

Neoliberal Ideology For Transitive Economic: Capitalism vs Socialism

VITER Dmitriy^{1*}, BREZHNEVA-YERMOLENKO Olga²

¹ Doctor of Philosophy Sciences (Ph.D.), Dneprodzerzhinsk State Technical University, Ukraine

² Candidate of Economic Sciences (Ph.D.), Associate Professor of the Department «Finances and Accounting», Dneprodzerzhinsk State Technical University, Ukraine

E-mail address: inpsi@ukr.net*, olga.breol@gmail.com

Keywords: neoliberalism; capitalism; socialism; transitive economy

ABSTRACT. Contemporary world gained the important experience of the inevitability of a systemic crisis which arising under any circumstances, including the case of suppression of individual principles, individual freedom, which is opposed by neoliberalism. In framework of its basic tenets, the objectification of competition in view of the unpredictability of its results to the public – the notional value in aspect of aspiration of the system to be stable. It requires no less strict regulation, and especially the public, the economy in a capitalist society, than in socialism, the purpose of which is (at the same in both cases) suppression of individual, which implemented in various forms: rise of collective in the socialism and manipulation of individual in the capitalism.

1. INTRODUCTION

Developing of countries with transitivity economic in terms of the world globalization is associated with the need to establish the clear and effective mechanisms of public regulation and control in the economic sphere. Developed countries at the state level are trying to impose for the so-called countries of second and third world are the rules that are convenient for their own and above all economic interests. An important ideological instrument of such impact on decision-making in public regulation of the economy is neoliberalism, which seeks to justify market economy values, opposing any element of planning that were inherent in socialist countries, even though a new quality level of economic development which demonstrated by the current those countries that have not abandoned the ideas of socialism and saved the main positive moments of the socialist economic system. In this context, the problem of understanding the neoliberalism and its consequences in the terms of globalization for countries with transitivity economy is very relevant because connected with important for any state process of producing and implementing economic policy, especially given the global economic crisis, which find themselves not only economical weak, but the developed world's country.

There is significant features of the world global development is the creation of such type of economic relations, in which the real domination of capital (like in the case of "classical" capitalism) is not importance, but becomes important is a global domination of capital, when the labor in itself is completely absorbed by capital, is transformed from a good into the slight object of this capital influence. Certainly, the labor does not lose relevance, because it is an integral part of the transition process to a new economic relations type and, given increase the demand for labor by capital, is actively involved in the restructuring of markets within the uneven global economic space, which have only a few centers of financial, economic and political control.

2. NEOLIBERALISM AND ECONOMIC REALITY OF GLOBALIZATION

In terms of limited resources and the need to minimize costs this is forcing developed countries to diversify productions by geography indication, to reorient the entire process of resource support their own economies to economically backward regions. As a consequence, there are real ways of economic and political colonization of undeveloped and developing countries which

suggests adapted to the specific conditions of the national economy a market economy model, which one way or another related with the capitalist system development, that providing significant changes not only the basic principles of national economic, but also the public relations structure.

One of these models is neoliberalism, which is characterized by considering the accumulation of wealth by the oligarchic elite as the basis of nations progress, and the poor, in the end, will benefit from the wealth accumulated by this elite (*MacLean, 1988. P. 295-319.; Strange, 1986.*).

The ideological roots of this model are based on the apologetics of capitalism as the only possible way of modern economy and social relations development. However, very often behind the liberal theories and concepts hiding fairly simple desire – to impose on a particular country and society such system of economic, legal, cultural norms, that would enable developed countries to easily bring under the necessary for their own development resources, markets, etc. That is why as the secondary and unimportant trying to present adherents of neo-liberalism and globalism the problems of all kind resources inequitable distribution, forming a system of legalized plunder of developing countries, strengthening of social inequality, deepening the gap in the economic development level, etc. – everything that distinguishes the selfishness of the developed country.

However, attempts to mitigate this selfishness in framework of the imposition of liberal values, economic liberalization in developing countries without any consideration of the historical features of their development. But behind the liberal principles hide the real aspirations of the developed countries to avoid the influence of the adjustment being made by the globalism into the global economy development process. That is why in the apologetics of globalism the neoliberalism tries to draw attention to the very different results of the world economy internationalization. Neoliberalism proposes to abandon the ideas of social justice and socialism in general, in favor of a transition to a qualitatively new technological mode of production, to the communication and information economic basis of society.

In fact, economic modernization in framework of the neo-liberal model is not conducive to the convergence of different countries through the creation of a single world market and distributes universal consumer culture. Other processes occur: in this process the market economy gets frankly asocial character, and the liberalization of economic development in the context of globalization strengthens the requirements for transparency of international financial institutions, equitable income distribution, increased taxes on imports and exports of capital, reducing the dependence of developing countries on foreign lending and etc. And the majority of such claims are put forward not only for developing countries, but also for developed countries, since the lack of these problems solutions poses a real threat to the economic stability of any country. As indicated by S. Ramirez, “Government sponsored investment in infrastructure can also minimize political risks as well as create and maintain a level of demand that supplies enough consumption to help even marginal economic ventures succeed. The New Deal was in essence the first concerted effort by the American government to fund investments in physical, social, and human infrastructure with a view to enhancing long term macroeconomic stability and performance. In terms of investor confidence specifically, fiscal policy can stabilize macroeconomic performance by quelling investor fears of a major macroeconomic disruption and can enhance macroeconomic growth by performing the function of investor of last resort, which will effectively enhance investor expectations” (*Ramirez, 2002. P. 50*).

As a consequence, in the government decisions is dominated the private interests of investors – representatives of “big business”, but not the interests of the national economy, which destabilization is conveniently in terms of control over the state, that carried out by external investment capital. This capital is not used for the development of the real sector of the economy, but or for manipulates by the governments, or for the complete subordination of the state financial market, for squeezing from it the all possible profits without creating any new values. Speculations with investment capital in this case carried out in order to ensure the conditions for receiving benefits in the shortest possible time. And the long-term investment in the economy of country is

out of the question, because it is easier to minimize investment risks so as not to create a situation of risk itself.

But probability of risk persists. In this aspect, analyzing the global financial crisis and place of neoliberalism in it, S. Beder points out that the crisis has shown that financial markets provide opportunities for investments which enable the creation of a additional jobs small number, and the distribution of public goods “top-down” model, from the rich to poor, does not work in fact (*Beder, 2009. P. 17-21*). The spread of neoliberal theory was also due to the possibility of private interests of big business representative’s legitimation. Consequently, most governments, as noted by S. Beder, taking the idea of neo-liberalism, trying to avoid responsibility for the social and economic indicators, justifying and offering for the public ideology of free-market.

3. FURTHER CONCENTRATION AND MONOPOLIZATION OF CAPITAL

Classical for political economy sign of the highest stages development of capitalism (in particular imperialism) is the export of capital remains the most popular in spot of the development of a modern system of world economy and the entire system of capitalist system of social and economic relations. The capital export is not only lost its relevance but vice versa becomes one of the most effective ways to ensure qualitatively new conditions for the world economy related to the actual economic and political redistribution of the global world space between several superpowers. It is the export of capital has been found to even Vladimir Lenin has a decisive influence on the economy and politics of modern states, absolutely of the type of historically formed in them the social and economic relations.

The capital concentration along with the production concentration which has become one of the main features of the development of capitalism in the nineteenth century was a consequence of its entry into the stage of imperialism not only deepened the social contradictions of the capitalist system of socio-economic relations but also contributed to the introduction of the capitalist economy in crisis which had the nature of long-term depression. Economies depression of many industrialized countries was the result amid of a growing trend of capital concentration change in the situation related to the balance of power across the world. Some states drooped and gradually lost its own monopoly position the other continuing to develop an aggressive policy of concentration and monopolization of capital associated with colonialism, aspiring to ensure a place for themselves the exclusive monopoly.

The result of changes in the spheres of influence of capital is reduction of certain economic opportunities to ensure competition within the resource-dependent industrial production leading capitalist countries entered the active phase of the distribution zones of influence in the global economic system using not only mechanisms of colonial expansion but also integration mechanisms which supposed the creation of blocs and alliances. These mechanisms institutionally ensured the creation of conditions for the expansion of exploitation as one of the main conditions for the formation of surplus-value which is a source of increasing the size of capital which in turn was the result of diversification of sources of capital concentration associated with an increasing scale of manufacture concentration.

The monopolization of capital strengthening that took place in the twentieth century have significantly stepped up exports of capital from the developed countries in the form of direct investments, while also stipulated its concentration, so that the share of private capital in the aggregate social capital is greatly increased. Against the background of the growing importance of scientific and technological development, greatly accelerating the export of capital and there is a fixed tendency to centralize it changing the source of growth capital surplus on capital mergers and acquisitions by large monopolies. The situation is consolidated basis for the creation of transnational corporations and monopolies which expanded the scope of diversification of production primarily on a geographical basis. The competition between the US and Western European capital in the sphere of monopolizing based on the export of capital assumed two basic principles of regulation the process of competing for the world market if the American policy

requires stringent restrictions on imports of high-tech production facilities for the imposed (including the Marshall Plan) Western European Economic liberalization policies such import was acceptable.

The consequence of political support competition in achieving the economic interests of big capital specialization and cooperation in industrial production at the international level was the dominance of the American multinational corporations in the global market actively created the country's vassal totally dependent on outside capital. The attraction of cheap labor helped to consolidate the policy of neo-colonialism in the process of concentration and centralization of capital as the relationship between the number of exploited workers determines the amount of capital and the existing rate of surplus value (in fact the mass of the appropriated surplus-value increases only if a capital increase) at a low level of technological development of the backward in economic terms the country is one of the determining factors of the concentration of capital. This helps to minimize the negative tendencies of decreasing rate of profit and competition ensuring in the process of centralization of capital high enough rate of its accumulation resulting in a high rate of return and the rate of accumulation typical of big capital formed by the merger or absorption of smaller capitals. This trend in turn is the result of active monopolization of capital launching the process of monopolistic centralization fulfilled within the framework of formation of not only a common economic space supporting the export of American capital in Western Europe (peak activity occurred in the 70-80-ies.) but also relatively loyal to the European trade and economic policy influenced the partial restructuring of the export of capital (for example a significant increase in the share of direct investments). Unconditional benefits from the export of capital received by the owner of the capital has a number of significant adverse effects on the importing country of the capital itself. There are specific conditions to put pressure on governments to ensure broad preferences the owners of capital increasing its potential to compete in the international market. As a rule state policy falling under the influence and sometimes direct dictates of big business representatives leading to curb the pace of development of national economies which ensures not only capture new markets but also the specific geopolitical and geo-economic interests of the international monopolies. In this situation even the most negative consequences for the national economies as a rule into account cannot be accepted because for the capital owners remains determines possibility of self-reproduction of capital is due to the capitalization of a significant portion of the profits from the exploitation of the resource potential of the country are actually converted into direct export value from it.

Even political instability cannot cancel this process risks of which will certainly take into account and minimize the impact on the political process involves the formation of puppet governments increasing of the external debt as a result of credits and loans using of methods of direct military aggression, etc. Typically, in such circumstances the government is actually unable to control the activities of the international monopolies rigidly tied to the emerging economic crisis becoming one of the main objects of speculation in currency and financial system in the area of capital investment as a whole. Underdeveloped and developing countries to become involved in the global division of the world in the struggle for world domination several superpowers and several international monopolies expressing a general trend of the global neo-imperialism the main purpose of having the suppression of any possible expansion on the part of national economies rapidly entering the global market in recent years. A qualitatively new confrontation socio-political and economic systems of East and West arises not without contradictions between the classical capitalism and socialism demonstrations struggle for world markets of raw materials product sales and capital investment primarily between the US, China, Russia and the EU.

Objective monopolization and consolidation of capital is not within the same state, but within the world economy completely contradicts socially oriented economy. Support political agendas in this case are the specific mechanism of manipulation of consumers and workers (which actually are the same), the mechanism of the required demand formation and of create a freedom sense, which apparently realized in the form of unlimited choices. In fact, this choice is tightly regulated by monopoly, receiving support from the government in the form of a monetary policy

aimed at increasing foreign debt. Government intervention in the process of protecting the national economy from the expansion of other countries takes the form of capitalist relations actual protection system with emphatic free competition of it relations, hence the need of a protectionism system as a system of protection of the capitalist system from competition. This is what drew the attention K. Marx, criticizing the views of G. Carey, and thus neglects neoliberalism, for that matter, and neo-keynesian theory.

4. MODERN IDEAS OF NEOLIBERALISM

Government decision on support mechanisms and security of the national economy, including banking and financial sector, allegedly targeted at the real state of the economy as a priority has always put the interests of the monopolies, the interests of clans, spliced with so-called political elite of business oligarchy etc. And no any social purposes in this case will not be able to hide the real course of events and the actual content of political action in the economic sphere – social sphere is a means of providing, maintaining the working population to the extent that allow to make enormous profits in all internal and external crises. And the crisis in the social sector, public dissatisfaction of it stable position, bordering sometimes with revolutionary situation, becomes a mechanism of redistribution of all kinds of assets, including the state. And deflation in this case is very appropriate. However, and denial of it is presence in the economy too. In aspect of global perspective deflation, associated with attraction of foreign investment into the economic of country, becomes a credit leash, which is held the political elite and the business sector.

Denationalization of national economies sectors, which expected by neoliberalism in practice, leaving the control of the state and even being removed from the control of the state, is contributed only for developed countries. Moreover, the majority of them, in spite of minimizing the scope of state economic impact are equally caught up in crisis with developing countries or countries with transition economies. Liberalization turns positive only on the stages of sustainable development really enlivening some sectors of the national economy, macro- and micro-process in it, but is destructive in terms of systemic crises, requiring mandatory, while in other cases, strict government regulation of the economic sphere.

The problem of sustainable development in terms of globalization in neoliberalism is limited by the action of the free market and free competition mechanism, which is an inherent result of the alleged equality of supply and demand. Under these circumstances really need to minimize government intervention in economic development, and the task of public authorities is to set the conditions for free competition as the realization of equal opportunities for all in society. The same neoliberalism adds a negative attitude towards cheap money police and the creation jobs in cost of budgetary funds that exacerbates economic problems because government decisions aimed at maintaining full employment through the use of credit expansion mechanism and stimulate aggregate demand, resulting of which is open inflation, which creates more unemployment. For neoliberalism to expend resources to support the required level of employment is a matter not appropriate and ineffective, and therefore it should not engage in state, spending resources that can be reallocated among market players, giving them conditions for free competition, which as a result and will help create new jobs.

Forming a global financial market has created the all conditions to achieve this goal for the owners of capital, and it does not matter, destroys or develops national economy speed wrapping of capital in the world the economic system, which is controlled by a specific financial elite. Globalism, which is stripped of nationality, as the main subject of social development considers only transnational corporations, financial power of which is capable so easily enough to ensure the necessary political decisions for the realization of economic interests and the establishment of acceptable market conditions for this transnational corporations. These political decisions, generally, virtually ignores the real interests of social subject (or actors), states and nations – in a pinch, dissatisfaction can tame by the politically and ideologically based and recognizes by the various international puppet organizations (like the UN) military expansion, which undertaken

under the banner of upholding mythical democratic or other chimerical, for example, neoliberal, principles – individualism.

Individualism of neoliberalism, which is justified by F. von Hayek, along with the postulation of the “laissez faire” principle (*Hayek, 1981.; Hayek, 1996.*) is actually not only development of freedom, but precisely because erosion of the content of freedom leads to leveling own basic tenet of economic liberalism: the connection between individual freedom, private property and the level of economic efficiency of society. If F. von Hayek argues that such individualism is not selfishness and narcissism towards the human person, then at the level of state neoliberalism turns into a selfishness and narcissism not only towards the individual whose rights and freedoms as strictly regulated by specific methods of state influence on state economic development, but also towards economic freedom of other countries. Several earlier L. Mises said that at a free market the consumer is the center of the economic system and its cash income determines the need for some product that defines the structure of social production. Only at a free market, L. Mises said, economic agents maximize their welfare, because they have the freedom to choose alternatives. Moreover, the freedom of choice shows respect for the human person, and the market system provides high economic growth, providing the highest level of welfare (*Mises, 1962.; Mises, 2010.*).

This idea is supported by contemporary neoliberalism. Sustainable development of society is limited in neoliberalism by action of the free market and free competition mechanisms, an essential result of which is the alleged equality of supply and demand. Under these circumstances really need to minimize government intervention in economic development, and the task of public authorities to set conditions for free competition as the realization of equal opportunities in whole society. Neoliberalism adds and negative attitude towards the policy of cheap money and the creation of jobs on basis a budgetary funds, that exacerbates economic problems because government decisions aimed at maintaining full employment through the use of credit expansion mechanism and stimulate aggregate demand, resulting of which is open inflation, which creates more unemployment. This insists F. von Hayek, believing that inflation leads to disorientation of workforce, and seeing in providing of additional jobs in those activities, that are attractive, only additional costs. In his view, the relevant jobs will disappear along with the suspension of inflation, and artificially accelerated economic growth means the consumption of resources.

This is manifested internally contradictory nature of liberalism and capitalism, taken in their mutual relations. This is a characteristic given by K. Marx: “Under the conditions of accumulation supposed thus far, which conditions are those most favourable to the labourers, their relation of dependence upon capital takes on a form endurable or, as Eden says: – “easy and liberal”. Instead of becoming more intensive with the growth of capital, this relation of dependence only becomes more extensive, i.e., the sphere of capital’s exploitation and rule merely extends with its own dimensions and the number of its subjects. A larger part of their own surplus-product, always increasing and continually transformed into additional capital, comes back to them in the shape of means of payment, so that they can extend the circle of their enjoyments; can make some additions to their consumption-fund of clothes, furniture, &c., and can lay by small reserve funds of money. But just as little as better clothing, food, and treatment, and a larger peculium, do away with the exploitation of the slave, so little do they set aside that of the wage worker” (*Marx, 1992. P. 768-769*). It turns out that liberalism as a system of apologetics of capitalism in its various forms nothing is able to propose for a persons other than the freedom of consumption, that is, the freedom to meet their material needs, the freedom thus belong to the bourgeoisie, not being able to access capital differently by a portion which can be isolated in the form of credit. In fact, it is the transformation means redistribution of added value that produced by the employee, and is created a new form of capitalist accumulation – an excess of added value is returned to the employee in the form of a loan, while remaining in the property of the capitalist and bringing him additional income in the form of the loan interest. Behind the scenes of liberalism there is the problem of social inequality that would measure consumer freedom is not offered.

CONCLUSIONS

Capitalization, regarded primarily as a process of increasing the cost of capital, directly linked to the growth of the economy, suggesting a significant social development, not only the welfare state in general, but its every citizen. However, it is mainly a question of the essence of capitalization remains closed, and the answer is in the plane of one of the major problems of capitalism - profit formation and distribution - is avoided or carefully pulling to one side the possibility of a socially oriented market economy, has consistently revolving around neoliberalism. In practice, particularly impressed by the crisis, the capitalist system of economic relations to enhance the returns on the level of institutionalization of the regional economy, including local, regional and international markets, based on the review of the principles of state regulation of the economy. In the present situation, capitalism is really forced to extend the principles of a planned economy, while avoiding a direct correlation with the ideas of neoliberalism.

In fact, neoliberalism provides only one thing – the ability to quickly enriching of the few, capital increase through speculation on the stock market, which envisages liberalization (and in fact – deregulation) of global and local financial systems along with ignoring the productive, real economy sector. The economic crisis, falling markets, defaults are only comfortable conditions for benefit of capital owners, for which the limits of neoliberal policy eliminates one of the main obstacles – government control.

Sequential and systematic liberalism gradually turns into conservatism – conservatism towards the possibility of changes in the social relations structure, towards the approval capabilities existence of other types of economic relations and other types of social organization than capitalism.

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