

The end of the Neoliberal Years

Luiz Carlos Bresser-Pereira

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The succession of financial crises, crowned by the stock market crash of 2008, marked the end of the Neoliberal Years of Capitalism – a period in history characterized by low growth, high financial instability, and income concentration in the richest 2% of the population.

Among the many symptoms of the end of neoliberal hegemony is the discredit of finance, the losses suffered by the big banks that had to be bailed out during the crisis, the emptying of the Doha round aimed at increasing trade liberalization, the rise of protectionism around the world (in Europe alone, 424 protectionist measures have been recorded since 2008), and the profound disillusionment of the ruling classes in relation to economic theory and orthodox policies. Clóvis Rossi, writing about the World Forum in Davos in Folha de S. Paulo, expressed lucidly the reigning climate there. The Forum “seems to have gotten tired of listening to the usual ones and is looking for new ideas.” Its leaders think the way out may be in the Institute for a New Economic Thought. For The Guardian, "the economic model encouraged by the people of Davos has exploded; any lasting fixes or reforms will have to come from very different places and perspectives."

I authored an academic article about it in 2010, “The global financial crisis of 2008 and beyond. A new capitalism?”, in which I asserted that, as in 1929, in 2008 economic liberalism had failed once again, although this is not the conventional story, the history of capitalism is the alternation of developmental and economically liberal periods. After Second World War, we had the Golden Era – a developmental and social-democratic period; from the 1980s, a neoliberal period; today, we are still experiencing a crisis and a period of transition.”

We must not confuse conservatism with neoliberalism. Conservatism, to which progressivism is opposed, has always existed and will always exist. It is the pessimistic ideology that advocates preserving order over justice, while progressives or those on the left are more optimistic and are willing to risk order

in the name of social justice. The dialectic between these two worldviews is necessary and will always be present.

Developmentalism and neoliberalism are two forms of economic organization of capitalism. Capitalism began developmentally, within the framework of absolute monarchs and mercantilism. It was then that England carried out the Industrial Revolution and changed the world. In the eighteenth century, with the hegemony in that country of political liberalism, there was a great achievement of humanity, the affirmation of civil rights. In the mid-nineteenth century, economic liberalism became dominant, and classical economists mistakenly believed that economic liberalism also was a great advance.

But the first liberal period, which had become dominant in the 1840s with the opening of the British economy, was characterized by low growth and high financial instability. It lasted only until the crash of 1929 and the Great Depression. Then we had a new developmental period, the 30 Golden Years, a developmental period of great stability, prosperity, and reduction of inequalities, which, however, ended with a small crisis in the 1970s, giving way, between 1979 and 2008, to a new and the radical second neoliberal period, neoliberalism, in which efforts were made to revert the social conquests achieved until then.

Neoliberalism managed to increase inequalities, but it did not manage to destroy the social state or welfare state built in the second developmental and social-democratic period. And since 2008, it is an empty ideology, which has lost legitimacy before the civil society of the countries, and even within the coalition of classes that supported it – a coalition of rentier capitalists, financiers, and leaders of multinational companies – faces problems.

The end of neoliberalism does not mean that we will soon experience a new developmentalist period that, now, in addition to being social, as was the second, will be environmental. But we learn to criticize it. For the rich countries, which were the ones that believed most in neoliberalism, to return to development depends... (The manuscript ended here).