

MORE THAN ECONOMIC CRISIS

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Abstract: *The present article aims to provide an uneconomic view of the current economic crisis. The text deals with the substance of the crisis in its wide connections and creates a parallel between a general crisis and the economic crisis. It perceives the economic crisis like a kind of illness and indicates a possible solution in the future. The article also contains a hidden philosophical meaning.*

Keywords: *Economic Crisis, Crisis Like an Illness, the Causes of Crisis, the Way out of the Crisis, Balance*

1. Introduction

The global economic crisis is one of the most commonly encountered phrases used at present. Its impact is perceived practically in all walks of life, and even quite fatally by a certain part of the population. The crisis affects the whole society as far as the economic, social, political as well as ethical sphere is concerned. It is clearly seen in the regional as well as global dimension. The crisis has actually had an essential impact on most economic sectors. The Economic Chamber indicates that more than one half of companies in the Czech Republic expect their economic results to end in red numbers. One third of all firms have been forced to reduce the numbers of their employees and every tenth company is planning to dismiss some of its workers in the near future. Fig.s signalling that a number of firms do not really have any contracts, do not produce anything and are therefore forced to get rid of their workers are alarming. The economic crisis is rather concrete, depressing and, simply speaking, affects the mere existence of the whole society and any individual.

2. Crisis – it had to be expected

The general public therefore asks a justified question: What was the cause of the crisis and how could the crisis be overcome with losses as low as possible?

M. Potůček can see above all two essential circumstances that contributed to the origin of the current financial and economic crisis [7]:

- articulated interests of the financial capital supporting the neo-liberal ideology, which successfully won recognition in the political decision-making arenas,
- poor competence of social sciences in understanding the character of the current stage of human civilisation development.

And he adds:

The huge and articulated economic interests of the global financial capital must be viewed as the background for the success of the neo-liberal interpretation of present

civilisation problems. These interests were focused, with considerable resources invested, on direct as well as indirect support for the academic and political circles that applied such concepts in preparation, justification and implementation of reforms of the economic (de)regulation as well as social state removal. [7]

Certain economists had warned against this danger of development already before – nevertheless they had been in a considerable minority and had not actually managed to affect the reality.

Some authors also warned of a dangerous change in relations between the public and private sectors. The state had gradually waived a number of decision-making powers which it had gained in market economies after World War Two. The process may be summed up in three areas:

- institutional deregulation, i.e. restriction of managing and decision-making powers of the public sector bodies,
- privatisation which concerns large state-controlled companies, communal housing, health care, school system, social and other services,
- completion of the full price liberalisation, e.g. deregulation of the rents in the residential sector.

Thus the policy of deregulation is often referred to as decentralisation from the public sector to the market. [3]

Keller writes in connection with deregulation that consequently the minimum possibility of democratic control disappears and the deregulated activities transfer to the spheres that are entirely non-transparent for the public. [4]

Although expert circles were most probably aware of the crisis, it occurred in fact all of a sudden and without any warning for the general public – namely both for people in America and also e.g. for a common Czech citizen, who had enjoyed the market system for nearly twenty years and had certainly compared it in media and the public as well as private life with the period before 1989. Naturally, with regard to our previous experience nobody dared to criticise the capitalist system, let alone to call it in question, without earning a suspicion of enthusing about communism. Intellectuals commonly do that, however, in the countries to the west of ours. E.g. Noam Chomsky, the most frequently quoted intellectual in the world, is of the opinion that: *what is called capitalism is a system of corporate mercantilism, in which the private tyrants who are not obliged to render accounts to anybody have a huge and vast control over the economy, political systems and social and cultural life.*[1] Chomsky openly reminds that the system in the society and in democratic countries works in principle on the following basis: 20 % of population make decisions; 80 % are wanted to carry out orders somehow. Approximately 80 % of the United States population deem that the state is controlled by a few large interest groups looking after themselves – meaning after corporations, not after people. [2]

Strictly speaking, nobody can say that the society really works in this simplified way, but the system – as it is existing now – must necessarily go through a crisis; it actually generates the crisis in fact. But it should also be mentioned, however, that N. Chomsky can see a great hope for the whole society in the current development – in

the awareness of humanity and the appeal to human rights and real meaningful democracy. Nevertheless there is a question concerning the tendency of the development – economic, political, social etc.

3. A bit different view of the crisis – the crisis of the system as the crisis of the organism

The economic crisis is not a single crisis, however. The crisis is found in different variants and in connection with other aspects of life – one speaks about a personal crisis of man, crisis of identity, crisis of middle age, existential crisis, artistic crisis, intellectual crisis, etc.

The economic crisis is an integral part of the market system and capitalism as the life crisis is part of life and man. “*We must learn for the whole life how to live,*” said Seneca more than two thousand years ago, *and what may make you wonder even more, we must learn for the whole life how to die.* [5] While thinking about the nature of the crisis and what it actually brings about, we cannot avoid two quite different points of view:

- The first one is a view of the crisis as something quite bad, something to get rid of as soon as possible, after which we should get back on the rails again.
- The other view of the crisis is a positive one – something new and above all a promise of change is sought even in the crisis.

While the first view is not possible for ever, the other one hides the growth potential in itself. And like any other growth or development, it brings about a time of changes in itself which no development can do without unless the system is so far-sighted that it continues to clean itself and to look for new ways already while the old rooted and temporarily prosperous ways still exist. And no system and no person (but for exceptions, naturally) does this. Professor Zelený expressed an interesting idea in this line: *We must learn how to carry out the crisis functions that are purgative – without any crisis and without negligence of natural regeneration and renaissance.* [8]

It is clear that while comparing the economic crisis with a life crisis of a man, I can see a certain parallel between the two. If a man wants to overcome a personal crisis, he must give up something, must let something die in his life, waive something in order to be able to move forward again, and a bit differently, in a different way, and changed a little himself in most cases, and the system will have to do the same thing similarly as the man. If the system fails to do it, it will not move ahead any further.

4. What in fact is the crisis?

The Dictionary of Foreign Words for the New Century says that the crisis is a culmination, decisive moment, turn in the development, dangerous conditions in the development or a hard precarious situation, problem, confusion. No matter whether it is a phenomenon or a condition, the crisis does not occur out of the blue, but is a result of a long-term development or rather a long-term development, a bit erroneous in certain aspects. It is apparently quite common. Capitalism is a system for which crises

are natural issues, as for any other system that is not perfect – and nobody or nothing is such.

But what about the essence of the crisis, the essence of the undesired development resulting in the crisis? President V. Klaus compared the current crisis to a mild illness – flu. On the other hand, a number of economists and politicians including e.g. M. Zeman, the former prime minister, oppose that flu can also result in death. If we keep to such comparisons – the world is ill. But it is already a long time ago it fell ill (has it ever been healthy at all?) – at least I cannot remember any period in history when it was not ill. The untreated, continuously not purged world prepared the optimum conditions for the crisis to break out. K. Tepperwein¹ considers any illness (meaning that of a man) to be demonstration of disharmony, breach of integrity and unity. [6] If this statement is considered a paradigm and is transferred to the outlined sphere of problems, we will receive an interesting view.

5. Causes of the crisis (general view):

- loss (or breach) of balance,
- eruption of long-term problems and errors onto the surface,
- deviation of development to the descent, decline, fall.

The depth, length and intensity of the decline will probably be appropriate to the depth, length and intensity of errors that have collected in the course of development since the last purification. In the event of a human body, it is usually the whole organism that suffers, although e.g. the backbone scoliosis was caused by a bad life style, sedentary way of life and lack of exercise. It is not only the backbone that is ill, but the whole organism is affected by the results of the previous imbalanced development. Our world is also an organism, unbelievably interlocked and interwoven – one cell depending on the other. Living entirely out of the system is impossible. But the system is ill ... The system is in the crisis ... We cannot pretend that it is a coincidence, that something can be *patched* and we can continue. It is not as simple as that as a rule. If we want to move really ahead, we must learn a lesson.

6. What does the crisis say?

- Something is wrong – the system must look for the lost balance.
- It is clear that the balance must be new – probably on a higher level of development.
- It is necessary to find and define imperfections in development that have resulted in the crisis, to eliminate them and to find out qualitatively new ways.

Is there any way out of the crisis? Certainly yes, both from the general viewpoint and in the real situation of the current economic crisis. The only issue is which way is to be selected. Shall we take a pain-killer and continue as before? Shall we select a

¹ Kurt Tepperwein is a senior lecturer at the Academy of Spiritual Sciences, doctor and therapist, and has written more than twenty books that have been translated into many world languages.

radical method of treatment – e.g. operation? Or shall we leave the illness to its fate and let the body recover in its self-treating manner similarly as we let the bark-beetle *consume* half of the forest and wait till a new more resistant forest with natural immunity against the bark-beetle grows from its ruins?

7. Way out of the crisis

In fact we could sum up the ways out of crisis by giving the three possibilities below:

1. *patching* of problems that have occurred, and search for solutions on the current level of the system without any qualitative transformation,
2. resignation, submission to the crisis, waiting till the crisis itself makes the system clean,
3. change – deep and comprehensive.

For somebody who is not an economist, it may certainly be difficult to engage in a discussion whether or not the *pumping* of state finances into companies going bankrupt (for which there are certainly good reasons too – social shocks get reduced) is meaningful, or whether or not the crisis should be left to carry out its purifying functions which liquidate those not able to survive. This market selection may also simply do away with a number of people who would take the rap for the crisis caused, in essence, due to the greediness of the financial capital, however. If these reasons are considered, state interventions will also be important then.

The third point mentions a deep and comprehensive change. What does this mean? I am of the opinion that a mere change in economic thinking, the entering of innovating projects, new modern environmental technologies, new types of ecologically driven cars will not be enough – this condition is necessary but not sufficient. The mankind, at least in the civilised world, has already appeared in the stage when people start to understand the meaning of humanity, democracy, responsibility, value of quality life, health, peace and prosperity; they should learn, however, how these values are to be fulfilled and lived as well. The present man continuously balances on the edge between what should be done because it is correct and what is expected from him by the manipulating and controlling reality. Therefore I claim that a change in thinking as such, not only economic thinking but also the overall view of the world, is necessary. Otherwise the mankind will always be in a permanent crisis and economic recessions will only be their medially attractive output – a visible part of a disease, similarly as patient's ulcers may be seen – they only indicate the scope of the illness hidden inside, however.

If the man concerned wants to recover for ever, he must usually change many of his rooted stereotypes – e.g. stop smoking, drinking alcoholic beverages, loose weight, increase physical activities, and change his life, approach to life, thinking essentially at all². The ulcers may disappear all by themselves; well, you may know that famous

² Note: An interesting opinion, which in fact corresponds to what the present article aims to say, was formulated by Tomáš Baťa Sr. in 1932: *It is above all moral misery that is the cause of the crisis. Turn of the economic crisis? I do not believe in any turns caused all by themselves. What we have got used to calling the*

statement: *clean the chalices from the inside*. And that is why I feel fears that the simple market purification will not be sufficient, it is necessary but may not be enough. It cannot be sufficient for a long time because if the mankind appears to be in permanent evolution, and it certainly is, it is a matter of any individual, not only of a large car making company or the government of the most powerful country in the world whether or not they will do just a little step to the new centuries and whether or not the crisis will purge or destroy them, improve their position or do away with them, or whether or not they get out of the crisis stronger or ruined, or whether they hget out of it at all.

8. Conclusion

Actually, a crisis is a loss of balance. Therefore I think that purification is necessary, but establishing a new balance is no less important, may be even more crucial. If this does not occur, the subsequent impacts of the crisis may have even a dangerous sequel – dirt that is much larger than the dirt that was there before the crisis often settles in the cleaned space. From the economic, political and social viewpoint, I mean even higher concentration of capital, zero regulation or, on the contrary, improper radical interventions by the state (both being incorrect), huge social differences, even harder and unfair political rivalry, rising extremism, helplessness in dealing with migration or situation of minorities, overall vulgarisation of the society and resignation from decency, ethics, thoughtfulness and sentiment. And this is the society that reminds us of an unkind technocratic future of sci-fi films. Prediction of the future always has an alternative solution. But causality of processes is usually merciless. If the system that has generated the crisis is not changed from inside, the problems will return or other ones will occur in a certain period of time. Today is the result of yesterday and tomorrow will be as we prepare it today.

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economic crisis is just another name for moral misery. Moral misery is a cause, economic decline is a consequence. In this country, there are many people who are of the opinion that economic decline may be recovered with money. I fear the results arising from this error. We do not need any genius turns and combinations in the position we appear to be in. We need moral opinions about people, work and public property. We should not support bankrupts, not create debts, not throw away values for useless things, not exploit workers, do what improved our position from the post-war misery, work and save, and make work and saving more profitable, desirable and honest than idling and wasting. You are right, it is necessary to overcome the crisis of confidence, but it cannot get overcome through technical, financial or credit interventions, confidence is a personal matter and may be restored only by means of a moral viewpoint and personal example. [9]

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