

Why and how was
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Why and how was neo-liberalism able to establish itself as the dominant paradigm in the 1980s? By the start of 1980s, currents of change were detected in the global economic order, with nationalism and protectionism being replaced by neo-liberalism and free flow of capital. Even as elites from the West promoted this new economic order, the process was facilitated by respective business leaders from nations across the world. (Tyvela, 2004, p. 156) Even Communist China was at the forefront of the global neo-liberal program, making it only a matter of time before other countries joined the system. And this is precisely what had happened in the 1980s and continues to this day. With the collapse of the Soviet Union in the late 1980s and the shift in policy framework of several developing countries, the nature and complexion of geo-economics had taken a different form. Major financial institutions such as International Monetary Fund (IMF), the World Bank and the Inter- American Development Bank were the chief promoters of the neoliberal project. The neoliberal system also possessed some inherently democratic values such as the emphasis on free-trade and offered equal economic opportunity for those who are enterprising. This made it easy for many fledgling and aspiring democratic countries in the developing world to adopt the system. Moreover, the prospect of creating prosperity and the potential for lifting standards of living convinced politicians to take this approach. Nothing exemplifies the merits of neoliberalism than the recent developments in India and China. Since they started to participate in financial globalization, countries with abundance of cheap labour such as India and China are destined to assume leadership position in coming years. (Foulkes, 2006, p. 22) Even among advanced nations, its leaders saw the benefits of neoliberalism and thereby promoted it strongly. The following <https://assignbuster.com/why-and-how-was-neo-liberalism-able-to-establish-itself-as-the-dominant-paradigm-in-the-1980s/>

passage captures the spirit of neoliberalism in the 1980s: " Entrepreneurial capitalism became more dominant in the America of Ronald Reagan than it had been before, and job growth and record-breaking prosperity followed. In Britain, Margaret Thatcher reversed almost four decades of socialism and changed her country from the sick man of Europe into one positioned for long-term, non-inflationary growth." (Stelzer, 1994, p. 32) Put these events together and you have an unassailable proof that neoliberalism produces a level of economic welfare that a planned economy simply cannot emulate. This was the rationale behind the founding and flourishing of neoliberalism during the 1980s. References: Tyvela, Kirk. " Cyrus Veaser, A World Safe for Capitalism: Dollar Diplomacy and America's Rise to Global Power." *American Studies International* 42. 1 (2004): 155+. Foulkes, Arthur E. " Capitalism and Democracy." *Freeman* Nov. 2006: 22+. Stelzer, Irwin. " A Question of Linkage: Capitalism, Prosperity, Democracy." *The National Interest* Spring 1994: 29+.