that China must take seriously in further deepening Reform and Opening up.

## 5. Conclusion

In the process of Reform and Opening up, China has adhered to the development path with its own characteristics and made remarkable historic achievements, which reflects the development and Transcendence of Neoliberalism by the "the road of China". However, it should also be noted that China's Reform and Opening up is still affected by the global expansion of Neoliberalism, and its negative effects can not be completely avoided in the political, economic, social, cultural and other fields. Therefore, facing the global expansion of Neoliberalism, we should treat Neoliberalism with a correct attitude, recognize the essential attribute of its ideology and resist it. At the same time, as an enduring economic trend of thought and theory, we can critically learn from and make use of its reasonable elements from a dialectical perspective on the premise of adhering to the use of Marxist positions, views and methods. Only in this way can we avoid the negative impact of Neoliberalism and take the road of socialist development with Chinese characteristics.

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