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Neoliberalism: Befall or Respite?

Summary: The authors of this argumentative article emphasize that the range of the current crisis cannot be depleted in the diagnosis which is based on cyclic consideration. It is both systematic and structural, which is derived from the genesis and the modus of neoliberalism, which has become dominant during the previous decades. Other than that, it is emphasized that the current crisis is "great", because it forces relevant actors to face the structural characteristics of contemporary shareholder-capitalism. The crisis also puts to a test the self-reflection of the economic science which faces certain deficits. The authors believe that, given the tendencies in today's economy, there can be different scenarios for exiting the crisis and projecting a new modus of capitalism in the following period. Having in mind the openness of the present and the uncertainty of the future, the authors describe those scenarios without projecting which one of them will be dominant.

Key words: Capitalism, Crisis, Neoliberalism, Cyclic, System, Structure.

JEL: G01, P16, P51.

Framework

The current century left an inglorious mark. Truth be told, the beginning of the century, from the economic point of view, implied optimism in view of the continuity of the dominant matrix of life manufacturing. Moreover, in the last quarter of the XX century, developed capitalist economies practiced the rehabilitation of liberal economy in the form of a neoliberal mechanism with the results which, especially in the tenth decade of the twentieth century, were impressive. Namely, for nearly 120 months the world's largest economy, the American economy, thanks to the IT revolution, and accordingly the boom in technology, recorded economical prosperity in expression of high growth rates, low unemployment rates, budget surplus. Under conditions of continuing supply-side economics in the late seventies and the early eighties of the XX century, forgoing state intervention policy, low tax rates, the American consumer, during the nineties, becomes (although, historically viewed, not for the first time) the *holder* of the surplus money (Kosta Josifidis 2009).

In the given circumstances, it was normal for a part of that money, outside the proverbial consumerism (excluding classical types of savings), to be converted to quick fortune making by means of stock market gambling. The stock market indicators also spread inordinate positive expectations, the bubble being pumped up until March 2001, when the stock markets (both NYSE and NASDAQ) were seriously shaken, which continued after September 11. The official monetary administration

under Greenspan's leadership faced a risk of an abrupt decrease in interest rates, leading to the decrease of the short-term interest rate of the Central bank towards 1% in 2003, which was not the case since 1958 (Evan F. Koenig and Jim Dolmas 2003), which was actually intended to sustain the level of aggregate demand, especially in the domain of permanent consumer goods, at long last, *housing*. (The same happened in August 2007, when FED began lowering interest rates, in order to reach the level of 0-0,25%, while the Central Bank of Europe began lowering interest rates no sooner than October 2008, and lowered them to the level of 1% - Ansgar Belke and Jens Close 2010).

Thereby, the position that American economy, as the main architect of world economy, is stable, its stock markets prosperous, was further fuelled. However, there began a period of inadequate financial market regulation, excessive granting of cheap credit to all possible users (i.e. *NINJA* syndrome – *non income, non job, non asset*, as a form of disputable crediting), further “securitization” of such securities, which in turn actually prolonged the agony and procrastinated the cognition that the emperor is naked, and that this practice cannot be continued forever.

Come autumn 2007. The actors on all levels face the consequences of the high risk Friedman/Greenspan policy of implicit encouragement of stock market speculation. However, this time, the collapse of the stock market indicators, in reference to the financial region of economy, with an unbelievably fast spill over (*animal spirit* mechanism, George A. Akerlof and Robert J. Shiller 2009; Richard A. Posner 2009) also dragged the real region of American economy to the bottom, with just as efficient, speaking negatively, recession spill over, and sometime later the crisis, to all other leading capitalist economies in the world, not to mention the emerging and transition economies.

The culmination of cynicism, manifested in the extravagance of the official government, demonstrated in the panic search for salvation in the form of state intervention, forsaking decades of swearing on market fundamentalism, the omnipotence of auto regulation. Therefore, tax payers, who had observed the rapid enrichment of financial gurus silently, for decades, quietly aching from the incertitude of marketization and flexibilization of economy, become over night, the shelter for the saviour of those stock market *bonvivans*. And to make matters absurd throughout, by saving the richness of speculators and leading managers, again silently, they watch as their work places are abolished, the pensions and health insurance vanish.

Crises are processes when the old frameworks are perceived as limited, in other words, old formats can not be practiced *any more*, and new formats have *not yet* been created, or have not gained solid frames. They open a process of different, confronting interpretations, and an undecided area of resolvement. The world today is experiencing an economic crisis which many authoritative economists, in the context of analytical contemplation, and rightly so, relate to the memorable crisis in the thirties of the last century (Paul Krugman 2009). If we observe the course in the economy in the last decades, we can record outbrakes of various crisis processes. Truth be told, the neoliberal classification created several phases of expansion: between 1982-1990, 1991-2002, 2001-2007. We can refer to econometric research (Paul Evans 2000; Nicholas Oulton and Ana Rincon-Aznar 2008) which states that

during the period between 1947-98 there had been no downturn trend of the return of capital (*net rate of return on capital*, Stacey Tevlin and Karl Whelan 2000). However, a global recession endured in the early nineties of the XX century, by the end of 1978 half of the countries faced a growth crisis, which could also be recorded between 2000 and 2002. And if we move further in time and with a big leap, we record cycles of crisis undulations in previous decades (the crisis in Mexico in 1995, in East Asia in 1997, then in 2002 in Argentina, the dither of stock markets 1998-2000, spectacular burst of the technology boom in relation to internet investments which led to 7 trillion of losses, and to the recession of 2001, and so on, not to mention the recent crisis in food supply when the prices of certain food products began to soar) one must conclude that this crisis has a long prequel, and that it is an integral part, in other words, just a moment in the subsequent dynamics of mediate capitalism. Precisely, crisis shocks had been recorded earlier (stagnation in storing of durable consumer goods after 2005, the decline of consumption in the same year, the increase of unemployment immediately after 2006 and so on), but the recognition of a crisis as a different one in relation to previous turbulences comes no sooner than September of last year (2008), after two weeks of severe losses. Moreover, ardent statisticians can, in no time, calculate that during the time of financialized capitalism crises multiply and outbreak at a quicker pace then before and such history of financial crisis can be retraced to the beginning of the XX century (Michael Bordo et al. 2001, pp. 51-82; Jan Toporowski 2005; Ozgur Orhangazi 2008). That means that, in spite of the continued trend of the rate of profit, the era from the beginning of the affirmation of neoliberalism produced unsustainable cycles. The deregulation of financialization, the intensification of inequalities, and the submission of the financial sphere to speculative and rentier activities have produced negative circumstantial (*by product*) aspects. The meaning of this is that, although this crisis broke out in the XXI century, we must trace her roots in the “long” XX century. In other words: crises today are much less dramatic than in the previous periods of capitalism, in the same way as in the thirties of the XX century, the expansion phases of neoliberal epochs had just been delaying, prolonging the problem. Accordingly, we consider speaking about a crawling crisis.

Neoliberal hegemony, promoted by market fundamentalists (Paul Samuelson 2009) and the practical philosophies of Thatcherism and Reaganomics, was in effect established due to the multidimensional crisis situations produced by the government policies at the time as well as the way in which certain international institutions functioned. Now, it too came into crisis. Here, it is also of particular importance that the neoliberal hegemony has been, amongst other places, situated in the reform of national finances. Numerous researches indicate the domination of the financial capital, the diffusion of financial norms, the importance of financial deregulation in the allocation of income and property. Price stability is no longer the leading idea, giving way to the stability of financial markets.

This does not imply that “it all happened before”, that the existing crisis is deprived of any idiosyncrasy, but rather something else: initially, the current crisis has been anticipated as a *routine turbulence* which can be resolved using the instruments of existing management. That is to say, in previous crisis shocks, stock market

collapses and devalorization actions were stripped of regressive developments in real economy, for example, at the beginning of the current millennium there was a fall in the New York stock market (25%) during the period in which the American economy was already in an uplift. Confidence due to economic élan, the reduction of interest rates and generation of liquidity enabled the overcoming of the crisis eruption.

Thereby, it should be clearly stated that the crisis has *sources in the most developed economies of the world*, in the modality of the market management and in the ideological self-understanding. In other words, this paper concerns the structural crisis of *the way of functioning* of global capitalism which originated after the neoliberalization (Josifidis and Alpar Lošonc 2007) starting from the seventies of the previous century, the crisis of its core moments.

And here we are now, with an uncertain prognosis of the physiognomy, temporality, depth, and consequences of the *downturn*, on every level, starting from the geopolitical and geo-economic, over trans- and national, all the way to the level of the un-conscience of a mere mortal, who *volens-nolens*, inevitably faces the destined oscillations of his own production, without being able to affect them, or accordingly, we are witnessing the superposition of oscillations which, by merging into one point in space, destructively and with interference produce a zero and offset existence.

Indeed, recent indicators, as well as prognoses, in other words indicators for the end of 2009 truly indicate that the American economy shall be the first to come out of the crisis, provided that it is not all about encouraging market actors, an attempt to restore confidence into confidence. Just so, the rising pessimistic expectations, the analogy with the events and flows from the thirties, the period of the Great Depression, tend towards caution in regard to the dynamics and aspects of coming out from the current phase of immense mistrust in the system.

Why have we lengthened the framework? It seemed prudent to us to begin exactly with the beginning of the century. And if we are at least partially right from the point of identifying global movements during the previous two centuries, relevant in the context of genealogy of capitalism, which can be seen from the fact that social projects, in terms of (in)voluntary associating of individuals into what is called society, last for approximately two generations, then it is utterly logical that we are currently in the phase of the reviewing, maturing and/or saturation of the present capitalistic organizing. Does this mean that after the post depression period, which was ruled over by interventionism, welfare state, Keynesian state, and which lasted for about two generations, until the mid and late seventies, a social overturn had been made? (Josifidis, Lošonc, and Novica Supić 2009) All right, we can call it an evolutionary overturn also, no matter how paradoxical/oxymoronic that sounds, in the form of Thatcherism and Reaganomics. The answer is affirmative, yes. There began a period of reaffirmation and historical rehabilitation of the social pattern that caused the Great Depression (implicitly the Second World War, which indeed pulled capitalism out of the instability of the depression). Just before the outbreak of the Great crisis, there was also a reign of greed, spoil, intemperance as *symptoms* (not as causes), and when it all ended, again with the same – immense *distrust in trust*, which in turn had to end with World War. Solely a larger social disaster can repress the previous one,

bearing in mind that man/population is principally of short memory and euphoric historical recollection.

Let us go back to the eighties and the end of the previous century in general. The extra time followed, leaning obediently and robustly on market fundamentalism, overlaid by the pillars of globalization (IMF, WB, WTO), as alibis for the domination of the Anglo-Saxon form of capitalism, where *nothing is certain except uncertainty*. The endangered welfare state, European continental forms of capitalism, each with its uniqueness, but also uniformity in regards to fiscal load, exerted substantial material fatigue. It is difficult to withstand international competition of commodities in the ambience of unequal inadequate competitive configuration of government revenue (similar to a competition of two horses, with same physical predisposition, just that one is bearing a 30 kg rider and the other one a rider who has over 50kg), the physiognomy of the labour market (*fix* vs. *flex*), with overdue structural changes and untimely post industrialization and adjustment, especially in the IT sector.

Therefore, the extra time lasted for one generation, and as soon as the next generation came, i.e. the beginning of this century, material fatigue, again, appeared. The *peak* was done, material differentiation, even within the American middle class society, has been performed, the ratio of salaries for wage workers to salaries of top rate manager, or *vice-versa*, has been unbelievably increased (even during the sixties the ratio was 1:33, and before the crisis 1:330, or *vice-versa*). Therefore, in the evolutionary sense, we can presume that the agony of the neoliberal matrix shall be continued, with the recurrence of *ups/downs*, until its disappearance, and simultaneous, parallel presentation of one/several new matrices, which account for the introduction of these speculations. This, of course, does not exclude the possibility that we are wrong, that neoliberalism is far tougher, that in front of it still lies a period of justification (postneoliberalism, therefore a higher phase, is also mentioned in literature) with somewhat compromising recoils, as is the current one, when the base idea of auto regulation has been arcanelly dismissed and the best solution reached after, and that is the biggest capitalist of them all – the government. Moreover, an idea of systematic ambivalence will most likely be promoted, according to which the American capitalism is incredibly flexible in the events of a boom, and when it falls into/produces a crisis; it is then rigid and relies on the government. In such circumstances, it is not difficult to recognize chronic losers vs. winners.

However, in that case we can ask several questions/ have dilemmas. Firstly, does this imply that there are no more fundamental postulates, in the expression of the consequentialism of the performing of idealistic purism, but that it is all just improvisation, manipulation and empty ideologization with the function of protecting the interest of only one team, that being the one with fewest members, and that the other side of the polarity is moved into the infinity of masses, and periodically, massive collateralness of social animals, considering that conscious would instruct something else.

Secondly, does that not exclude the claim that nothing lasts forever, that processes, curvy by nature, still flow parallel, pluralistically, *states* vs. *embryos* compete, intersect, are conceived and aborted numerous times, until there is a birth of a new deceitful, promising form, unconscious of its temporal destination.

Thirdly, in the panic search for salvation and an exit from the disruption, the crisis, it is possible that there will be a reach out for known, *déjà vu*, scenarios, in the lack of ideas and courage, just for the sake of taking in some air, and then continuing unscrupulously with the exploitation of a fluent matrix until the following, next or final escalation of the chronic conflict between *greed and possibilities*, which will not endure the repetition of sameness any more, but express the need of architecting an *art nouveau*, *new art*, or *Jugendstil*, lifestyle, but a hundred years later, i.e. in current future.

Fourthly, even if we are wrong, in the context of the story of two generations, with the expired deadline for one of them, stems that the generation in turn has to live through the rotting of the mechanism, resistance, flounder, apocalyptic social concurrencies, artificial creation of cataclysm (Iraq, Afghanistan, NATO bombing of Yugoslavia, possibly Iran *etc*), which brings us back to the beginning.

In previous meditations, as well as the attitudes towards dilemmas, an *initial conditionality* has been set (typical for transitions), as well as scenarios of possible closer or further events in time, have been announced. Whether it is a recession, an acute, transient and short term one, with bland consequences, or even bigger ones, but still a transitory, common phase of eternal capitalist self adjustment? Or, is it, in fact, a chronic, long term, consequential, procedurally and materially immense process, which will in time generate a need for serious changes in the functioning of capitalism?

Firstly, we believe that current economic developments are not of mere recessionary nature, in other words that it is not a matter of cyclic crises of capitalism. In fact, we claim that modern capitalism is in a serious systematic-structural crisis, which implies conceptualization, in the long run, of a new social contract, or the return to the pattern which preceded the neoliberal era, or, the combination of new and old, but certainly does not imply the infinite prolonging of the neoliberal concept in the form in which it (re)produced the crisis. But, this is a *great* crisis, and not a *small* crisis which can always be resolved with adjustment, technological corrections in the existing frameworks. *No*, the current crisis demands exactly the change of frameworks, restructuring. This means that the practice based upon *fine-tuning* is no longer sufficient. Accordingly, we believe that there are financial readings of the crisis, though financial aspects only represent the symptoms of a deeper tendency in the current regime of *shareholder-capitalism*. As it is known, an otherwise marginalized economist Human Minsky has gained importance. In numerous analyses of his presentation of internal tendency of capitalism, namely, about “stabilization that destabilises”, represent the base of argumentation, thus we speak about the “Minsky-crisis”. We do not contest that Minsky has seen structural tendencies of fragility of the financial system, therefore, we extremely appreciate Minsky’s contribution (Hyman P. Minsky 1992, 1993; Pierro Ferri and Hyman P. Minsky 1992; Thomas Palley 2008), but our claim is that the depth of the crisis cannot be exhausted even with his argumentation: let us state once again, this is not just a Minsky-crisis, but a *structural-systematic crisis*. And if we look at structural crises in the history of capitalism, it is seen that the changes made represented a surprise which no one before expected.

We concede that we are not prophetic enough, and that there are *two main* and/or possible supporting scenarios:

- I. *Inertial*, the most benign scenario – the recession is of cyclic character;
- II. *Pessimistic/realistic* scenario – the crisis is of systematic-structural character;
 - i. *Promiscuous* scenario – two-way systematic alternation;
 - ii. *Unconscious/confusing*, wondering scenario – it is unknown what is going on, wondering in the dark and expecting a miracle;
 - iii. *Conscious*, uncertain scenario – the nature of the crisis is being manipulated and concealed;
 - iv. *Military*, (un)certain scenario – it is clear what it is about, and with what means.

Second framework – only frame(s)/scenarios

Listed scenarios of possible recognizable forms of resolving the exit of the contemporary capitalism from the current phase and providing a historical determinant for future processes, presume broader or narrower elaborations, so in the following we shall, in the given imperative plane, follow an exposed multi-scenario approach, with an acceptable dose of caution, towards the naming, the character and suggested outcome, as well as towards the nomenclature schedule itself, for the purpose of avoiding vulgarizing and banalizing this attempt.

(I) *Inertial scenario*, as suggested, or presumed, is the most benign scenario, but only if observed through the temporal prism of economic fluctuation. It is implicit that it is a cyclic, transient phase of oscillation, almost a natural motion of capitalism. Dissociating from the fact that it is merely a temporally benign/transient recession is necessary, bearing that records in the financial and economic sphere persistently prove that the recession is deep (latest data mitigate the severity of the decline, keeping in mind that less negative or even positive growth rates of GDP and the rise of stock market indexes).

However, high unemployment rates, and especially one of the pillars of neoliberal economy, a balanced budget, in all developed economies, exceed every usual and prescribed measure (in American economy it is over 10%, and the upper limits of deficit growth are still unknown, while European economies have completely forgotten the Maastricht criteria and are salvaging what must be salvaged – double standards are on stage). Losses of the banking sector are still unknown, or being hidden. The cessation of pumping, is followed by the facing with the depiction of the true state of matters, where unpleasant surprises are expected – this is particularly valid for European banks (moreover, with cessation of the effect of *pump priming*, a new, even harsher depression is also possible, with uncertainties in regard to the duration, losses, taking antirecession measures).

The reaction was relatively swift, at least from the viewpoint of the Obama administration, seeing that the Bush administration attempted improvisations which had no effect (a big mistake was that it allowed the bankruptcy of the *Lehman broth-*

ers, considering that it generated an *avalanche* reaction, the further chain reaction collapsing). But, the *pump priming* mechanism, which did prevent a catastrophic outcome, has not, at least from our point of view, been aggressive enough, in regard to the sum that had been pumped in, although there are opinions that the pumped sum of money is nevertheless enough for the lack of confidence in the financial system to slowly decrease. This way, socialization of losses, governmentalization, nationalization, call it what you like, social-democratization of the American economy, or its Europeanization, as the loudest critics state, which goes back even to the absurd Republican fear of the American socialism, is the only thing that could have been done. But, not taking into account that the intervention has been late and not strong enough, it is obvious that it was the only thing left to be done, and not repeat, in other words, to avoid a huge mistake from the thirties.

The old lady, Europe, has not, nor jointly, nor by national economies separately, followed the aggressive American pump priming policy, although it is in a very sensitive phase of resolving huge budget deficits and further fate of the euro in the euro-zone. It is conceived that they made a mistake, and that the hesitation policy is going to return as a boomerang, at least from the point of the crisis duration (although the discourse is still open: the question is whether an adequate FED intervention during the Great Depression, as the monetarist school has been complaining for decades, would have prevented the decade long apocalypse of capitalism, considering our standpoint that liberal capitalism of that era had been rotten enough and ready for the replacement of core principles of systematic-institutional nature). This time, the *lender of last resort* played its role (although not the role of the *employer of the last resort*), justified the introduction of such an option, and prevented the further escalation of crisis, at least from the point of the initial scenario. What will follow then, if this scenario is a duly image of economic turbulences? In our opinion, it is a necessary temporal respite, capital is being rescued as it can and must be, it is being governmentalized, which is almost fiction like for the American economy and society. Some people are being introduced as managers of leading companies who had been in the same position before the crisis, with the task of strengthening the companies and speeding up their exit from this phase, by reorganization and restructuring.

It is uncertain how long this will take, but our view is that it will not take long. After some time, let us say 2-4 years, probably even less, as soon as companies bounce back, in the terms of the realization of this scenario, the government shall remember that it is, by definition, a bad manager and entrepreneur and begin a process of reprivatization, with all possible concessions, tenders, speculation *etc.* (on the expense of tax payers), so it can relieve itself of the burden of commanding over the economy, and at the same time return to the old paths of the *American dream*.

A *circulus vitiosus* follows, until the next *slump*, which is inevitable, because it lies in the very nature of capitalism, which had been historically proved a long time ago, at least in the diagnostic determination. We sincerely doubt in the reality of the first scenario, even if desire to be wrong, because life has no substitute, at least not an Earthly one, so permanent repetition of crisis periods would considerably discomfit the complacency of the original alternative – witnessing life on Earth.

(II) *Pessimistic/realistic scenario* The foregoing scenario is far simpler, as from the aspect of current events, as well from the aspect of simulation, because it does not imply substantial changes of acting capitalism. A bit more compromises, truth, historical coverage, significant cosmetics in the field of regulation and establishing new rules, especially in the financial area and there's the *exit*. Hence the content extensiveness, which had offered itself.

We have named the second scenario using two terms because of our contemplation that the crisis is far more serious than discerned, thus the pessimism about the depth and the duration, and realism – the need for reviving, for facing and preparing for more serious consequences. At the same time, the *pessimistic/realistic scenario* starts from the presupposition that an evolutionary point in the capitalism development has been reached, after which it is impossible to inertly continue, but fundamental and comprehensive changes are necessary in the system, as well as in the tissue, or structure of capitalism. Therefore, the changes are of politically economic nature, which demand appropriate institutional and economic-political reforms.

The first thing expected in this direction is the change of the dominant paradigm, so not a short term waiving of core principles of neoliberal economy, but permanent abandoning of the given pattern with parallel construction of a new social context. Parallelism is necessary in order to avoid social vacuum, which would, in the very beginning, compromise the new pattern, and in time the reforms would be justified in all areas.

The essential question that follows is the nature of the new paradigm. Can we, in fact, speak about an absolutely new pattern, are there visions, concepts, theoretical-methodological and analytic support to the creation of a new form of organization, or will, opportunistically, in the lack of ideas and courage, first of all because of the resisting of interests, the need to compromise, a new hermaphroditic system be improvised, by principle of a little bit of the new – a little bit of the old, so everyone is satisfied, but only in the given space of time, in terms of eyewitnesses.

Suggested dilemmas about the possibility of creating a new social contract, new capitalist structure, with fundamental incorporation of corporative social responsibility, rehabilitation of the welfare state in the direction of restoring dignity to the common man, reducing the degree of uncertainty and alienation amongst people, and with that sociopathology of everyday life, shall remain for some time.

It is possible that the existing crisis will not result in serious systematic-structural reform changes, at least while its course is not followed through. Particularly, in accordance with previous positions about the duration of social projects, it is probably necessary that the existing, neoliberal concept rots to the end, examines all of its historical inability and unsustainability.

In the conditions of such natural replacement of the ruling concept, a matter of a hereditary system is still open. In analogy to transferred courses from the nineteenth into the twentieth century (replacement of the liberal concept with the Keynesian *welfare state*, then the reaffirmation of liberal in the form of neoliberal marginalization of government intervention and regulation), a phase of *neo-welfareism* would follow, in which, although by crisis-interventionism, we already are (*Obamanomics*).

The given reflections offer freedom of vision of systematic shifts in the twenty-first century. Namely, after the future/soon reign of neo-welfareism, a return to the liberal concept would follow, this time in the form of *neoneo-* or *postneoliberalism*. And, till the end of the century, probably another rehabilitation of welfareism, in the form of post-welfareism. Obviously we presume a faster alternation of social concepts, so, not lasting for two generations, but shorter, because we are already faced with the fact of concentrated historical time, since no more than thirty years have passed from the time of Reaganomics until today.

Individualism, as a primary philosophical concept of the way of life, remains dominant, considering that there is no room for competition of a collectivistic nature in the philosophical structure of capital. Hence, as long as the neoliberal matrix is on the scene, based and supported precisely by *homo oeconomicus*, selfish and efficient, personal interests of the individual will not have a substitution. The question remains, of course, whether the replacement of individualism is at all possible in modernity (even with the disappearance of neo-liberalism), next, whether the replacement, if possible, is natural, evolutionary, imposed by the government or, again, imposed by force.

In case that the replacement is forced by the government, which is the current situation, then the paradox is, accordingly, bigger, bearing that the government is nothing else but the representative team of the leading capitalist, braided in a democratic veil. But, the given paradox is explainable, and very easily too. The crisis, which was produced by that very capital, obviously cannot be overlooked other than by reaching for the assets of tax payers, which makes it logical for the government to impose its intervention ostensibly for the goal of rescuing from bigger collapses, mass unemployment, the living standard ultimately, when in fact the story is *op-art* coloured. Hence, the story goes back to the beginning, to individualism which optically, illusory, in the *understanding – seeing* relation, collectivizes by need, internationalizes, democratizes in an Orwell manner, makes *double* standards, in essence personalizes. Interest, although an integral part of human conscience, has risen above the whole, man, and dominates man and his associative manifestation forms – government and society.

Following the crucial segment of the eternal, ideal, finally discovered form of unifying human society, capitalism, *the market mechanism*, is not of questionable discourse, so, it is unquestionable, although probably chronically *imperfect* (even in the level of potential output, because the natural rate of unemployment is only a scientifically adopted convention, and nothing more, with significant additions of ideological, being that it is “natural “ that a certain percent of the population capable of working is unemployed). The weaknesses and advantages of the market-regulative instrumentality present themselves with *periodical* good/bad solutions of the problems of *regulation vs. deregulation*, ultimately unsolvable. They will interchange according to social cyclic or development stages, in the level of the *government - (multi)national company - regional integration* relationship.

Since capitalism is not, as for now, in doubt as a form of human organizing, the market is *not substitutable* as well, which was experimentally proven *in vivo* in the previous century. Depending on the reality of achieving a historical replacement

of neoliberalism with a new social systematic order, regulation can gain more significance, especially in the redistributable area, although the distribution itself has to be regulated more adequately, in order to avoid repeating neoliberal mistakes of immoderate money-grubbing and greed. Besides, neoliberalism did learn from liberalism that the reaction must be pumping in of money, as well as marginalization and abstraction of basic principles when the economy is in a serious crisis.

In that sense, it is ungrateful for the future of the *sustainable economy* concept which is extremely complex and dispersed into many areas of social and economic life, to be determined more precise *in abstracto*, and especially *in concreto* in the conditions of an undefined duration of the current crisis and neoliberal philosophy. Sustainable economy implies reconciliation of different, mutually connected, but also ideologically contrasting segments of manifesting individuals vs. persons (it is not a mistake, we observe them separately: *homo oeconomicus* vs. *homo comunalis*), businesses/companies, government, society. The paradigm shift towards a holistic development concept, instead of a reductionist orientation only on economic growth, would mean a genuine turning point, a (r)evolution. Realization and functioning of sustainable growth, of course, must be reclined on the market mechanism, which is by nature of things the most efficient actuator of investment activities and the area of managing limited resources.

In the first scenario a more or less American story has been told. Also in the second, pessimistic/realistic scenario, it was impossible to avoid the American and the economy of the developed West. However, the world is in large in epochal tectonic changes of geoeconomic and geopolitical nature.

Chinese economy, for which a burden/test of *drivers* of world economy is expected, although it truly already is, determines its development path without rushing, a *dual-track*, a double system, since not even time is a scarce factor. In any case, the question remains who shall, in a few decades, be writing and exporting the rules of market or some other type of democracy, or mandarinocracy, in the secular meaning, and what those rules will be. The onset of other BRIC countries shall also mark the twenty first century to a great extent, especially its second half, with the need to build a new world architecture of political and economic power, which can already be seen from the fact that the G20, and not the G7/8, are conjointly attempting to find solutions for exiting the current economic crisis, although the reality is that for the following decade or two the G2 will dominate, or in other words the chimerican capitalist/"Siamese" pregnant relationship.

Does that mean that our observations of the interchangeable governing concepts, liberal vs. interventionism, with all prefixes, become considerably more problematic? Most likely yes, but not necessarily, being that the predispositions of current and future systems/orders/regimes, remain unchanged – *individualism*, *market*, *democracy*, and finally let us mention *competitiveness*, not because we have not mentioned it so far, nor gave it special notice, but in order not to keep it lexically ignored.

Namely, the mere fact that it is not possible to give up on the market, because it has no competition, that the nature of a human creature is egotized enough that there is no turning back, that democracy is a copyrighted (not by us, but the ones who

write it) sugar-coated lie, but smaller and more benign from other autocratic lies, indicate that competitiveness remains the food, infallible prerequisite of further existence of human society, no matter how periodically it generates auto destruction. The question remains whether the dynamics, harshness and unscrupulousness of competitiveness, have to be emphasized to the extent in which, in temporal sequences, they also generate social regress, not only progress.

(iii) *Promiscuous scenario* Although the title itself reveals too much freedom on the side of the author, nevertheless, we cannot resist the impression that this scenario too has significance precisely for the reason that it is partly confirmed in practice. The systematic ambivalence, mentioned before, with long term damage to the government, to a person, even capital, refer to the frivolousness and strategic instability in the functioning of capitalism. The frantic use of neoliberalism in years of prosperity, the unscrupulousness towards non-owners, undefined and poorly limited positions of owners and head managers, resulted in deep depression, followed by a crisis, only to find the salvation in the government. A respite, certainly limited in time, is under the function of capital, whose behaviour is therefore characterized as ideological and practical prostitution.

Upon recuperation, the capital has no intent of making any changes in the neo-liberal system, at least not any serious changes, and since it shall periodically again fall into crisis, it is evident that it has a backup variant which enables it to act arrogantly. The government is always there to lend a hand, to stop the collapse and enable the exit from the economic imbalance. The alternating exploitation of the advantages of both regimes, the neoliberal and the government-interventionism one, shall only encourage the capital for future unjustified enrichment (in the very centre of the crisis certain companies still pay enormous bonuses to their managers and do that using the funds raised from tax payers – the top rated cynicism of capital). The government did not make a mistake by reacting, because the lack of reaction would have lead to the complete paralysis of the capitalist system (on which the capital was counting on), with possible unforeseeable events on the global level, but it demonstrates that it is powerless to prevent profligacy, inappropriateness and hypocrisy of the capital. Or, the thesis of a personal-oligarchial nomenclatorial structure of the government is confirmed, with which its functions are finally stripped, and enable a never-ending vulgar curvy course of capitalism, regardless of the terminological systematic determination, and (con)temporality of double track alternation.

(iv) *Unconscious/confusing, wondering scenario* – *it is unknown what is going on; wondering in the dark*, frightens the most. In the event of the existence of such a scenario too, and the fear is somewhat justified since there are no certain indications that the recession/crisis is nearing its end, at least not within a year or two, a logical question must follow, whether sufficient precautions have been taken to insure recovery, or confusion, wondering, searching, imitation, are after all present, the uncertainty prolonged, the consequences incommensurable. This kind of speculation is possible, because it is simply incredible that in the conditions of such a level of engineering sophistication and the development of the science of economy in which it *de facto* is (*l'art pour l'art* especially), the crisis could not have been anticipated and counteracted. The practice has been separated from theory, theory has been separated

from practice, which is a huge oversight and failure of the economic science. The pointed out imperialism of the economic science which is considered the only genuine science, the objectivity of this science as the paradigm for all possible sciences, experienced a difficult defeat. In alliance with the blossoming mathematical techniques after the World War II it thought that it had viewed and mastered the regularity of quantity dynamics and with that acquired the right to direct the meaning of reality. This crisis induces a self-understanding of the economic science, because its myopia, the forms of mathematical-deductive reasoning (Josifidis 2007; Victoria Chick 2008; Tony Lawson 2009; Sheila Dow 2008, p. 27) which dominated its thinking, requires serious cogitation of its status and range. We should, therefore, consider the fact that in the context of this crisis the capacities of interpreting the economic reflection have been brought into question (David Colander et al. 2008; Daron Acemoglu 2009). Insecurity is formed, in terms of the capacity of the economic science, to include in its highly formalized models the modalities of economic dynamics which is, and it should be always pointed out, socially mediated. Because the structuring of reality based on the comprehension of economic subjects as isolated atoms that are strictly determined by certain samples, does not contribute to the understanding of practicing economy as an open practice. We must not forget Keynes' indication: "Unlike their typical natural science, the material to which it is applied is, in too many respects, not homogeneous through time... In chemistry and physics and other natural sciences the object of experiment is to fill the actual values of the various quantities and factors appearing in an equation or a formula; and the work when done is once and for all. In economics that is not the case, and to convert a model into a quantitative formula is to destroy its usefulness as an instrument of thought... The pseudo-analogy with the physical sciences lead directly counter to the habit of mind which it is most important for an economist to acquire... One has to be constantly on guard against treating the material as constant and homogeneous." (John Maynard Keynes 1973, pp. 296-300; Terence W. Hutchison 1981, p. 278; Geoffrey M. Hodgson 2009; Axel Leijonhufvud 2009). The performance of economic science treated in recent time (Michael Callon 2007) implies that it has contributed to a great extent to the neoliberal self-understanding of the epoch. There is a peril that some time ago John Hicks stated: "There is much of economic theory which is pursued for no better reason than its intellectual attraction; it is a good game" (John Hicks 1981, p. VIII). Accordingly, the wager of this crisis is also the transformation of self-understanding economic reflection, its understanding of causality in economic practice. The confusion in practice, the confusion in economic science, or *vice versa*, normally results in crisis situations. But, it is even more frightening that exiting the crisis is predominantly encouraged based on minute positive signals, and not on the basis of authentic evidence of adequacy of the taken measures and complete strategy on the (inter)national plain. In the long term context, hope remains that the unconscious scenario will be minimized, that the confusion will be overlooked with a timely reaction in the sense of eliminating the possibilities of the outbreaks of the depression plague. Economic science must also assume such a burden for the future, at least from the point of forecasting and timely warning, and it is upon the administration to react adequately and with preventing measures. However, *the nature of manifesting*

the way of life, whatever it looks like and is called, is inseparable from unconscious, accidental, periodically eruptive events, and we are unsure that they can always be forecasted with precision, and with that, be eliminated.

(v) *Conscious, uncertain scenario – the nature of the crisis is being manipulated and concealed*, shares a common characteristic with the previous scenario in *uncertainty*, but with the distinction that it is a product of a conscious activity with the goal of, not only achieving enormous income by the privileged layer, but also for creating a particular atmosphere in society, in order to mobilize it in a different direction compared to the natural social directions. Also highlighted in this context is the dilemma whether significant historical changes can be linked to a random appearance of new, charismatic leaders, or it is a product of conscious action by the certain social elite, which manipulatively controls events, as well as national and global history. We do not engage in further thought deduction, because they exceed the frame not only of exploratory, but also essay approach, but it is sensible to indicate that the XXI century will not be immune to such fantastic ventures.

(vi) *Military, (un)certain scenario – it is clear what it is about, and with what means*, is a multiple century continuity of countries and epochs. The only question is whether it abides the boundaries of the usual - (extra)profits in the military industry – or escalates into the production of regional or wider scale wars. It is constantly in the function of nourishing aggregate demand by the fiscus, by which it contributes to the economic growth rates and employment. Again, we point to a specific paradox. Namely, military Keynesianism (Sonmez H. Atesoglu 2002, 2004) has been present in continuity from the very creation, regardless of the neoliberal period, because none of the significant superpowers/countries, in conjunction with multinational corporations, shall waive its position. On the other hand, the military sector is an excellent absorber of economic disturbances in recessionary condition and a generator of *technology booms*, being that the government is the biggest client.

We presume that the current crisis will not be resolved with a more serious manufacturing of wars as well, or that the exit lies in the peaceful sphere. Such is the projection for the entire century – the struggle for the advantages and profits on the external, and economic growth and profits, of course, on the national plain. The other subscenario in within this scenario points to a civilization collapse, although the possibility of regional nuclear wars is still in play. If such an alternative to a universal nuclear war is also done, the world will periodically be facing that sort of technological games. The NATO bombing of Yugoslavia was also a precedent, therefore it is not ruled out that regional nuclear wars will be led, if global terrorism ignites to such scales that it cannot be restrained differently. Or, which has been empirically proved, if and when geopolitical and geoeconomic interests of leading forces do not match with the existence of smaller countries which do not comply to be in a satellite position. But, an alibi for starting new military actions shall always be found. The question is whether it will be resolved with aggression, or painstaking negotiation. As an exit for acute economic problems, the military scenario always remains at the disposal of administrations.

Epilogue: It is unnecessary to note that the key teeter is on the relation of the first two scenarios, that the supporting scenarios are by all means, more or less, present precisely in both main ones. The effective world, primarily the developed one, will have a little more time to be inert, to repeat itself on a higher or lower quantitative or qualitative level. The time of substantial changes is definitely coming precisely in the sense of open dilemmas on a national and supranational scale.

Thereby we have ended our attempt to examine the existing situation on a general systematic plain and the simulation of possible scenarios of future global functioning. It is evident, as it were expected, that many questions and dilemmas remain open, considering that the mediation of analytic-synthetic reflections of the existence of current and future life was only possible from an (un)comfortable commentary position of the objective, in the context of *interiorizing the exterior*, the reviewer.

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