**Was Neoliberalism A Result of the Subjective Revenge Feeling of the Capitalist Class? Neoliberalism and Its Essence**

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**(I) What is neoliberalism?**

**1. Definitions of neoliberalism in Western academic circles**

The following definitions of neoliberalism in foreign academic circles are more representative:  
Noam Chomsky, author of Neoliberalism and Global Order, argues that neoliberalism is a new theoretical system established on the basis of Adam Smith's classical liberal thought. This theoretical system emphasizes market orientation and is a theoretical and ideological system that includes a series of views on global order and advocates trade liberalization, market-oriented prices, and privatization. Its completed form is the so-called "Washington Consensus".  
Robert W. McGinnis pointed out in the introduction to Neoliberalism and Global Order that neoliberalism is a clear political and economic paradigm of our time - it refers to policies and processes that allow a considerable number of private owners to control as many social levels as possible and thus obtain the greatest personal benefits.  
Cohen Cear, chairman of the French "Marx Garden Association", argues that neoliberalism is the theoretical expression of capitalist ideology. Korkut Boratav from Turkey wrote: As the 1970s drew to a close, international capital decided to erode and reverse the gains of the Golden Age of the Western working classes and the Third World with a neoliberal counter-offensive. This neoliberal economic offensive was integrated with the aggression of imperialism.

**2. Our definition of neoliberalism**

We believe that neoliberalism is a theoretical trend, ideological system and policy proposition that is based on the inheritance of bourgeois classical liberal economic theory, with opposition and resistance to Keynesianism as its main feature, and neoliberalism theoretical trend, ideological system and policy propositions adapts to the requirements of the transformation of national monopoly capitalism to international monopoly capitalism.

Neoliberalism is both related to and different from classical liberal economic theory, and is known to the world for its "counter-revolution against the Keynesian revolution". And the formation and implementation of the "Washington Consensus" in 1990 is the main sign of the transformation of neoliberalism from an academic theory to an economic paradigm and political **program of international monopoly capitalism.**

**3. The main ideas and theoretical viewpoints of neoliberalism**

After nearly a hundred years of development, neoliberalism has a large number of schools and complex ideological and theoretical systems. As far as the current mainstream neoliberal schools in the United States and Britain are concerned, their main viewpoints are as follows:  
- **In terms of economic theory:** neoliberalism inherits the ideas of free operation and free trade in bourgeois classical liberal economic theory, and goes to extremes, vigorously promoting "three changes". The first is "liberalization". It argues that freedom is the premise of efficiency, and "if you want to make society stagnate, the most effective way is to impose a standard on everyone." Second, privatization. In their view, private ownership means that people "can decide what we want to do as individuals", thus becoming the basis for promoting economic development. Third, marketization. They believe that without the market, there is no economy, resources cannot be effectively allocated, and they oppose any form of state intervention.  
———**In terms of political theory:** neoliberalism particularly emphasizes and insists on three "negations".

First, negation of public ownership. Almost all neoliberals agree that "when the scope of collectivization is expanded, the 'economy' becomes worse rather than having higher 'productive forces'", so public ownership cannot be carried out. Second, negation of socialism. In the view of neoliberals, socialism is a restriction and negation of freedom, which will inevitably lead to authoritarianism. "The tragedy of authoritarian thought is that it pushes rationality to the supreme position, but ends up destroying rationality because it misunderstands the process on which rational growth is based", so it is a "road to slavery". Third, negation of state intervention. In their view, any form of state intervention can only cause a loss of economic efficiency.  
———**In terms of strategy and policy:** neoliberalism strongly advocates global integration led and controlled by superpowers. Economic globalization is an inevitable trend of human social development and a natural historical process. However, economic globalization does not exclude political and cultural diversity, nor does it mean global economic, political and cultural integration. Neoliberalism does not generally advocate economic globalization, but emphasizes the need to promote global economic, political and cultural integration led by superpowers, that is, led by global capitalism.  
  
**(II) The emergence and development of neoliberalism**

Neoliberalism is the product of the development of capitalist economic, political and social contradictions. Its emergence and development generally went through four stages: the early period of neoliberalism, the period of neoliberalism being neglected and self-sculpting, the period of neoliberalism's rise, and the period of neoliberalism's politicization and global spread.

**1. The period of neoliberalism's founding**

Neoliberalism, as an economic theory and trend of thought, emerged in the 1920s and 1930s, and was caused by the economic, social and political environment of this period. On the one hand, with the end of the First World War, the abdication of German Emperor Wilhelm II and the end of the century-long rule of the Habsburg family over the Austro-Hungarian Empire in the same year, free capitalism began to transform into monopoly capitalism; on the other hand, with the victory of the October Revolution in Russia, the establishment of the Soviet regime and the planned economy, socialism in practice emerged. The former is both an affirmation and a challenge to the bourgeois classical liberal economic theory; the latter is a suppression and stimulation of the bourgeois classical liberal economic theory. It was in this context that the early neoliberal thought emerged. In the 1920s and 1930s, a great debate on the issue of "economic calculation" took place, with the neoliberals led by Austrian economists Mises and Hayek on one side and Polish economist Lange on the other. Although the entire debate ended in vain, it became a milestone for neoliberalism to begin to enter the historical stage.

**2. The period of neoliberalism being neglected and self-sculpting**

In the 1930s, a major economic crisis broke out that swept the entire capitalist world. The Great Depression in the 1930s thoroughly exposed the drawbacks of the laissez-faire market economy. It was not only a complete negation of Say's Law ("supply will automatically create its own demand"), the foundation of classical liberal economic theory, but also actually announced the end of the era of free competition capitalism.

Under the influence of the three major psychological laws, namely, people's flexible preference for holding more money on hand, the decreasing marginal propensity to consume, and the decreasing marginal return on investment, the consumption and investment enthusiasm of private and corporate people, which had long driven economic growth, declined across the board. Insufficient effective demand quickly became universal and became a normal state of economic operation, so there was an urgent need for the state to intervene in economic life. As a result, Keynesianism, which reflected the requirements of state monopoly capitalism and emphasized the creation of demand by expanding government spending and promoting economic growth through government intervention, came into being. The "New Deal" demonstrated the effectiveness of Keynesianism in the form of policy practice, and made Keynesianism the mainstream economics of the capitalist world, dominating the macroeconomic operation of state monopoly capitalism for 40 years. These 40 years were the "Keynesian era" when state interventionism prevailed and state monopoly capitalism succeeded.

At the same time, it was also a period of academic practice when neoliberalism was neglected and neoliberals began to refine their theories and systematize them. Many important works on neoliberalism were written during this period.

**3. The Rise of Neoliberalism**

The two oil crises that broke out in the early 1970s were the fuse, which led to the entire capitalist world falling into the dilemma of "stagflation" (high inflation, high unemployment, and low economic growth). Faced with "stagflation", Keynesian policies were helpless. "Stagflation" is the inevitable result of the full development of state monopoly capital leading to the intensification of the inherent contradictions of capitalism. Specifically, it is caused by the increase in productive forces due to technological progress, and the increase in unemployment in the process of capital pursuing surplus value (profit) maximization, the extreme shortage of energy and the rapid rise in costs due to over-exploitation of the economy, and the excessive intervention of the government leading to government expansion, increased government spending, and increased corporate taxes. However, neoliberals simply attributed it to excessive state intervention, excessive government spending, and people's rational expectations leading to the failure of government policies. It was under such circumstances that neoliberalism, which had been neglected for many years, adapted to this need. With the rise of US President Reagan and British Prime Minister Margaret Thatcher, it occupied the mainstream economics position in the United States and Britain amid the voices of denying Keynesianism. An important feature of neoliberalism is that it has raised opposition to state intervention to a new level of systematization and theorization, and is a "counter-revolution against the Keynesian revolution." It is in this sense that Western scholars also call neoliberalism neoconservatism.

**4. The period of politicization and global spread of neoliberalism**

Since the 1970s and 1980s, with the rise of the high-tech revolution and the tremendous development of productive forces, capitalism has developed from national monopoly to international monopoly. To meet this need, neoliberalism began to be politicized, nationalized, and paradigmatized from theory and academia, became an important part of the theoretical system of global integration promoted by the international monopoly capital of the United States and Britain.

**"Washington Consensus" in 1990**

Its landmark event was the "Washington Consensus" consisting of ten policy tools concocted by the US government in 1990. As the famous American scholar Noam Chomsky clearly pointed out in his book "Neoliberalism and Global Order": "The Washington Consensus of neoliberalism refers to a series of market-oriented theories, which are formulated by the US government and the international economic organizations it controls, and implemented by them in various ways." "Its basic principles are simply: trade and economic liberalization, market pricing ('making prices reasonable'), elimination of inflation ('macroeconomic stability') and privatization." In the introduction to the book, Robert W. Mc Ginnis gave the following concise summary of the essential connotation of the "Washington Consensus": "The Washington Consensus" has the triple characteristics of "economic system, political system and cultural system".  
The emergence of the "Washington Consensus" marks the transformation of neoliberalism into the national ideology and mainstream values ​​of the United States.

**3. The main views of the main schools of neoliberalism and their representatives**

Neoliberalism is an ideological and theoretical system that includes many schools. Narrow neoliberalism mainly refers to neoliberalism represented by Hayek. In addition to the London School represented by Hayek, broad neoliberalism also includes the monetary school represented by Friedman, the rational expectations school represented by Lucas, the public choice school represented by Buchanan, and the supply school represented by Laffer and Feldstein, etc.

Among them, the most influential are the London School, the Modern Monetary School and the Rational Expectations School.  
**1. London School**

The main representative of the London School is Hayek, a famous economist and thinker born in Austria. His neoliberal theoretical views are the main source of ideas for all other neoliberals. He has long been active in the neoliberal centers of anti-Keynesianism and anti-state intervention: the University of Vienna in Austria, the University of Chicago in the United States, and the London School of Economics in the United Kingdom. He is not only the main representative of the London School advocating economic freedom, but also a core member of the Chicago School, and also the backbone of the Austrian School. Hayek not only clearly advocates liberalization, emphasizes free markets and free operations, but also insists that private ownership is the fundamental premise of freedom. Hayek argues that "only because the means of production are in the hands of many independent people, no one has full control over us, and we can decide what we want to do as individuals. If all the means of production fall into the hands of one person, no matter whether it nominally belongs to the entire "society" or to the dictator, whoever exercises this management power has full control over us." Hayek opposes any form of economic planning and socialism, and argues that monopoly, planning, and state intervention are always associated with inefficiency. He argues that even the right to issue currency should be returned to private banks, and the government should not monopolize it.

**2. Modern Monetary School**

Modern Monetary School is a neoliberal school (also known as neoconservative school) that emerged in the United States in the mid-1950s. This school takes the modern quantity theory of money as its theoretical basis, and takes curbing inflation and opposing state intervention as its main policy propositions, emphasizing the implementation of a "single rule" monetary policy. The monetary school argues that monetary policy has a greater effect on output than fiscal policy, and the increase in money supply is the root cause of inflation. Monetarists emphasize that money is the same asset as other commodities and other financial assets. There is no difference between people keeping commodities, bonds, and stocks, and they can be substituted for each other. Therefore, monetary policy affects the total demand for money. The money demand function is relatively stable and can be measured through digital statistics. The main representative and leader of this school is M. Friedman, a professor at the University of Chicago and a famous economist. He is the most influential neoliberal economist and founder of modern monetarism in contemporary times. He has worked in institutions such as the U.S. Treasury Department and served as a member of President Nixon's Council of Economic Advisers. Friedman's neoliberalism starts from traditional liberalism and emphasizes "freedom of meaning related to the relationship between people". He argues that the reason why the capitalist system is unstable is that the currency is disturbed, so the currency is the most important, and the currency is the only important factor that controls the variables of capitalist output, employment and prices. As long as the market mechanism plays a full role, the capitalist system itself can be stable. He strongly advocates that monetary policy only requires a stable and restrained increase in the amount of money, that is, to support long-term monetary rules or goals. In addition, there is no need for the government to intervene in the private economy, and the market mechanism should be allowed to play its full role. Friedman has also made contributions in market economy theory, modern monetary quantity theory, consumption function theory and economic methodology. He won the Nobel Prize in Economics in 1976 for his achievements in consumption theory, monetary history and theory, and stable economic policies.

**3. Rational Expectation School**

The rational expectation school argues that people are rational and always pursue the maximization of personal interests. Since the future situation of economic variables is related to their own choices and interests, individuals will use their own intelligence and resources to make as accurate a guess as possible. People will make full use of all available and accessible information and make predictions about the future of economic variables according to their own knowledge and experience. Due to the role of rational expectations, the market mechanism can ensure full employment equilibrium, and the government's policy of intervening in the economy will either be ineffective or aggravate economic fluctuations, so it is unnecessary. The representative of this school is Lucas, a professor at the University of Chicago and the current president of the American Economic Association. He took the assumptions of rational economic man and rational expectations of human behavior as the premise and basis for his argument, and used the monetary cycle model to demonstrate and explain the causes of economic fluctuations, and concluded that Keynesian policies were ineffective and therefore there was no need for government intervention in the economy. He emphasized the stability and continuity of economic policies, thus triggering a "rational expectations revolution" in the field of macroeconomics. He pioneered the new growth theory, attributing the source and driving force of economic operation to the endogenous accumulation and growth of human capital. This accumulation and growth can not only increase the returns of human capital itself, but also increase the returns of other input factors, thus making economic growth dynamic and long-term. He argues that international trade may strengthen the differences in human capital endowments between countries, thereby increasing the imbalance of economic development. He won the Nobel Prize in Economics in 1995.

It should be pointed out here that some scholars in the academic circles at home and abroad attribute the German Freiburg School to neoliberalism. We believe that this needs to be studied because: the market economy advocated by the Freiburg School is a social market economy, that is, a market economy that needs many regulatory principles. For example, Walter Eugen, the leader of the Freiburg School, once clearly proposed that state intervention in the economy should follow the three principles of "restricting interest groups", "intervention targeting the economic order" and "systematization of the economy and social politics".

These principles and propositions are different from Hayek's complete liberalization and no state intervention. The economic order and ideal type advocated by the Freiburg School are also different from the "natural order" of neoliberalism. The economic order they advocate has multiple "ideal types". It does not generally deny the centralized management of the economy, but emphasizes the need to focus on solving the problems of economic calculation and resource allocation in the process of centralized management. They adhere to the "principle of free market competition" and emphasize the "principle of limited government intervention", while not giving up the "principle of social balance". The Freiburg School even clearly proposed the policy proposition of implementing a diversified ownership system and the policy proposition of workers' participation in management from the perspective of maintaining a full market competition mechanism. These policy propositions are also different from neoliberalism. Many scholars in European countries, including Germany, also hold similar views.

**(IV) The essence of neoliberalism: the theoretical system of international monopoly capitalism**.

**International monopoly capitalism needs neoliberalism.**

After capitalism entered the monopoly stage in the late 19th century and early 20th century, it has passed the general monopoly stage and the national monopoly stage. Since the 1970s, capitalism has begun to transition from the national monopoly stage to the international monopoly stage.  
In addition to its own specific indicators, any new stage of a historical process must also be marked by certain major events. Without landmark events, there would be no historical periodization. The transition of capitalism from the national monopoly stage to the international monopoly stage is no exception. The major events that marked the transition of capitalism to the international monopoly stage occurred in the 20 years from the 1970s to the early 21st century. These landmark events are:

**(1) The capitalist world economic crisis of 1973-1975,** characterized by "stagflation", marked the extreme development of national monopoly capitalism. "Stagflation" became the first historical turning point for capitalism to turn to the international monopoly stage. "Stagflation" is both a historical summary of the development of national monopoly capitalism and a historical prelude to capitalism entering the international monopoly stage.  
**(2) The rise of neoliberalism meets the needs of the development** of contemporary international monopoly capital. After the "Washington Consensus" was released in 1990, neoliberalism became the theoretical basis for the global expansion of international monopoly capital and its institutional arrangements.  
**(3) The rise of multinational corporations has made** the global market a global factory, thus laying the deepest material foundation for capitalism to enter the international monopoly stage.  
(4) The long-standing lack of tradability of "services" has achieved the internationalization of trade, allowing international monopoly capital to achieve full industrial control over the global economy, thereby pushing capitalism to the stage of international monopoly at the industrial level. (  
**5) As a dense technological and economic network for monopoly capital** to control the world, the Internet has become a symbolic technology for capitalism to enter a new stage of development.  
**(6) The "9/11 incident" provided a historical excuse for the comprehensive establishment** of a global system of international monopoly capital, which led to a utopian wave of "political globalization" or "global integration" in the United States.

**Firstly, capitalist development needs different theories at different stages of development**.

If we can say that the state monopoly stage requires Keynesianism, then the international monopoly stage requires neoliberalism.  
Second, neoliberalism promotes the transition of capitalism to the international monopoly stage. As a theoretical system of the completed form of international monopoly capital, the neoliberal trend of thought is manifested in all aspects.

In summary, there are four main aspects, namely economic liberalization, privatization, marketization, and global integration. These four aspects are interconnected, mutually reinforcing, and inseparable. Since the "Washington Consensus" came out in 1990, neoliberalism has begun to spread around the world, opening up a global space for international monopoly capital.

First, the wave of privatization has swept the world, accelerating the transition from national monopoly capitalism to the international monopoly stage, while destroying the public ownership economy of the former Soviet and Eastern European countries. There are few areas in the world that are difficult for international monopoly capital to enter or control.  
Second, economic marketization has spread to the world, and the operation of international monopoly capital in the world has become more and more reliable. Due to the spread of neoliberalism, Western countries with developed market economies are committed to pursuing the improvement of market mechanisms, while non-market economy countries are seeking to establish market economic systems. Since the 1990s, the former Soviet Union and Eastern European countries have almost marched in step to the market economy system. From Latin America, Asia to Africa, countries with various economic models have almost without exception made the market mechanism play an increasingly fundamental role in resource allocation. The "economic marketization" process of various countries is equivalent to standardizing the "driving rules", clearing institutional obstacles for international monopoly capital to expand globally and control the global economy, and rapidly expanding the "free space" of monopoly capital abroad.

Third, in the process of economic liberalization, financial liberalization is particularly eye-catching and has the greatest impact. It provides a crucial lever for international monopoly capital to control the global economy. Due to differences in systems and national conditions, the aspects and contents of financial liberalization in various countries are different, but in general, they mainly include: achieving complete interest rate liberalization; diversification of financial institutions' business; changing the separation of domestic and foreign financial markets, opening up financial markets to the outside world, and implementing foreign exchange trading liberalization, etc. Financial liberalization and financial internationalization are closely linked and mutually promoted. As finance becomes more and more the lifeblood of the modern economy, financial liberalization and financial internationalization have given international monopoly capital the most important lever to control the global economy, thereby placing the entire world economic system more firmly in its control through financial "strangulation".  
Fourth, neoliberal global integration is an institutional arrangement for international monopoly capital to unify the world. The concoction and emergence of the "Washington Consensus" in the late 1980s and early 1990s was a manifestation of the international monopoly capital's attempt to unify the world. The "Washington Consensus" has far exceeded economic globalization, but is the "integration" of the economic system, political system and cultural system, that is, Americanization. Therefore, since the 1990s, the spread of neoliberalism around the world is the theoretical manifestation of the global expansion of international monopoly capital. As a result, it is impossible to turn the world economy into a system of free competition. On the contrary, it will still be under the control of monopoly capital.

Third, neoliberalism, the international expansion of monopoly capital, and economic globalization are closely intertwined. Neoliberalism is the theory of the international expansion of monopoly capital. Neoliberalism, the international expansion of monopoly capital and economic globalization are closely intertwined. Compared with the international expansion of monopoly capital, economic globalization has a wider coverage. However, in contemporary times, since the world economic system is under the control of international monopoly capital, monopoly capital and economic globalization almost completely overlap. It can be said that monopoly capital is expanding internationally at full speed with the help of economic globalization, and if there is no international expansion of monopoly capital, there will be no economic globalization today. Therefore, behind economic globalization, we cannot but see the huge influence and even dominance of neoliberalism and international monopoly capital.

In essence, economic globalization is a stage in the development of the world economic system and an inevitable result of the development of human social productive forces. But so far, it has been under the control of international monopoly capital. Therefore, we do not refuse to participate in economic globalization, but we must remain highly vigilant against the international expansion of neoliberalism and monopoly capital behind it.