

Veselin Draskovic

# NEOLIBERAL METAPHOR

as a quasi-economic paradigm in function  
of vulgarized institutional monism  
and an experiment of interest

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**NEOLIBERAL METAPHOR**  
as a quasi-economic paradigm  
in function of vulgarized institutional monism  
and an experiment of interest

By Veselin Draskovic, Professor of Economics  
Faculty of Maritime Kotor, University of Montenegro

*For my mother*

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## *Foreword*

The development paradigm with particular criteria and values has existed in all historical periods of the society. Development has always had a contradictory character, because order and chaos have never existed in a pure form, but in different combination, with domination of one form or the other. They were mutually interdependent and dependent in their intertwining. The dominance level of order or chaos in society was determined by the extent of the crisis in general and in specific areas, and consequently by the rate of development.

One of the most important and the strongest driving forces of modern civilization is a connectivity, causality and dependence of the market economy (which basically contains private enterprise), of the technological progress and of the institutionally developed and of the flexible government regulation. Exponential changes in various technologies have enabled unprecedented virtual and network business connectivity. While there were conditions for the realization of the old idea for creating a more humane and more homogenous "*world of worlds*" of various economies, politics, culture, people, space and civilization, there was a paradoxical situation of decreasing the possibility for achieving economic growth based on the transfer of technology. Future belongs to the growth, which will be achieved based on knowledge and innovation (rather than growth in "innovation industries"). Societies that ignore the knowledge, innovations, their production and manufacture, are generally based on the anti-development strategies. They are doomed to a deepening and reproduction of crisis. Numerous studies have shown a positive correlation relationship between institutions, development and knowledge.

After two and a half decades of writing and critical analysis of neoliberalism, which resulted from a negative attitude towards the serious consequences that has produced in practice, I have decided to review and read all the texts, to keep the crucial things from oblivion and to try to explain its metaphorical essence. Why? Because the

articles in scientific journals are published in a small print run, for even smaller number of readers. Furthermore, it is necessary, at least from a short historical distance, to examine individual opinions, conclusions and critics. I think that term neoliberalism has been incomplete, because it contains a significant metaphorical level. Therefore it can not be easily defined, especially not by using unilateral interpretation, according to which it represents imposed market entry in the specific context of public policy.

Seemingly without risking the potential errors, I came to the conclusion that neoliberalism is merely a *metaphor* that conceptually generates a conglomerated complex and contradictory context, which has its own doctrinal, terminological, institutional, developmental, cognitive, strategic, interest, redistributive, ownership, civilizational, geopolitical and ideological meaning and numerous practical quasi-manifestations. This manuscript is named "Neoliberal metaphor." Why? Because

- the term "*metaphor*" covers a very wide range of phenomenology of neoliberalism, and consists of many paradoxes, contradictions, scams and myths,

- neoliberalism exists between two levels: rhetorical propaganda for creating an illusion, and practical restraint and control of change and freedom,

- everything is conspiratory and programmed for the purpose of greedy and non-market enrichment and strengthening power, without limits, and

- neoliberalism looks like *meta-phor(a)* of its creators.

That is why I have written the word metaphor in parts: "meta" (blue) and "phore" (in red), on the cover of this book.

We live in a time that according to the perception of many authors, neoliberalism (as an ideology, doctrine, philosophy, theory and metaphor) in global and local boundaries *manifests* itself as an immoral, inhumane, brutal, chaotic, crisis and hegemonic system (order) of power, governance, violence, exploitation and greed. This is the time when everything is relativized, thanks to neoliberalism,

paradoxically and ironically, due to interests and rhetorical absolutism of freedom and market. An alibi-neoliberals are placed in the position of neoliberal metaphor! It seems like amorphous, monotonous, orchestrated anti-state, anti-national and anti-development bluff, rooted in a patronizing state levers! L. Althusser (1970) has made a distinction between the state's repressive apparatus and the ideological state apparatus. The repressive apparatus is palpable and is applied in public bodies (police, judiciary, army, government administration). Ideological state apparatus is invisible and keeps the society together. It points out their interdependence. Ideology is a social process, which operates through certain segments of the society (church, family, education, politics, unions, media).

Nothing new, though! Economic science has often led a double life (in theory and in practice) during its development. That was an additional reason why this manuscript has gotten this title. Here is a follow-up statement by M. Kovacevic (2012): *"In these turbulent times, the issue of economic reforms and policies was relinquished to a group of economists of very modest knowledge and they were assigned to departments, or areas they had never been studying in their professional careers!"*

A new time requires new ways of thinking and behaving. It should be reduced to the adaptation towards civilizational achievements for active involvement in the contemporary processes and flows. This essay is an attempt to provide its own view of the neoliberal metaphor as a serious social challenge, and the response to that challenge. The task of economists is not only to provide answers to theoretical questions, but to objectively, ideologically, neutrally and critically analyze the economic theory and its application in economic reality, as well as explanation of the methods and factors that have contributed for the nations of post-socialist countries to quickly break up with everything (or almost everything) what they were worshipping for decades, and to expiate (many nostalgically) because of it today.

My intention was not to advocate a return to the old system. I guess it is quite clear that socialism was not effective, therefore its crisis had initiated the process of transition, *"changes in the value*



*system had coincided with the economic necessity'*" (I. Naisbitt). The aim of this manuscript is to point out:

- neoliberal causes of the permanent and crisis transition, which caused major problems and deformities, and created a new dogma with uncertain lifetime,

- inadequate civilizational environment (in Huntington's definition), etatistic tradition (in Berdyaev's definition ) and the creation of a quasi-institutional conditions that have enabled the introduction of new elitist (to a certain extent and sense of totalitarian) system under the mask of neoliberalism,

- the fact that forcing of quasi-neoliberalism is a privilege of unreasonable and/or highly interest oriented "reformists", because delaying changes means delaying development,

- the difference between rhetoric and practice, ie. between the story of liberal democracy (which promotes the rights of individuals, human and social freedoms and human rights, as opposed to collectivism, totalitarianism and authoritarian policies) and quasi-neoliberal economic policies (global and transitional), that were dominant worldwide and paradoxically violates all liberal principles,

- the use of state as a screen for expressing expansive nomenclature interests and non-market appropriation of its significant resources.

All of this is achieved by applying neoliberal "methodology" of double standards, sophist stopgap and futile rhetoric. All neoliberals (politicians, economists and others in the government and close to it) say they are democratic, freedom-loving, tolerant, development-oriented, pluralistic in everything, not just in one – they absolutize alleged "neoliberalism" but they do not see its alternative (thus negating choice as the essence of democracy and economy). Propaganda of "absolute truth" is always a prelude to apologetics. Everything has an alternative, it is only a matter of time and the conditions for its realization. But, irony of destiny is often paradoxical, as it is in many ways paradoxical neoliberal mission. If not for any other reason, then because of planetary collapse and appropriation of state property by nomenclature "reformers " and their lobbyists. There may be another

paradox, because the quasi-neoliberalism in particular events (monism, privileges, dictation, etc.) resembles the elitist dirigisme.

It had been written a lot regarding neoliberalism (for and against it) with various aspects and even that it's dead! No, It is very much alive and continues to live in accordance with the logic of its metaphorical existence (especially in the minds of alibi-neoliberals). After all, it is just a metaphor, just a new name for an old phenomenon, since it identifies the specific regime of modern (neoliberal) capital accumulation and appropriation in terms of institutionally weak state. It is also a monistic metaphor for a "*system with limited access to resources*" (D.North). Everything else is academic discussion, outwitting, apologetics, dishonest, manipulative, hypocrisy, clockotristic and interest talk about freedom and market.

Before the current global crisis D. Rodrik (2002) concluded that the time of neoliberalism and the Washington Consensus (hereinafter: W.C.) is finished, and offered alternatives (what should be done after neoliberalism). Later, he formulated this idea in his article (2006) as follows: "*Proponents and critics agree that the measures inspired by W.C. did not give desired results. Therefore, current debate is not about whether W.C. is dead or alive, but what will replace it.*"

The alleged "creator" of neoliberalism, J. Williamson, after the outbreak of the global economic crisis, said that it was a mistake. But as much as it was a mistake (yes, it is a mistake and a sin), it still lives. Not only in memories, not only in the abstract and inconsistent writings (interest-motivated) proponents and (futile) critics, but also in the everyday events of social and economic reality: inequality, poverty, exploitation, etc.. It lived before its new nomination, it lives and will live, but probably in some other forms and names. How and why?

The answer suggest words from the speech of N. Chomsky at the Rome Science Festival 2014, where he presented his new book "Masters of Mankind 1969-2013". He said that technocratic and financial oligarchy rules the world, that European democracy is dying, because the policy only serves for bankers and bureaucrats to make profit and become richer<sup>1</sup>. People will be forced to do more

and more. In addition, he said the following: *"Our societies are moving towards plutocracy, which is the main objective of neoliberalism. Numbers from the British Association of Oxfam are frightening - 85 richest people in the world have the same wealth as 3.5 billion of poor. This is the biggest attack on the world's population for the last 40 years ... it is just as important as the wealth that flows into the pockets of 1 % of those who are at the top, those who decide on world politics. This is a pure plutocracy! Dying European democracy is an opened road to dictatorship... Therefore, intellectuals must encourage community service for general welfare in the whole world."*

These words provoke memories of numerous works on neoliberalism (*pro et contra*). But perhaps the most striking statement was of Russian writer and historian N. Karamzina. When he arrived in Paris at the beginning of the 19th century, Russian immigrants greeted him at the train station and asked what was new in their country. He briefly replied: *"Robbery!"* He was referring to unscrupulous plunder of those people who were high in the hierarchy. History is repeating in some things. Today, there is a strong awareness (and certificates) of the thefts, corruption and many other system abuses, which make social pathology of the society(s).

The latest Chomsky's oration, as well as Karamzin's statement, could have been an inspiration for writing this manuscript. But it is not. My motive is an old idea, to be jointly published and compared to a number of other and my own views, which has been partially published in various scientific papers and journals in recent decades. And to try to devise an objective story about subjective discussions on neoliberalism and its controversies, paradoxes, myths, reviews, approvals and contradictions, that were dominated, as it seems - by the antinomy and multivoice. So that this story would not be just a critique of a paradoxical, contradictory, crisis and long-term process (which does not flinch) with poor results, but a reminder and a landmark in the struggle for loudly proclaimed freedom, democracy, institutionalization and a some better, more just, more humane and more developed society.

The reason for writing this manuscript is not just analysis, explanation and critique of neoliberalism and its forms, but also the cause of its evolution towards vulgarized quasi-neoliberal model. The aim is to point to the existence and functioning of the vicious circle of crisis (global and transitional), created by the following relation: theoretical neoliberalism<sup>2</sup> as an institutional monism - its vulgarization, dogmatisation and subjectivity in practice - through manifestation of freedom of operation and connectivity of supranational and national elites - tycoonisation and the criminalization of the economy and society - reproduction of the crisis. Mentioned relation has been maintained by paradoxical contradictory between rhetoric of universalism (pluralism) and its practical reductionism (quasi - monism).

Originally, I had an idea to specifically analyze subtitles "Neoliberalism and Crisis" , "Approval of Neoliberalism" , "Critique of Neoliberalism", etc.. But I have changed my mind, not wanting to enter the extensive elaboration and repetition of already given statements and published analyzes of many authors, thus this text would have lost its conciseness. Furthermore, in my previous works I have repeatedly marked the holders of neoliberalism, quoting their grotesque thoughts and analyzing the detrimental effects in applying this model in transitional countries. Therefore, this article is not written to point out the culprits or their recognition (I realized that was useless long time ago), but only the phenomenological and ontological critique of quasi-institutional monism and advocating the institutional pluralism, which I believe is civilizational and development imperative. In terms of criticism, you will find it in every chapter, so it made sense to make a separate subheadings. Based on the relation between topics and phenomena, it was not possible to make thematic distinction or to avoid certain functional repetitions.

I did not want to cite some orchestrated views of "neoliberals", who are known, more or less. Not because I ignore them, nor because of the possibility of recognition. Actually, the alibi-neoliberals are very much aware what they say and write, and why they do it. I simply did not want to advertise their well-known positions. They have already advertised themselves with their sponsors, through self-organized "sermons", "scientific conferences", and regular columns

in some newspapers and cheap magazines (with expensive color printing). I thought it would be enough to name their arbitrary and dubious unsubstantiated opinions a common term: neoliberal rhetoric, dogma, apologetics, demagoguery, clocklotrism and, of course, a metaphor.

It is irrelevant for this article who, when, how, why and what has some "neoliberal" once said or wrote. It is important that neoliberalism has continuously served as a *metaphor*! Another reason for avoiding so many neoliberal ideas, is that no neoliberal have never responded to my criticism and the questions that I have openly and publicly addressed to them, on several occasions. Naturally, some of those questions will be analyzed in this text again. However, I must mention two typical, too recognizable and often repeated regional neoliberal "pearls," which are distinguished by their non-scientific, tendentious, demagogic, declarative and defensive apologetics. They were published at various places and in various occasions, by authors from various countries in the region. I do not know if they were agreed, copied or just suspiciously and accidentally similar?

*First*, it is emphasized that there is (in those countries i.e. just locally) alleged "*ideological struggle between liberalism and protectionism, liberals and dirigism*"!

Imagine that metaphysical simplification! As if it there is any struggle and as if in that "struggle of opinions" wins or decides one or the other? As if there is no battle of ideas among well-known authors and developed countries? Existing in quasi-monistic, quasi-institutional, anti-developing and high interest circle of frauds, metaphors and "meta-phors", so-called neoliberals seem not to notice the possibility of existing institutional pluralism featured in developed countries and economies?! Their view is purely monistic (out of habit, need and interest), through black-and-white prism. Therefore they see only liberals and dirigists! That is why at conferences they were always bothered by the term "mixed economy" , which was just a symbol of institutional pluralism.

It is not about their ignorance or lack of information, it is about their interests and the accompanying cynicism! One author talks about visible and significant material interests. The other talks about

invisible and insignificant material interests, rather about desire for patronizing and self-promotion through opposition. Blinded by privileged and exclusive individualism, they (intentionally) fail to recognize the logical and civil need for *mass* of effective owners, for rational and motivated individuals, nor enormous inequality and expansion of the crisis, caused by quasi-neoliberalism.

*Second*, the same authors (alibi-neoliberals) talk about *ignorance* (thinking of local economists who criticize neoliberalism)!? It is symptomatic that they have never dared to accuse some of the world's famous critics of neoliberalism! I will not fall into the same trap and accuse them for expressing ignorance. No, because I honestly believe that (again) their ignorance is not in question. Surely, alibi-neoliberals and quasi-neoliberals know very well what is in question, and they also know that their critics are aware of that, too, i.e. "those" who are being accused of ignorance! Analysis of the consequences of the neoliberalism application do not require a great knowledge. A lot can be seen with naked eyes and a lot has already been written. In the absence of sincerity, they utterly ironic (it is their fashion) "recognize" that this is a *struggle of interests*! But they fail to explain who that is, how and to what extent he has realized his interests, and the fact that the interests of the majority is a survival, and interests of the neoliberal "reformers" are non-market enrichment without limits and with all familiar accompanying negative social and economic effects. This manuscript can show to quasi-neoliberals as review of the author's knowledge, but also of every other aforementioned opinion and critic of neoliberalism.

On the other hand, someone and sometimes (when necessary) puts knowledge into the function of apologetics. I am not only talking about metaphorically labeled quasi-neoliberals, but also some of their followers, who fail to notice devastating results of quasi-neoliberalism. They are labeled enough by their flawed assessment of character, duration and intensity of the current global economic crisis. Those "gurus" have been careful here, not interfering with these assessments.

Sophistic stopgap and sophisticated quasi-neoliberal rhetoric and practice have generated original methods of organized use of privile-

ge: privatization, intercommune economy, economic clockotrim and protectionism against his own people (my terms). Their mission continues in conditions of extremely reduced market and "entrepreneurship" based on further robbing of the state and reproducing the non-market acquired wealth.

Even if I did not create this indicative cover, the text that follows and positive reviews from respected economists, will surely explain the title of this manuscript. Everything else will be a specific analysis, criticism and variations on a given topic, which should justify specified name. Its intention is not to be associated with theoretical discussion of neoliberalism, as it is too late for that, but with phenomenology of neoliberalism and quasi-neoliberalism, and the need for a critical attitude towards them and unforeseen practical consequences that have caused.

For the purpose of warning, this manuscript suggests a critical review and consideration of ending (eliminating) the abuse of neoliberal theoretical concepts into practical interest purposes, ending a deadly, sophisticated and dogmatic *neoliberal metaphor* for numerous national and state troubles and anti-developmental contradictions.

My sincere gratitude to the distinguished economists, the reviewers of this manuscript, a proven anti-dogmatic and anti-apologetic fighters for scientific truth and institutional pluralism: academician of RAN Professor *Bagratt Yerznkyan* from Moscow, Professor *Dragoljub Stojanov* from Rijeka, professor *Miomir Jaksic* from Belgrade and lecturer in *Guste Santini* from Zagreb. Their support, suggestions, ideas and amendments have significantly contributed to the final appearance of the text. Their brilliant, friendly and unanimous reviews are real jewels, that decorated and improved this text.

## *Neoliberal model*

It is believed that neoliberal paradigm has been taken from the works of F. Hayek, M. Friedman and later publications of OECD, GATT, IMF, World Bank, etc.. Special impulse in abovementioned ideas has been in the 1970s, when Western countries have invested more effort to neutralize so-called "*New International Economic Order*." It was the request of the newly liberated countries for more equitable redistribution of resources in favor of "periphery". It also coincided with the accenting and apsolutising of the market (as the alleged unique and almighty economic regulatory mechanism), of the open economy, liberalization, privatization and deregulation, while establishing new institutional mechanisms of the global economy and imposing the Western lifestyle.

The crisis of so-called "Welfare state" has also played a significant role in imposing the neoliberal model. In the last decade of the 20th century, the post-socialist countries mostly used W.C. formula for rapid destruction of the old and establishing new "capitalist institutions", expecting economic efficiency. The neoliberal economic model is theoretically and practically based on the following dominant characteristics:

- strict *homogenization* of the state regulation mechanisms (monetary and fiscal in particular) in the countries that follow globalization,

- *market apsolutization*, which supposedly represents the "*equality of opportunity*" (M. and R. Friedman 1996, s. 168), the best economic regulator and mechanism of pricing,

- national and state economies are treated as *dying category*, which should be overcome as soon as possible, and in that sense is proposed *policy of open economy*, which is apparently most favorable to their economic growth (J. Sachs and A. Warner 1996),

- stronger *liberalization* measures in various areas, particularly in the finances and foreign trade,



- imposing *privatization* (which should strengthen the specification and protection of property rights),

- implementing *deregulation* (although state regulation in economically developed countries is mainly reformed and flexibly adapted to the requirements of the business, particularly in the area of fiscal and anti-inflationary macroeconomic regulation),

- maintaining and supporting *dominance of the competitive ability* of the world economy centre, as it is believed that global competitiveness and competence are foundations of the success, and

- forming a *new regulatory (institutional) mechanisms* of the global economy.

Naturally, neoliberal economic model is one thing, but completely different thing is the model of its interpretation and propagation by certain economic and property post-socialist "reformers," especially its harsh, non-critical, radical, non-selective, vulgarized and high-speed "shock therapy" practical application in terms of inadequate microeconomic and underdeveloped institutional environment. Facts convincingly show that the neoliberal ideas have been propagated far more than they have been implemented (except the most rigid) in transitional countries.

The abovementioned distinction must be born in mind when assessing the actual capabilities and successful applying of the neoliberal economic model theory. It is not irrelevant that the post-socialist environment was formally and substantively different in all conditions (especially development and institutional) from the conditions in which neoliberal economic thought has been created, developed and improved. Therefore my criticism is not directed at the original and valuable theoretical model *per se*, but at its vulgarization in theory and practice, which I named quasi-neoliberalism. As a result of that vulgarization, economies of peripheral countries are constantly *controlled* and *exploited*, foreign culture, tradition, history and heritage are *underestimated*, consumerist pattern of life is *imposed*.

N. Chomsky (1999, p. 19) insists on a distinction between the key theoretical neoliberal strongholds and real practice and the policy of its application. Primarily due to the double standards of the application:

a) developed countries (in globalization), which rigorously condition other countries to consistently implement radical versions of their recommendations, which they do not consider binding for themselves. On the contrary, they use term "if necessary", and

b) post-socialist reformers, whose role was significant and apologetic in teleological replacement of goals (efficiency, economic growth and recovery from the crisis) with means (liberalization, privatization, institutionalization and stabilization).

The story of W.C. began in 1989, when the *Institute for International Economics* (Washington) organized a conference on Latin America. At that time there was no unified platform of international institutions (International Monetary Fund, World Bank, U.S. Treasury and Central Bank of the United States) to resolve the debt crisis in Latin America. J. Williamson has prepared a text in which he proposed a "*package of measures*" consisting of 10 market-oriented reforms<sup>3</sup>, representing a minimum of economics field, which each country must implement to revive its economy.

This "package" has put emphasis on macroeconomic discipline (especially fiscal), market economy and openness to the world economy. It has been accepted by many countries as a relevant economic policy framework. Regardless of the Williamson's opposition<sup>4</sup>, neoliberals and their critics relatively agree that this is a typical example of neoliberal economic idea. The essence and "wisdom" of W.C. application is that countries in debt, seeking financial assistance from the IMF, must agree to conditions (implementation of the package of structural, liberalisation, privatization and stabilization reforms) to get this assistance (Williamson 1997, pp . 132-136). This way was created the illusion of economic growth (measured by GDP growth in some periods), which was actually based on loans and aids from abroad. Thus created the *cost of growth without development*, or illusory anti-development perspective (Pieterse 2001, p. 6), which did not predict IMF recommendations. Dependence was growing

(the growth was less based on the internal dynamics), inequality, unemployment, poverty, inefficiency model of governance (with the growth of corruption) and reproducing the phenomenon of "*institutional hypocrisy*" (Močnik 1999). In such circumstances grew social insecurity, social exclusion, lack of confidence (in institutions, in government and in the future prosperity) and social instability (Liou 2000), and "democratic transition" has not started yet.

J. Williamson, the creator of the phrase "W.C.", stated in 2002: "*The public around the world believe that this (W.C. – Author's note) represents the set of neoliberal policies imposed to unhappy countries through international financial institutions in Washington, which led them to crisis and misery. There are people who can not pronounce this term without anger.*"

Mentioned model was adopted, as a recommendation, by many transitional countries at the end of the 1980s. With the help of foreign loans to artificially maintain the exchange rate at unreasonably high levels. New borrowing has enabled payments of debts to foreign creditors. Coalition of economic "reformers", the nomenclature of government and their lobbyists accepted the offered neoliberal "development model" because these alleged "new elites" has identified with this new individualistic ideology and a new value system, which allowed unlimited expression of their personal interests, and thereby quick enriching and creating the power (social, political, party, economic). Their ideals are (temporarily) achieved.

Doctrine of W.C. is based on assumption that the distribution of social and collective action will be enhanced by reforms, and market reform should create benefits to the whole society and that it represents a long-term public good. It is obvious that the *mass* is replaced by privileged individualism. The question remains: How much is the authority, power, monopoly and property been secured by internal "winners" and how much by external factors? That's the paradoxical situation, explained by L. Thurow (1997, p. 127), which has become a social and economic reality of global and national neoliberal order. Classic replacement of the thesis: instead of national policies governing the economy, they are dictated by external economic forces.

Their various assistance were not granted without numerous the *quid pro quo*.

Application of W.C. essentially meant reduction (decrease) of economic development onto economic growth. It was perhaps its biggest mistake, delusion and paradox. This has allowed other deviations. Of course, some other formula would not include the developmental, institutional, infrastructural and other specifics of individual countries. And there is another big problem, which J. Stiglitz (2002, p.p. 166-177 ) explains as follows: "*No institution, whether domestic or international, has a monopoly on wisdom, so the imperative is full acceptance of the importance and consequences of alternative policies... The best practices or reforms, imposed through conditionality (carrot or stick) fail to produce lasting change. They will reduce people's initiatives to develop their own capacities and weaken their confidence in using their own intelligence.*" Application of W.C. "formulas" has led to an increase in external (debt) dependency, inefficient model of government, growth of corruption at all levels, and many other social costs of anti-development strategies. However, this new experiment has proven to be a failure.

The book, edited by P. Kuczynski and J. Williamson (2003) suggested an expanded reform package. Errors were noted in a World Bank study "Economic Growth in the 1990s: Learning from a Decade of Reform (2005). It was pointed out that an unfavorable institutional factors hindered the reforms. The focus was transferred from "*market fundamentalism*" to "*institutional fundamentalism*". Therefore, recommendations have been made so-called "Post –Washington Consensus", including four main groups of measures of the new development policy: for prevention of the crises, for completion of the "first generation reforms", for institutional reform, ie. the "second-generation reforms" and for distribution of income and social policy.

In addition to initial ten points, extended W.C. contains (according to Rodrik 2008, p. 143) the following measures: corporate governance, fight against corruption, a flexible labor market, joining the WTO, financial standards, monitored liberalization of the capital account balance, completely fixed or flexible exchange rate, an inde-

pendent central bank/targeted inflation, social protection and targeted measures to reduce poverty. While many authors of the study several times pointed to the importance of institutions for economic growth and development, Rodrik (2005, p. 973) suggests specific methodological and analytical framework, ie. systematization of "commercially viable institutions." He identified the so-called "good institutions", which contribute to the realization of the "first-order" economic principles: the protection of property rights, enforcement of contracts and competition, as well as appropriate incentives, money stability, debt sustainability and economic efficiency. He insists on mutual interactive relationship between economic and political institutions.

Aforesaid resembles to the view of D. Acemoglu et al. (2004), who find that reduction, relativization and control domination of politics over economy requires domination of institutions over politics and economics. Here *homo politucus* appears to be an intermediate inhibiting member between *homo institutus* and *homo economicus* (Delibasic and Grgurevic 2014). Regardless of the degree and form of domination of the politics over economics, institutions in developed societies and economies have a positive role in reducing, controlling and relativization of this domination. Strong, high quality and efficient institutions actually enable control over all social processes and elimination of possible subversive activities and tendencies. Deficit, imitation and/or fiasco of institutions provides a variety of social and economic disruption and retrograde processes.

In this respect, D. Rodrik has proposed a matrix systematization of the "*market-viable institutions*", which basic components are: market growing, market regulating, market stabilizing and market legitimatin institutions. He argues (2005, p. 973) that "*the mutual influence of the political and economic institutions must establish the right balance between disorder and dictatorship*".

Therefore, they should be analyzed together. This classification is a synergy of economic and political institutions. Rodik points out that the market requires extensive and strict regulations, which should minimize abuse of market power, the internalization of externalities, asymmetric information, to establish standardization and

safety products etc.. Therefore they need fiscal, monetary and anti-inflation trade arrangements (instruments of macroeconomic policy – Author’s note), to regulate the business cycles.

Table 1: Rodrik's taxonomy of "good Institutions"

<p><b><i>Market-creating institutions</i></b></p> <p>Property rights, and Contract enforcement</p>	<p><b><i>Market-regulating institutions</i></b></p> <p>Regulatory bodies, and Other mechanisms for correcting market failures</p>
<p><b><i>Market-stabilizing institutions</i></b></p> <p>Monetary and fiscal institutions, and Institutions of prudential regulation and supervision</p>	<p><b><i>Market-legitimizing institutions</i></b></p> <p>Democracy, and Social protection and Social insurance</p>

Source: Rodrik 2005, p. 973.

The impact of the political process should not be directly or rent-oriented in reflecting the economic development processes.

Democracy appears as a meta-institution. Similar to D. North and many other authors, L. Polishchuk (2008, p. 28) explains that in different environments institutions do not provide the desired results, which is usually explained that they "do not fit" to the local conditions (in particular order). Good institutions should reflect the local specifics and to have the character of a social good, because they reduce transaction costs and support the production and exchange. According to Rodrik, reason for "discrepancies " are institutions that may use *non-target methods*, when the motives and character of their administration are in contradiction with their substance. Non-target methods of administrating the institutions are: their unpunished

abuse and exploitation, asymmetric information, manipulation of institutions, bypassing and ignoring institutions, their subjugation by some interest groups and masking certain actions (prohibited by law) etc..

This is an opportunity to highlight the problem of *heterogeneity of institutional indicators*, explained by M. Delibasic and N. Grgurevic (Ibid.). They state that in the inclusion of institutional indicators is noticeable high diversity, which stems from the objective difficulties of measuring institutional development, or impossibility of their coverage, because institutions can not be reduced only to a political and economic. Relationship between politics (ideology, parties' influence, forms of government, democratic institutions, etc..) and economics (economic activity, structure, participants, behavior, economic institutions, etc.) is highly complex and "elusive" and has ripple effects on all other forms of social activities.

These authors also point out Fukuyama's concept that economics and politics are intertwined in real life, absorbing *socio-cultural capital*, ie. certain ethical, cultural and civilizational values, which enable realization of certain policy as a social consensus. Authors refer to Acemoglu et al. (Ibid.), who question the comprehensiveness, credibility, validity and quality of general evaluation (through variety of indicators<sup>5</sup>) of the considered categories - knowledge level and institutions. They express doubts about the consistency, reliability and validity of specific indicators<sup>6</sup>. In this sense, referring to the records of *The Global Competitiveness Report 2012-2013* (2013, p.p. 16-17), Delibasic and Grgurevic (Ibid.) rightly ask, "*According to the level of institutional development, how realistic is USA's 41<sup>st</sup> place*"?

That's their intro to further questions, which emphasize the need to critically analyse the possibilities of a hypothetical modeling of institutional behavior, which is a function of economic growth and development (possibility of objective measurement and demarcation of the impact and importance of informal and alternative institutions in terms of dominance of distorted market structures and the phenomenon of institutional imitation and fiasco).

The tragedy of neoliberalism is its actual separation from its scientific and philosophical heritage, which has become a reactionary

tool of the elite (class of non-market enriched individuals, who have appropriated the results of many generations) and the ideology of limitless power of big capital and business, which has destroyed the middle class of society, allowing freedom of exploitation. In this sense, Z. Baletic (2005) points out: *"The ideological dogmatism has become the "standard" form of economic thought... a project of radical reorganization of the society in favor of one part of the social forces towards their special interests, visions and values."*

A decade ago, G. Kolodko (1998, p.p. 297-298) has written: *"The government can succeed or fail, but it can not withdraw. Those who need to retire is neoliberalism as an economic theory, especially as an economic policy."* Recognizing that *"the market is wrong more than the state,"* he states his expectation that neoliberalism as an economic ideology and politics will soon become irrelevant, especially *"after the damage this economic thought and policy caused in the last decade of the 20th century."*

Politics is herein understood in accordance with the definition of T. Parsons as a field of collective achievement of the set goals. It allows a strict distinction of the individual placing of the objectives and analysis resulting therefrom.

Kolodko relativizes the dilemma of "shock therapy" (market radicalism) or gradualism, saying that the essence of the economic recovery and success in Poland has been the effectiveness of macroeconomic policy supported by valid institutional arrangements. These arrangements have contributed to economic efficiency, because nothing would have helped the assumption that the market will *"do everything on its own"*. He concludes that it is quite clear that without appropriate institutional arrangements, privatization and liberalization can lead to big problems.

D. Harvey believes that it is about the *"theory, according to which market exchange is the basis of ethical standards system, sufficient to regulate all human activities ... in the free market and certain institutional constraints - strong property rights and free trade ... The tangible success of neoliberalism is redistribution, rather than creating new wealth and income ... mechanism of 'accumulation*



*through deprivation of property rights' leads to the society with maximum inequality.*

In his speech at the session of the "Mercury Club" (2014) E. Primakov said: *"Russian neoliberals have defined the task to create a new privatization of large state-owned enterprises ... especially the natural monopoly, without paying attention to the oligarchic monopoly of private business, which through trade leads to higher prices of food and other goods. It is one of the direct causes of inflation in Russia, rising costs and the loss of competitiveness of our manufacturers ... and the great limitations to economic growth."*

## *Neoliberal experiment*

Crisis is a lawful social phenomenon. Because of their complex causes and serious consequences, crisis resolution has a strategic importance for social and economic development. Whenever there's a crisis (which is increasingly common, because they are simply alternate, "leaning" to one another and reproducing), F. Braudel (1979) has said: "*History appears before us as a series of crises with some traces of equilibrium periods between them.*"

Modern crisis and other changes in the processes of globalization and the transition were revolutionary, exponential, complex and dynamic, similar in many aspects and/or congruent (time, ideological, interest, elitist, neglecting the interests of the mass, mass suffering and inequality). Neither globalization nor transition have not resolved many of the old problems, but created new ones. There are certain contradictions between their leaders (providers, designers, subjects) and outsiders (viewers, audience, facilities). Globalization and transition have lost their universality and integrity, and therefore the confidence of the masses in positive outcome. That's why I wrote that globalization (some call it "filthy globalization") should be globalized, and the transition should be reformed.

In most countries of transition reforms have been palliative and unsuccessful. Predictions and promises to improve the living conditions, freedom<sup>7</sup> and economic development have not been realized. Delayed socio-economic processes and long-term reproduction of crises are accompanied by growing criminalization of society, negative selection of staff, ignoring knowledge and education, more debts, unemployment, dogmatism, destructiveness, instability, chaos, and many other negative phenomena and trends. Many authors believe that their quasi-institutionalization is common denominator, but neoliberalism is theological and ideological<sup>8</sup> basis and fundamental cause. There is a difference between theoretical stronghold of neoliberalism and real practices and economic policies, where the theoretical model has been vulgarized by application of double standards, initiated by interest motives of the "reformers."

This is an opportunity to outline the key *diferencia specifica*. Whether it is about application of theoretical models of neoliberalism, or about its practical vulgarization (quasi-neoliberalism), the institutional monism is in question, with its anti-development character and directly opposed to institutional pluralism. Controlled, complementary and interactive functioning of all economic institutions is time imperative and has no alternative. The belief in the neoliberal formula grew into the myth and turned into a cult, which paved and expanded highways of globalization and transitional mission. These abovementioned formulas have caused enormous social and economic problems, inequality, discontent and crisis. A numerous alarming warnings and criticisms of neoliberalism, made by some known to economists, sociologists, and other authors, didn't help.

The latest global financial and economic crisis, which "followed up" the existing transitional crisis and other crisis, has sobered up the world and gave a convincing answer to the question of its main cause. It became clear that neoliberal experiment and improvisations caused devastating and unfathomable consequences. Finally, the thesis "*no alternative to capitalism*" and "*the end of history*" have been demystified.

Using various instruments of financial "gymnastics", boundless neoliberal deregulation dynamics have exceeded actual limits of economic reality, as well as the moral and institutional requirements (constraints) of rational human behavior. The newly created panic situation have broken the mystical belief in magic and self-regulating power of the market. Transparent and interest-oriented neoliberal formulas of economic policy have been dismantled, but not destroyed, because their roots are deep and wiry in all spheres of social and economic reality. And their motives are infused into history. Through the prism of logic and gnoseology it only seems paradoxical. But through the lens of phenomenology and ontology, there is nothing strange, because the order of the above formulas is maintained by the same methodology by which it was created: paradoxes, promises, opportunistic behavior, interests of big capital and power ambitions.

The neoliberal formulas were (and sometimes remained) just myth, actually put in the function of creating and maintaining a

dogmatic, elitist, destructive and greedy concept of establishing and maintaining power, which tends to become omnipotence and total domination (country, unprincipled coalition, party in power and privileged individuals).

It is a new "business" formula of so-called "clockotristic"<sup>9</sup> character, used for maintenance and expansion of the hegemony of elite and their large capital, created by non-market actions. On a global and local level, it is based on exploitative motives and interests (towards underdeveloped countries and masses). It is well known that the development can not be based on the leaps. But it also can not be based on ignorance, immorality, lack of trust, lack of cooperation, social pathology, anti-civilizational and anti-human standards, anti-natural and anti-development antinomies, divestitures, false rhetorics, bluff, deceit, inequality, exploitation, unilateralism, monism, domination and demotivation.

At the end of the 20th century, neoliberalism was dominant ideological position in developed and underdeveloped countries, primarily in economics, but also in the sphere of social relations, politics, institutional change and state administration. It became *mainstream* and universal rapacious fashion. Those who disagreed with him were declared reactionary. Neoliberal ideological and economic formulas have been accepted as absolute truth, developmental monistic imperative preferred form of economic (market) relations and universal measure of social relations. Nothing was left outside the commercial efficiency and market competition: no education, no culture, no health or social care. Every interference by a public institution or social forces in the market has been declared unnecessary and harmful. It was numerously misused.

In their propaganda and practice, neoliberals have ignored the class relations, social differentiation and individuality in a mass scale. They have reduced the institution of state regulation to minimum services to the population (defense, justice and legislative system) and support of the market-based system, especially in the period of crisis and market fiasco (failure). Monistic quasi-market reforms in post-socialist transition period have failed to substitute the huge

institutional vacuum, moreover, they have led to their expansion and transformation into a quasi-institutionalization.

The global economic crisis of 1929-1933 has given a heavy blow to the neoclassical postulates of automatic regulation of the free market and non-interference of the state in the economy. However, after the second world war, the neoclassical school regained its position in economics. Its representatives have criticized the state regulation of the market economy by Keynesian formulas, theory and practice of socialist economic management, and defended the idea of uncontrolled regulation of the market economy, which is not ideal but is, nevertheless, more efficient and politically more desirable than government influence on the economy. In the post-war years, liberal idea has transformed into neoliberal, which advocated a comprehensive strengthening of private ownership over the means of production, moving from microeconomic to macroeconomic position. The main representatives of neoliberalism are L. Mises (Neoaustrian School), F. Hayek and L. Robbins (London School), V. Ojken, L. Erhard and V. Repke (Freiburg School), M. Friedman (Chicago School) and A. Schwarz (American monetarism).

The world economic crisis of 1973-1975 has clearly showed that replacing market self-regulation of the economy by the Keynesian methods of state intervention can not completely free the society of crisis shocks. Neoconservative monetarists (Reaganism and Thatcherism) have proposed their own theoretical and practical recommendations to solve the problem of inflation, tax policy, etc..

In the last quarter of the 20th century, the neoliberal conceptions of economic thought have been reinforced, finding its application in the official economic policies of many countries. The large financial crisis (1994-1999) have spread to other parts of the world (Southeast Asia, and Russia), and significantly decreased the living standard of hundreds millions of people. Respectable economists in their formal criticism stressed the importance of institutions<sup>10</sup>, investments in human capital, education and environmental protection, as well as a strong state regulation for sustainable economic development. The financial crisis (1997-1999), the economic crisis (2001-2003) and the latest global economic crisis, which started 2007/2008, have actua-

lized the need for reviewing the neoliberal doctrine, because of many new problems and contradictions caused by its implementation. Indebtedness was enormously increased in the general level, becoming a great burden for the economy of most countries and deteriorating prospects of economic activity and the appropriate growth and development. The basic macroeconomic proportions in the leading capitalist countries, between production and consumption, investment and savings, the real and financial flows, have been permanently distorted. However the U.S. trade deficit keeps growing.

Generally, forced liberalization at the beginning of the transition have been a system of measures. In some post-socialist countries it have contributed to positive developments in terms of eliminating the deficit of consumer goods, harmonization of longstanding price disparities, formation and strengthening of market culture, institutions and behavior, affirming entrepreneurial motivation and so on. Many authors, however, believe that the shock therapy liberalization in the short and medium term have negatively impacted the basic indicators of economic growth and development: dynamics of output, employment, inflation, living standards etc.. Thus, for example. J. Kornai (1995) has argued that this was subsequently followed by "*transformational decline*", which he explains as a number of causes associated with specific post-socialist economies, such as: transition from seller's market to buyer's market, changes in economic structure, disturbance of coordination mechanisms, the macroeconomic consequences of increased financial discipline, backwardness of financial system and dynamics of macroeconomic demand.

The transformational decline was substantially different from the cyclical crisis, but it was not a consequence of exclusion importance of liberalization and transition reform in postsocialist countries. For the decline of economic indicators and the collapse of socialism began much earlier, in socialism, but the crisis has been concealed for a long time. There were attempts to overcome it by various forms of totalitarianism and palliative reforms. According to L. Csaba (1995, pp. 13-5) "*the decline has actually initiated transition, not vice versa... so the systemic changes remain the only possible source of growth.*"

The neoliberal experiment in post-socialist countries did not change much in terms of economic growth and development, failing to implement the necessary system changes. However, a scheduled task has been achieved, and that was redistribution of wealth and power in favor of the privileged "elite".

I have never criticized the known and indisputable advantages of realistic, desirable and useful liberalization, which involves the expansion of an integrated market and healthy competition, increase the efficient private sector as a mass phenomenon and socially sound entrepreneurship. I have always advocated the reallocation of resources in the most rational alternative use, the need to adopt the latest knowledge, skills and technology, to increase productivity and efficiency, economic stabilization that ensures economic growth and employment, the development of a pluralistic institutional order and the rule of legal state. I have written (V. Draskovic, 2005, p. 216) that original neoliberal economic doctrine, as a positive economic theory *per se*, was not a bad thing (on the contrary). It assumes specific conditions and limitations, based on certain assumptions, considerations and recommendations, which are useful in certain micro- and macro-economic conditions, and the selective application of the like. But, I have pointed out that: theoretical postulates are one thing, quite different, inadequate institutional and another conditions, where neoliberal recommendations are implemented, and third is their deviant and vulgarized application (marked with prefix quasi) in many underdevelopment, post-socialist economies. Therefore, there is a growing interest in the world for multi-disciplinary approach and comparative analyzes of possibilities for combining the comprehensive development models (Hall and Soskice 2001).

There are regulated, efficient, flexible and strong (indeed: commercial, institutional, resource and organizational) developed countries, and there are resource and institutional collapsed so-called "rapacious" post-socialist countries, which are mostly out of control. It has never been quite clear if the further "minimization" was even possible? The main goal of capitalist country, according to Nobel laureate D. North (1981, p. 32), is building such institutional structure, especially the structure of property rights, for achieving maximum income (social welfare), and high degree of freedom (through

the minimization of costs for specification and protection of property rights). Viewed through this prism, what is to be said about the most post-socialist countries?

Firstly, there is a "*system with unlimited access to resources*," analyzed by D. North, J. Wallis and B. Weingast (2009) ie. the "exploitative approach" to the country, with so-called "*uneven distribution of potential coercion*" (North 1981, p. 22 ) which "*maximizes income that is owned by a group of people, regardless of how that affects the well-being of society as a whole.*" Quite different is a "*system with limited access to resources*" (D. North, J. Wallis and B. Weingast Ibid.), or so-called "contractual" institutional approach with an agreed equal distribution of state coercion (see more in: V. Draskovic 1997, pp. 68-74). The first approach is almost foreseen in the practice of most post-socialist countries, and the second in the practices of developed Western countries. The neoliberal economic model is one thing, and totally different is its substitution in rhetorics, the extraction of some of its elements out of context, selective application and forcing these negative elements, which led to the abuse of theory and practice. Finally, there is rhetoric and there is practice.

The question is: How realistically liberal are the most liberal economic systems (which declare themselves as those). In this sense, I do not view nor interpret, literally, pejoratively or apologetically, M. Friedman's term (1988) "*outmoded liberalism*", as a possible challenge to the fair, but in practice too avoided and reversed idea of real economic liberalism. Because I honestly advocate the real and useful liberalism, in the most general terms and within the limits of objective conditions and institutional constraints. The above mentioned term I see as a sense of its unjustified and harmful idealization, absolutization and distortion, which have often been bordered on cult vulgarization, with background of interest. Therefore, in a functional sense, I use prefix "quasi".

In the post-socialist countries and economies, throughout the period of transition was present deficit and/or complete absence of neoliberal economic values and elements of corresponding theoretical model. They were substituted by various forms of unsustainable



monopoly and informal institutions, ie the specific transition phenomenon, which I called different names: "*concealed economy*", "*clocko-tristic quasi-neoliberalism*", "*rapacious privatization*" negative selection of staff, sociopathological blocking mechanism, dictate of nouveau riche, protectionism against their own people and institutional nihilism. In the same sense, S. Pejovic (2002 , pp. 10-2) writes about the great powers of individuals, "*rhetorical facade*" collectivist informal rules.

In position of expressed post-socialist social and economic non-system (organizational, institutional and normative vacuum ) it was not possible to create effective economic institutions. Government structures have opted for recombinant institutions, which enabled the establishment of various forms of quasi-institutional relations. Forcing institutional monism (of market) caused unforeseeable consequences. Various market constraints have contributed to the flourishing of uncontrolled forms of markets, which have nothing in common with the institution of effective regulation of market. The consequences were logical - elements of crisis have multiplied (low standard of living, social stratification, weak motivation system, unemployment, decline in production and all economic indicators, expansion of social pathology, criminalization of the economy and society, systemic corruption, gray economy, inefficient rule of law and al.). All this have deformed and reduced the economic reality and general institutional structure.

In time, structure, quality, quantity and function, institutional changes were behind other transitional changes, instead of being their support, stimulus and guarantor. In addition, there was a large gap between the formally established economic institutions and economic behavior in practice, which was far from the standard norms. Practice has shown that the forming an efficient economy of dominant market type was insufficient for bringing down the old control and managing mechanisms of the socialist system, for privatization of state assets and implementation of standard measures of macro-economic liberalization and stabilization. Many market institutions have not been formed, not even some of their essential segments. Also, the market infrastructure and culture have not been significantly enhanced. Unfortunately, integrated market is still an ab-

stract noun, which is why it resembles the neoliberal mythology. Many market substitutes, mutant and pseudomarket structures have been rooted. Now, they only mimic a market infrastructure: flea markets, black, gray and quasi-markets (in a function of survival of the majority of the population), and monopolies (in a function of enrichment of minorities - V. Draskovic 2001 p. 69). Competition is reduced to these primitive market structures. Overall analyzes of market relations in most post-socialist countries show that monopolies have fully exploited all the opportunities that they were amply indicated (enabled by privilege).

After unsuccessful socialist project, economic and quasi-institutional experimentation was applied again. In socialism, the ideas (probably good ones) were implemented by wrong people, individuals, under the auspices of state policy, monolithic party and idea of building a more just society. But, according to the testimony of many famous partisans, privilege began in the World War II, when fighters and commanders shared different food. After the war, those privilege has expanded, through special coupons and stores for managers and the like. Socialist system has led to a further expansion of the privilege, but at least it was controlled, more or less. Maybe it's time to discuss the impact (that ) individualism had on collectivism. Individuals had a concept of collectivist basis and ideas, which indoctrinated masses have unconditionally supported, at rallies, party meetings, revolutions and in practice.

Post-socialist "neo-reformators" were also just individuals, sheltered behind the party and/or academic titles. They have conceived so-called individualistic basis, which should have been applicable to all. But they were applicable and appropriate, as it seems, only and/or mostly to them - creators of quasi-individualism (vulgar neoliberalism), representatives of the nomenclature of authorities and their lobbyists.

The application of (often rigid) own "development experiments" with neoliberal macroeconomic formulas of developed countries in terms of inadequate post-socialist microeconomic environment and particularly underdeveloped institutional environment, has led to disastrous consequences.



## *Neoliberal parallel*

Despite their *parallel existence* in time, globalization and the transition are overlapped in methodology, interests, crisis and ideology. Neoliberalism is their common denominator. A neoliberal parallel means that both processes were essentially manifested through the reproduction of large problems and crises (which in time and territory had different intensity, shape, origin and duration), but also through their shift from developed to under-developed countries, from rich to poor, through various forms of relationships and dependencies.

Almost everything connected with globalization and transition is basing, beginning and ending with the story of forcing the market as economic institution (regulator and coordinator), competition as its primary lever and economic freedom as its basic assumption. However in practice, the market, competition and economic freedom are not forced as a new (neoliberal) landmark of "development", but on the contrary - the formation of supranational authorities (global) and national (transition) elite.

Many authors believe that globalization is in theory, ideology and interests, based on the assumption of the market neoliberals, that markets have almost never been competitive, because they were controlled by huge corporations. Therefore, this world system seems like "*corporate mercantilism*" (Chomsky), "*eminent hegemonic order*" (S. Elakovic) and "*market fundamentalism*" (Stiglitz). Faith in neoliberal formula was obsessively exalted to the myth and expanded the roads of globalization and transition missions (*Foreign Affairs*, July-August 1996, p. 45): "*Today, even in the foreseeable future, a unique global civilization will be the governing economic culture of the world market.*"

Symptomatic is a statement of G. Soros (2000, p. 56) that "*global capitalist system is far from stability ... and global financial system as a whole is less reliable, because the reputation and authority of the International Monetary Fund are significantly damaged.*" Frequent and relayed financial crisis are a reality, whether they are

cyclical, recessional, regional, national or speculative. They always require heightened state regulation, no matter how much it is acknowledged. As the financial markets gained the high degree of globality, all financial crises need heightened regulation of national and global character. The question is: Can this regulation be successful, functional and timely coordinated? From the perspective of globalization, K. Josifidis (Ibid., p. 147) carefully and correctly notes that *"double standards in the global economy does not support the affirmation of neoliberal philosophy and practice, causing suspicion in economically less developed economies."*

Globalization, as a complex and contradictory phenomenon, showed many of its faces and reverses. It is realized in terms of deep structural and financial crisis. Regardless of all its advantages and opportunities, weaknesses and threats to the national economy, contemporary global economic and financial crisis has brought the firmness of the foundations of the main globalization into question. The mask of ideological complacency and infantile idea of completely free market has fallen. In practice (in vain) has been verified the accuracy of the message from the congress of well-known American and Russian economists in Moscow ("*Nezavisimaya gazeta*" 01.07. 1996, p. 4): *"If there is a secret in the economy, it is not in the market, or privately owned, but in the competition."* Such competition can also be institutional. It assumes institutional pluralism.

Reform and practice of many post-socialist and other countries has severely reduced proclaimed principle of uncontrolled markets. Post-socialist transition has convincingly shown that the "reformers" were balancing (in accordance with their own interests if necessary), between use of neoliberalism as a metaphor of the hegemonic order (by the rich minority) and disguised protectionism (towards the poor and the defenseless mass). In practice, the propagated competition and economic freedom have been substantially suppressed at every step of the growing international and national monopolies and non-market won competitions. Only the facade changed and apparently humanized the manifestations of the "reformed" forms.

In globalization practice, the market principles based on alleged *"equal opportunities"* has been openly denied. The principles of the

open economy were applied only selectively and if necessary. Economies of peripheral countries were constantly controlled, conditioned and exploited. Different culture, mentality and historical tradition were underestimated, and western ways of life were imposed, with emphasis on the real *"ideology of the rich"* (more precisely: non-market rich). Within national borders, the same or similar methods were applied by newly composed "elite", using public goods. Dictated and monopolized business transactions were dominating in numerous ways. The phenomena mentioned by N. Chomsky (1999, p.p. 39-40, 77): *"Corporate mercantilism ... The doctrine of the free market, which appears in two varieties. The first is the official doctrine that is taught to and by the educated classes, and imposed to the defenseless. The second is what we might call 'really existing free market doctrine': For thee, but not for me, except for temporary advantage.. i.e., if the 'playground' leans on my side."*

Long ago, Chomsky has called globalization the *"ideology of the rich"* (of developed – Author's note), which causes a crisis of sovereignty and deregulation in the underdeveloped, but not in developed countries, which are the initiators of globalization. In this regard, he (Ibid., p.p. 5-20) defines neoliberalism as a *"fundamental political paradigm of our time, which on a global scale is used for domination, global political-economic trend, 'capitalism without gloves', a new version of the old struggle of the few rich against the poor majority, ideology and doctrine of the free market that is 'above all'."*

These findings seriously undermine the universality credibility of neoliberal policies and principles, which were proclaimed under the banner of globalization, and copied in post-socialist countries. In this way, all attempts to create a global development paradigm have been impaired. If globalization strives towards global unification and universalization, it should be valid for all, and under the same conditions. These imposed dualisms, monistic polarities, twin principles, unequal exchange, numerous irregularities and disproportions, should not be approved and widely affirmed by the most developed countries and the largest transnational corporations. But, S. Huntington (1998, p. 355) explains that *"in multicivilizational world, constructive approach means that we should abandon universalism and*

*accept diversities, and strive towards similarities.*" However, transition has "strived" towards many similarities with globalization, especially in those most wicked elements.

Universal unity (of any kind) has always formed the basis for an open or disguised totalitarian and authoritarian regime, implemented in this or that kind of violence. Ideal economic globalization in its striving towards a general and universal has some points in common with totalitarianism. Memories of the past century have not yet faded, and people are worried about the future that will bring globalization.

Many authors think that globalists, geopolitical economists and transition alibi-neoliberals rhetorically impose the principle of competition as a dominant and comprehensive key of globalization. In his monographies "Contrasts of Globalization" (2002) and "Globalization in the mirror of development, crisis and media" (2010) V. Draskovic has cited many quotes criticizing the neoliberal basis of globalization.

Here are some thoughts: A. Neklessa (1999, p. 32) believes that it represents a forced and dramatic realization of the neoliberal project of the world economic order, ie, the construction of a *"global village"*, which has replaced nazism and communism, appearing as a third *"world religion"* of this century; F. Wertheim (1997, p. 22) equates globalization with *"international currency fundamentalism"*, S. Amin (1997, p. 34 ) with *"ideological discourse that legitimizes the strategy of imperialist capital"*, and I. Ramonet (1997, p. 37) with the *"geopolitics of chaos and kingdom of liberalism"*. Oxelheim L. (1996) wrote that *"neoliberal model of globalization assumes externalization of adverse operations, its own costs, crisis, difficulties and problems."*

So, unemployment is decreasing at the expense of emigration and immigration reduction, lack of internal market sales is compensated by exports, deterioration or lack of its own resources is compensated by import, lack of investment solutions is reimbursed by export of capital and so on.

When considering the neoliberal model of globalization it is necessary to distinguish its theoretical bases from realistic practice and economic polics. Primarily due to the double standards applied by developed countries, rigorously stipulating other countries to apply the radical versions of their recommendations, which they do not find binding for themselves. In this sense, magazine "Fortune" (25.05.1998, p.25) for business circles of U.S. acknowledges that *"when American business talks about capitalism, it usually means free markets for everyone but itself."*

Synthetic expression most of these quotes and opinions of many other authors can be found in E. Reinert's monography *"Global Economy: How the rich got rich and why the poor get poorer"* (2008): *"The Chicago School of Economics – which is, roughly speaking, behind the theoretical basis of the World Bank - tells the world that the government should not interfere in the economy. In reality, the mayor of Chicago is spending millions of dollars to create a fertile ground for the development of high-tech enterprises. So, in the same city at the same time, there is a huge gap between rhetoric and reality. Rhetoric is imposed on others, while they do something else."* Related to that, Reinert mentions so-called *"Krugman's sin"*, that there are theories explaining that reality is much better than the standard theory, but are not used in practical economic policy.

J. Stiglitz has often sharply criticized the neoliberalism. In his books "Globalization and Its Discontents" (2002) and "Making Globalization Work" (2006), he explores the possibilities, as pointed out by M. Mesarić (2007), to transform the current model of globalization and make it useful, not only to the rich and powerful, but to all countries and most of the people. In order to change the nature and effects of globalization, it is necessary to change its objectives, agents and rules. Stiglitz is not advocating the radical and "revolutionary" changes, which are probably illusory, but proposes a series of real reforms and measures that would gradually lead to a new, more functional, more equitable and sustainable model of globalization. He thinks that optimal combination of institutional activities in the market and state regulation (institutional pluralism - Author's note) is necessary, and will be different at different stages of deve-



lopment and in different circumstances. World of free international trade in which everybody wins is just a myth, because the current model is exclusively adapted to the interests of industrialized countries. International trade is neither free nor fair, but asymmetric, because it has opened the markets of underdeveloped countries to the unimpeded import of industrial goods and subsidized agricultural products from developed countries, while disabling (or aggravating) exports of agricultural and other products in the reverse direction (Ibid.).

M. Mesarić (Ibid.) notes that Stiglitz criticizes the neoliberal ideology, among other things, due to its neglecting the moral, human, social and environmental consequences of economic decisions. This especially applies to the IMF, which often requires that central banks limit their activities to monetary stability, regardless of the long-term developmental consequences (economic and social).

Globalization is inevitable and unstoppable. The world can not avoid the global circulation of information, ideas, knowledge, technology, capital and people (Ibid., p. 371). But the goals, mechanisms and rules, imposed by globalization, need to be changed to avoid accumulation of discrepancies, disparities, injustice, antagonisms, crises and conflicts, and to prevent serving only (or predominantly) to the rich and powerful, instead to all countries and all mankind. The adoption and implementation of organizational, legal, economic and political reforms, proposed by Stiglitz, would lead to remodeling of globalization. In addition to the latest technology (which already exist) and the new economic rules of international legal norms and international relations (which has yet to be implemented), radical changes of individual and collective consciousness are necessary. Mesarić states critical thinking of J. Garten, that the main principles of modern business policy of *Wall Street* and the whole of corporate America – a short-term profit maximization. It is the same with globalization and transition.

Criticizing the U.S. government, Nobel Laureate P. Krugman notes metaphorical paradox: *"For many years was preached that everything private is good, and everything state owned is bad."*

T. Bandina's attitudes (2009, p.p. 5-6) fit perfectly in this story: *"The neoliberal economic theory is intellectus conditio of ultra-liberalism and mondialized capitalism. In pragmatic terms it is a policy premise (integrum) of the most developed (the richest) countries, infected with virus of maximizing profits in the short term (profit über alles) and broad-spectrum dominance in order to create conditions for the stronger position in the current epoch, as well as in the future, with high degree of civilization uncertainty... Neoliberalism of a broader theoretical and pragmatic implementation, occupies and cripples the underdeveloped (poor) countries, not only their economies but also their science, education, culture and other. Aspiring to leave the overall backwardness and poverty own shell, formed by colonial slavery, peripherization in relation to civilization flows and persistently imposed ideology that underdevelopment can be successfully overcome by accepting neoliberalism as a cult and the panacea of free trade, they get even deeper into poverty and lose their own spiritual identity (Americanization, per excellence). In addition to the imposed ideology of this kind of salvation from the poverty embrace, idolatry has often contributed to the implementation, capturing a thin belt from the top of government, usually educated at the universities in developed countries and used in their own undeveloped country in the interests of rich. Lapidary: meaning, causes and consequences of neoliberalism ... on economic and spiritual sector of undeveloped country, is located in the nucleus of tending the capitalist way of production towards imperial tendencies..."*

Post-socialist practice shows great similarities and/or the oneness of the neoliberal ideology application as a mask of the rich people (in the style of many authors: imperial) tendencies. Therein lies the specific parallelism of globalization and transition, the global and transitional quasi-neoliberalism. According to many negative events, it seems that socialist utopia, institutional monism and dogmas were just replaced with new utopia, new quasi-institutional monism and new dogmas. Dictation and violence of the state were replaced with dictation and violence of the "new entrepreneurs" (nouveau riche). The dominant and retrograde request of time – *getting rich at any cost* – remained the same. This is the essence of globalization parallelism and transition. Paroles, promises, domination of

politics, the crisis reproduction, reformed apologetics and palliativeness, monistic thinking and monopolistic behavior, have been taken from ancient times in order to achieve this.

The doctrine of neoliberalism has undoubtedly been the ideological foundation of globalization and post-socialist transition, in approximately the same period of time. It is based on paradoxical and contradictory (civilization and rational logic, theory and practice) the principles of minimal (very limited) country and maximum (unlimited and uncontrolled / own-controlled) economic freedom and private property rights. It is clear what kind of relation can be between privileged minority and organized monopoly ("effective entrepreneurs") and most of the poor, the exploited and unorganized individuals, in terms of the so-called "*mini*" or "*micro country*", whose sole function is to guarantee "*fair*" relations at the unlimited free market. But, that was not accomplished! Inability...

## *Neoliberal totalitarianism*

**A**t the beginning of the second decade of the new millennium, memories of the last century and its various forms of utopianism and totalitarianism are still fresh. Two of them were dominant and tragic: fascism (with nazi ideology and primacy of the race) and communism (with bolshevik ideology and primacy of the class). I assume that these phenomena have been significantly overcome and/or marginalized. However, I must admit that there is anticipation, anxiety and fear of the new forms of utopianism and totalitarianism, which can be produced by a new "specter", who over three decades haunted the world - the specter of globalization (with neoliberal ideology of transnational, geopolitical and elitist expansion and primacy of interests of big capital).

The experiment of dirigisme, as a form of institutional monism and totalitarianism in the present countries of transition, began in socialism. Firstly in Russia (1917), and after the Second World War in other Eastern European countries, including Yugoslavia. Its characteristics are:

- open repression of government system, domination of bureaucratic statism and control (command economy), with planned naturalization of goods-and-money relations, undeveloped and unorganized market,

- economic inefficiency caused by destimulative system, paternalism, lack of interest of employees, fictitious employment and so on,

- ideological and political subjectivism and dogmatism, which caused dissatisfaction of the people and a number of socio-pathological phenomenon,

- ideological blurring the essence of economic realities, dominated by the monopoly structure,

- virtual collectivism with organized economic and political coercion and equality at a low level of meeting needs,

- vicious circle of the system fundamental elements (state ownership - monopoly of the state sector - a complete planning determination - the path towards communism), and

- a number of negative consequences, such as price disparities, merchandise trade deficit, trade imbalances, speculative market, hidden inflation, low living standards, extensive economic growth, economic stagnation and crisis, reproduction of totalitarianism in all areas of life and work, systemic corruption, clear bureaucracy and so on.

These characteristics indicate that there is enough similarity with transitional ("borrowed") neoliberal dirigisme. Ideal neoliberal globalization and transition in its monistic aspirations have something in common with totalitarianism. "Classical" totalitarianism of the 20th century has produced two World Wars and imperial tendencies. Therefore, people have right to worry and ask: Is globalization going to be better?

Implementation of the general social and economic reforms ("perestroika") started in 1985 in the USSR, with a request for "more socialism". The results were devastating, showing that it is much easier to proclaim something, than to achieve it. It was not easy to bring down the tower idealist bolshevik totalitarianism, built for decades on directives, persecution, dictation, slogans and false promises on one side, and the enthusiasm and denial, on the other.

Socialist order in Europe did not prevail the economic hardship and pluralistic-civilizational challenges of that time. With the exception of China, Cuba, Vietnam and North Korea, it collapsed in a global exchange. Hopes and faith in its formations and historic immortality were lost. Radical political, economic, social, institutional and other system changes became inevitable. This meant accepting and implementing the institutional changes in all areas, with the risk and uncertainty and outcomes.

In the early 1990s started the post-socialist transition in Russia, all former Soviet Union countries and other countries of Eastern and Southeastern Europe. It supposed radical economic and social reforms, the transition from authoritarianism to democracy, from mo-

nism to pluralism, from socialism to a mixed society of progress, from formative to civilizational. "*Woe account of socialism*" (S.S. Shatalin) was replaced by the new institutional-mutant order, which did not lead to the desired prosperity. Nations have paid and continue to pay for the failure of "reforms" that were focused on a narrow interests of new "elite". Transition crisis intensified and reproduced, with enormous polarization between the impoverished nation and enriched rare privileged individuals, with growing dissatisfaction of the people. The causes must be sought in the concealment, vulgarization and abuse of institutional change.

Shift of the socialist dirigisme paradigm was supposed to overcome the monopolistic position of the state in economic regulation, and its dominant share in the structure of ownership, referred to as the cause of the hindering economic and motivational mechanisms of post-socialist economic systems. Did neoliberalism find fertile ground in the former socialist countries or was it imposed from the outside, with the blessing of new "reformers"? Maybe that is irrelevant. More important is, unfortunately, imposed change of one dogma formation (socialist values) to another (primitive values of individualism and outdated liberal capitalism), rather than the transferring civilizational values. Civil, political and party monopolies were used to establish an specific quasi-institutional order, creating new monopolies, combined from nomenclature authority and privileged individuals. Socialist relations of state functions - privileges were extended and turned into a much more dangerous combination: *state functions - privileges - enrichment*. It has produced changes with multiple negative prediction and monopolies, which in almost all areas of society produce devastating consequences, disturbed relations between private and public interests, entrepreneurial and destined behavior.

All three totalitarian project, although based on different grounds, are designed to massively subdue almost all individuals over promises about alleged messianic character of some abstract, iconic ideas. All these ideas were the basis of particular ideological matrix, which essentially (deterministic) subdues the masses to the elite and deprives them from real choices and propagated ideas ("empires" race, class, freedom, etc..). The ideas of totalitarianism were different

(unity, preference, freedom), but in all of them was only one ideal, as their common denominator - *the dominance of the privileged*. And there was always a mask called *massiveness* for hiding cults. Realization was a combination various methods of dictation, terror and coercion. It is believed that the socialist China is still a totalitarian country, although from the 1970s it has implemented an active economic liberalization. But liberalization has not affected the totalitarian ideological framework of China's social system, as it is – allowing and forcing institutional pluralism! It appears that it is a threat only for quasi-neoliberals!

Neoliberal cult of "*permanent democracy*" and unrestricted consumerism<sup>11</sup> (as a potential category) in a certain manner ignores the production of material goods and forces production services. With the help of destructive technological capabilities and virtual reality, it hides the struggle for resources, strategy of velvet obedience and deleting value of landmarks. Unrestricted globalization – restricts all!

Every totalitarizam has its mechanisms and structures, which represent paths of power. It is characterized by strong vertical and pyramidal government, led by the leader (dictator), which relies on the party hierarchy. None mega-ideology of totalitarianism *per se* does not contain anything vicious. On the contrary, it is very attractive to the masses. But its essence is in methods of governance. For example, in Russian socialism (communism) it was *bolshevism*. It is no coincidence that the V. I. Lenin had evaluated his sympathizers not only and not so much by their communist beliefs, but by degree of their bolshevism, and their willingness to abandon morality for achieving "*absolutely correct*" goal. And "*the goal justifies the means*." Maybe that is why some authors call neoliberalism - "*neo-bolshevism*."

If communism was a religion, which may be conditionally accepted, then bolshevism was its inquisition. Transforming the unlikely into "obvious", which further fetishized the absolute and eternal "truth", bolshevism used ruthless, inhumane and destructive methods, characteristic for all religious and civil wars. Communism as a religion was destroyed, but bolshevism as its method of governance - is eternal. However, communism as a totalitarianism can be

interpreted in Marx's definition (which incorrectly abstracts limited resources!) from the "Critique of Gotha Program" as an "*empire of liberty*" in the sense of distribution according to needs. In this sense, communists are all those who consume according to their needs. Next syllogistic conclusion is that all societies can consist of the privileged and non-market enriched individuals. If "*communism was fascism of the poor*," according to Cuban writer G. K. Infante, we must consider the perspective of the countries where lumpen comes to power, hiding behind declaration that poor life means patriotism. People who do not believe in democracy must know that it does not exist in ideal form, but it is closer to the ideal dictatorship, which is always negative and primitive in its brutality. Of course, it is easier to control obedient masses than people who think freely. Hence the Russian proverb: "*Better democracy has not been born since my humble servant.*"

Totalitarianism as a tendency for complete control and exclusion of many from accessing the resources and freedom, is the negation of human liberty, ie, kingdom of unfreedom. Remember that M. Friedman gave an interview for magazine "Forbes" (12.10.1988) titled "Why Liberalism is Now Obsolete?", saying: "*In human history, periods of freedom are brief, and periods of unfreedom are the rule.*"

There is no doubt that the real economic freedom has absolute advantages over economic coercion. Question: What level of economic and other freedoms (and restraints) has been achieved in terms of recombined and socio-pathologic forms of ownership, under-constructed and inefficient institutional structures, numerous monopolies, lack of capital and all related problems caused by uncritically applied neoliberal economic politics? Assuming that in the post-socialist period achieved a certain level of economic freedom, the practice has convincingly shown that economic freedom is a necessary but not sufficient condition for establishing a full-fledged market and entrepreneurship. Efficient and developed market is possible only in conditions of domination of private property (and efficient owner) on a massive scale, which is achieved by redistributing legal property rights. Neoliberalism is very effective in preventing it using various totalitarian methods.



It is paradoxical that neoliberalism ostensibly imposes freedom, and doubts democracy, conditionally seen as majority rule. Any idea of massiveness is a potential threat to the alleged individual rights and freedoms! That's why neoliberals prefer the rule of the elite, executive and judicial authority. At the cost of two more paradoxes, confirmed in all economic crises: *first*, profits always remain private, and losses belong to the state (or to the people – Author's note), as observed by Y. Smith (2010), and *second*, intensive interventionist measures are used in largest countries, which condition the loans by the absence of government intervention!

Nihilistic fruits of totalitarianism are rhetorical and aggressive tautology, striving for practical obedience of the masses and establishing "eternal" world order. These "fruits" grow fast and mature – resulting in various problems. Transition was rhetorically based on ideas, slogans and promises of liberal doctrine. Its real flow, however, shows violence against society and the economy, and uncontrolled, haphazard processes, similar to primitive accumulation of capital (but with different consequences for the actors and methods of "organization"), followed by some devastating economic and social consequences. Forced attempts to shift a formational dogma (socialist values) with another (outdated liberal capitalism - a term by M. Friedman) in most cases did not lead to the replacement of old values with new civilizational values that exist in developed countries. There was a specific *metamorphosis* and *adaptation* of socialist values and their *recombination* with a range of different new values (positive and negative, civilizational and anti-civilizational).

The neoliberal totalitarianism is possible to replace with:

- finding and accepting the optimal proportions and flexible relations between private (mass, not the privileged!) and state structures, individual and common interests, entrepreneurial and predicted behavior,

- real transition towards democracy, institutional pluralism, market competition and entrepreneurial motivation, and

- creating conditions for the free exchange of property rights.

The realization of these processes requires to take seriously the warning of A. Solzenjicin for "*admonition and self-limiting, subordination of personal interests and moral criteria to overcome the worst aspects of human nature.*"

Scientific and ideological (apologetic) and practical phenomenon of post-socialist character of economic neoliberalism has its clear sources, origins and motives. It has appeared at the time of socialist collapse, in response to long-term rule of vulgarized and dogmatized Marxist political economy. In the absence of original development concept, market "reformers" have opted for a new monistic vulgarization, this time of the alleged "western neoliberalism", which protected the interests of large transnational capital, because its state borders were a development barrier. It came to the national scene for profit and, sometimes, to achieve geopolitical interests. Parallely, it encouraged "reformers" to get rich and to acquire ownership of significant capital.

Unsuccessful post-socialist modifications were made according to foreign formulas and were functionally adapted to support the philosophy of the big capital at global and local relationships. There was a paradoxical result: a drastic decline of all economic indicators and impoverishment of the people, on the one hand and enormous enrichment of individuals, including some vulgarized supporters of neoliberalism, on the other hand. These are irrefutable, indicative and warning facts.

The transition has assumed radical changes in the relation and form of business, ownership, mechanism regulation, political, legislative and democratic regimes. Real and radical institutional changes are general framework, the common denominator and the precondition of all other changes. They should allow and encourage economic stability, growth and development. The inefficiency of many transition economies is explained by the initial institutional vacuum and increase of transaction costs of adaptation to the supposed market conditions and establishment of new institutions. Unfortunately, a fully fledged institutional market monism did not live, nor institutional pluralism.

The neoliberal mythology is not randomly selected. On the contrary! Neoliberal alibi-reformers believed (with reason) that market and democratic formula will have messianic affect to the population, bringing them more faith, freedom, private initiative, entrepreneurship, private property, motivation, efficiency and so on. It is forgotten (or probably intentionally disregarded) that every mythology is generally irrational, while economy is assumed to have rational behavior. Therefore, important question is: Who benefits from unchecked and neoliberal "freeing the economy" and who limited the economic freedoms<sup>12?</sup>

The answer is known. New privileged elite were formed. For economic quasi-liberals they were taboo and something that "market" had (naturally) determined. For this problem of fundamental impunity, theorizing quasi-neoliberals mainly revolves in abstract, futile, and a vicious circle: *individualism - freedom - market - competition - private property - entrepreneurship - natural state of things*.

Rather than explain the logic of this vicious circle of crisis practice, which they significantly contributed, quasi-neoliberal economists have explained more or less well-known theoretical constructions, maybe at first glance appealing and attractive, but far from the reality. There is no secret: these eternal problems are called non-market created monopolies, mass exploitation and inequality. In practice, new monopolists constantly violate all the elements of the specified abstract vicious circle.

M. Jaksic (2013) in his translation of D. Acemoglu and J. Robinson (2006) stated that when the social outcomes are uncertain and depend on numerous factors, that allow bi-directionality (the transition from democracy to anti-democracy and vice versa), democratic progress is not possible, there is no monocausal explanation of democracy and there is a conflict of interests and preferences between the public and the elite. There are three typical scenarios of transition from non-democracy to democracy:

- democracy preferred by the majority of citizens (the public) and against its elite, but dictatorship is not permanently sustainable if

the public is against it and through revolution or turmoil suggests its end,

- when costs of repression are too high, and the promises of democratization are not credible, the elite will be under the necessity to bring democracy and by transferring political power towards the public will sustain social stability, and

- democracy is consolidated when the elite have no motive nor power to invade it.

These scenarios depend on the following key factors: strength of the civil society, structure of the political institutions, nature of the political and economic crisis, degree of the economic inequality, economic structure, form and scope of globalization.

The above authors concluded that poor institutions induce weak protection of property rights, political instability, poor macroeconomic policies, deficit, inflation, poor initiatives, greater inequality and political power of the rich, which aims to maintain bad institutions. The essence of their research clearly shows, according to Jaksic (Ibid., p. 20) that specific institutions are selected solely for their economic consequences! In other words, they are not selected because of their effectiveness or because of differences in beliefs (liberal or otherwise), but for its distributive consequences!

This is exactly what neoliberals constantly avoid to say! Avoiding characterization of non-market and other privileges, by criminalization of the society and economy, which have led to a quasi-institutionalization, they simply and metaphysically conclude that enormous enrichment of the few individuals, and monopolization of neoliberal economic policy - are natural order which most authors do not understand! Oh, if the main problem was the lack of understanding ...



## *Neoliberal attitude towards the state regulation*

Institution of the U.S. state regulation gained strenght in the post-global financial crisis and Second World War until 1970s, and the arrival of R. Reagan for U.S. President. Nobody minded then. Frightened by the horrors of war and crisis, economists at the time were extremely constructive, patronizing and apologetic to the state regulation. In 1944, K. Polanyi fairly and openly said what everybody knew: "*The path to a free market was open and kept open through the increment of a continuous interventionism, controlled and organized in a centralized manner*".

In addition to the sophistication, flexibility and adaptability, the modern state sector in developed countries is very strong, with numerous evidence and indicators. The market always starts where State regulation ends. Advantages and disadvantages of the state regulation are indisputable, as well as its fiasco in certain cases. Especially in the case of neoliberal transition. Globalist neoliberal improvisations are one thing, largely aimed at strengthening the developed countries and overcoming the crisis in underdeveloped countries. Quite different is the weakening of post-socialist countries, endangering the socio-economic development, existence and survival of the population.

Apart from that, alibi-neoliberals are still accusing the state interventionism, without any valid economic argument. It is no longer time for rhetorical justification, fraud and charges. Rescue is urgently needed. Certainly, the "reformist" culprits can not and will not be economic saviors. This can only be a strong and institutionalized state, functionally similar to developed countries. It will be characterized by the existence of a real, balanced and pluralistic institutions.

Overcoming current crisis will not contribute to the orchestrated and unfounded neoliberal "theorizing" and accusations directed to the state regulation as such (criticism for the critic). Not a word

about the "state" being guilty for accepting an improvisation of quasi-neoliberal interest.

Quasi-neoliberal one-mindedness is apparently limitless, as well as their interests. Black-and-white pictures of the world and formation access have faded only on paper, but not in the minds of the supporters of interest-oriented quasi-institutional monism.

Not even the radical and open state intervention (measured in billions of US dollars) at the global level, caused by fiasco of the market, combined with the fiasco of the government (by omission, lack of control, etc..) is not enough to satisfy the greedy quasi-neoliberal passion. "Games without borders" will eventually stop, but its performances and time horizons are not discernible. The inevitability of institutionalized state is an imperative. Not even such (desirable) state in existing conditions could not guarantee success in dealing with the crisis. But it could give hope and opportunity to mitigate it.

We can only imagine what are the odds in this war against the crisis, against those countries that are insufficiently institutionalized (or quasi-institutionalized, God forbid). Great state intervention and huge (pluralistic) institutional strengthening and controls show that *"there is something rotten in the state of Denmark."* Public statements of many European officials, related to the Wall Street crisis, contained sharp criticism of neoliberalism. S. Berlusconi blamed American *"speculative capitalism"* and its *"business ethics"*. G. Brown said that *"crisis always come over the ocean."* N. Sarkozy declared *"insane and dangerous a simple idea about the correctness of the free market."*

If opinion of many authors is true, that the neoliberal macro-economic formulas for the small, underdeveloped, dependent and obedient, then it is probably why M. Friedman wrote that the economy was *"mesmerizing science of simple principles that can fit on a single sheet of paper, and only a few can understand."*

In his book "A Big Lie" (2004) P. Krugman openly supports a critique of neoliberal economic doctrine, saying: *"Freedom of the*

*market... sometimes leads to completely wrong road... and leads to scandalous failures."*

Sobering and overcoming illusions and errors of the past are necessary. From the start, idealistic story about neoliberalism was like a fairy tale (opium) for the masses, hiding major unethical ambitions of its propagators. It is clear that telling fairy tales can not bring any real consequences, as it could from their application in practice. The facts are always relentless. In transition, practice was consistently showing the need to strengthen institution of the state regulation. But since the people (voters and members of the ruling party) create market and state regulation, there is always the possibility that their interest orientation overwhelm and distort institutional actions (as agreed upon rules of conduct). This leads to avoiding institutional control, deformation of institutional competition, ignoring institutional pluralism and forcing quasi-institutional monism.

In literature and practice are not disputed, nor unknown, the boundaries, advantages and disadvantages of different social, political and economic, ie, formal and informal institutions. But if and when this knowledge is not respected, there is a realization of the dogmatic dictates of interest, which are manifested through clockotristic structures.

In the book, "*The Washington Consensus Reconsidered*", N. Serra and J. Stiglitz point out that state regulation, stronger and more coordinated role of economic institutions and the rule of law, must be a conceptual framework for economic development policy in the world. Spontaneously formed market institutions, the method of neoliberal "*trials and errors*" and a variety of "*shock therapies*", proved to be insufficient and frequently detrimental to economic development. A similar statement gave the leaders of "capitalist" countries (and of "socialist" China), at Washington meeting on 16th of November 2008, in order to find a solution to the global economic crisis. Their conclusions were substantially reduced to the need for better, tougher and broader regulation and supervision of financial markets, the rejection of classical protectionism, encouraging the



open (but disciplined) markets and investment ("News", 16.11.2008, p.p.14-15).

Due to the large risk to the world's economic and social development, the warning came from UNCTAD. Its most important publication "Trade and Development Report 2008" also highlights the need for monitoring, rational management and coordination mechanisms of international financial flows, monetary systems and macroeconomic policies. There is need for strong, coordinated and internationally coordinated proactive macroeconomic policies, as well as a reviewing the role of public policy and government intervention in the economy on a local and global level. Symptomatic is emphasizing the idea of creating a "*system of global economic governance*" (Trade and Development Report 2008), and recognizing (Ibid.) that "*sounds of macroeconomic politics, composed by 'Washington Agreement', combined with financial liberalization, rarely led to faster growth and major investments, while alternative approaches gave better results.*"

When it comes to the transition crisis, one must ask the essential question: Is the global economic crisis often just an excuse for the disastrous state of the economy of some countries, caused by mishandling of local government and economic policy, scandalous and criminal privatization of public goods, the system corruption and many other sociopathological components of hindering mechanism, which is reproduced for decades and reflects the crisis on the economy and society? G. Soros has frequently pointed out that the main cause of poverty in the world is not globalization, but inefficiently state regulation.

Always and everywhere must exist the state regulation of macroeconomic instruments, represented by appropriate forms (four instruments) of economic policy. If we look institutions in general, the state in a broad sense is also an institution. Lj. Jurcic and D. Vojnic (2011, p. 829) are mentioned in the context of "*history repeating*" in part of the global economic crisis, stating that "*the powers of world capitalism are once again convinced in inability of 'Adam Smith's invisible hand' and great power of 'John Maynard Keynes's visible hand'. Its strength has again saved capitalism.*"

Therefore is surprising the reasoning of stated authors (Ibid., p. 837) in the same article. And D. Vojnic (2013, p. 153) in a later article of his, where state is "deleted with rubber" in a certain way, as if it does not exist: "*The market and democracy are unquestionably two of the central institutions of our civilization.*" Seems like the market and democracy virtually exist somewhere outside the country, and state as an institution does not determine the extent of the market and democracy.

Theoretical approach implies that state regulation is a measure of economic policy in all cases of inefficient market regulation, when economic growth and sustainable economic development are at risk. For more than two decades, most of post-socialist countries were lacking such interventions. Therefore, economic policy in this period, at first glance, can not be called a crisis. But practice shows the opposite: complication of economic problems, erosion of public property and its transferring into possession of few individuals (making illegitimate profits), drastic social stratification and pauperization of the population, high unemployment and fictitious employment, proliferation of black and gray markets, creating numerous economic imbalances and threatening deficit, erosion of economic structure, dominance of party and private monopolies over economic development, criminalization of the economy and society, accumulation of socio-pathological phenomena, etc..

In terms of transformation, formation and civilization, all this turned the history wheel backwards, into some kind of recombined mutant order, in which economic policy resembled the puppet of certain parties and individuals, with only one purpose: to maintain their power and increase their property. Possible institutional change (innovation) is negligible. Obviously, all institutional arrangements have completely failed. And who is supposed to make them a part of the economic institutions (state, market and ownership regulation) if not economic policy? It is not difficult to perform logical conclusion why it did not happen (V. Draskovic and M. Draskovic, 2009, p. 613).

We are witnesses to the fact that as long as the waves of globalization have managed to bring down the barriers of narrow

national markets and create international monopolies, national markets have survived (and expanded into new segments), and national monopolies, which should regulate (restrict) the macroeconomic policy, even on the lowest part, not disputed by the most liberal economic theorists. As long as there are oases of economic sovereignty of some countries, there will be need for the institutions of state regulation. Our goal is not to discuss about desirable limits and forms of the regulation, because this discussion have lasted for centuries, and in the end these limits are determined by the will of the dominant policy, not by the will of the exposed economic theorists and analysts.

Despite all the stories about individualism and weakening of the economic role, it significantly grows in practice of developed Western countries, increasing the concurrent ability of local entrepreneurs at foreign markets, development of infrastructure, science, communication, gathering information, modernizing and adapting tax systems and so on. Some state functions are reduced in terms of social protection of the population, control of foreign trade and its impact on the national economic boom, but budget share of GDP remains the same or increases. A number of environmental, sanitary term, technical and other norms and standards that country introduced as part of its structural policy, is growing. Restrictions on immigration of labor are increasing. More likely, this is a case of reforming the institute of state regulation, rather than its deregulation.

Many global companies owe their existence to a great social subsidies and other government measures. The waves of protectionism are getting stronger, state interference in the local market is more extreme, as well as the socialization of losses of certain companies. Chomsky (Ibid., p. 45) argues that "*at least 20 companies on the list Fortune 100 would not have survived if they were not rescued by their governments through socialization of their losses*".

*"The Wall Street Journal" reported that "in May 2009 the U.S. have introduced new tariffs on imports of steel pipes from China, and in June, China has introduced new export barriers for imports of acids for polyester production."* Is the spiral of protectionism expan-

ding and could grow into a world trade war? Furthermore, the same magazine has published records of anti-dumping customs and other protective measures in 2009, increased by 31% compared to 2008, in which the demands of industry for new import restrictions have increased by 34% compared to 2007. It appears that protectionism is one of the biggest opponents to globalization.

Strategic interaction between TNC and governments is reality. This means that many companies that call themselves "private" largely depend on government protection and subsidies (Davis 1997, p. 12). State regulation is under the pressure of imperative financing the armaments race, solving environmental concerns, maintaining international competitiveness, reorganizing the organizational and management levers of the economy and forcing creativity (Drucker 1999, p. 17).

In the period of post-socialist transition, state was treated as a public good that should be ruined and reduced to a minimum (so-called "mini-state"). It is believed that this was the main condition for rapid enrichment and long-term protection of the non-market acquired wealth. Radical economic quasi-neoliberalism was implemented under this terms. Weak effects of the institute of state regulation in the transition period of many post-socialist countries are no coincidence. There are many opinions (Earle et al. 1996, p. 632) that *"political competition is not regulated by the rules of elections, and that politicians compete to obtain private rents."* Post-socialist countries are not an exception.

On the contrary. When economic decisions are influenced by the powerful administrative-party groups, then individual "players" and their connections become meta-institutions, dominant over all other institutions. This has deformed the entire economic reality and institutional structure. Therefore logical question:

How much the new nomenclature-criminalized and rapacious neoliberal "capitalism" in certain states of the transition (long ago overdated in the West) resembles the modern market economy of the western type?

Was the state during period of transition (and if so - to what extent) an instrument in the service of some (pre-) destined users (privileged) and did it have patronizing-redistributive role, hidden under the guise of neoliberal strategy, formulated on the basis of the W.C. principle?

Practice has shown that paradoxes of K. Popper can not be solved in the absence of effective and developed institutions. Boundless economic "freedom" for individuals, created by non-market enrichment, are possible only in terms of institutional vacuum and institutional monism. Restrictive and protective power over society can carry out only the state and its regulation. Popper's paradoxes suggest the need for "mini-state", but do not prove that there are defined boundaries of such state. Modern realization of the "mini-state" idea, in practice has led to a new form of totalitarianism and economic reductionism. In the most post-socialist countries in transition, it was a chance for minorities to enrich on monopolistic principles of non-market privilege and monistic institutional reasoning of the quasi-market, which was regulated on the principles of market restrictions. This was a major and intractable paradox of transitional development and cause for reproducing the post-socialist crisis.

During transition should be implemented a number of reforms, particularly in the area of economic institutions, economic and social policy. In all these segments, state regulation and control was necessary. But, however, it was missing! Everything, or almost everything, was out of control. Detailed analysis is not required to prove the existence of state regulation in the framework of institutional pluralism. The catastrophic results of transition in some countries are sufficient.

The need for efficient economic institutions of state regulation confirms Table 2. It contains the target and instrumental parameters of development (i.e. goals and conditions for its realization). Comparison of target and instrumental parameters brings many conclusions. Among them are two significant: *first*, about the need for simultaneous implementation of economic restructuring and modernization on several parallel levels, and *second*, about selective use of

different parameters in different periods of reform: starting from the range of active resources, through utilization efficiency of resources, up to implementation of innovation for boosting economic development.

Table No. 2: Target and instrumental parameters of economies in transition

<i>Target parameters</i>	<i>Instrumental parameters: 12 pillars of economic competitiveness (The Global Competitiveness Index)</i>
<ul style="list-style-type: none"> <li>- The strong and effective government that participates in the creation and support of the comfortable institutional environment</li> <li>- Development of a strong and diversified competitive economy</li> <li>- Institutional environment that contributes to the realization of entrepreneurial initiatives.</li> <li>- Socio-political system that respects the interests of citizens, eligibility, and the variability of the higher authorities, and the existence of active feedback relationship between citizens and government.</li> <li>- The existence of an informal institute, which reflects specifics of national culture and provides tolerance towards other cultures.</li> <li>- Reasonable openness of the economy and society.</li> </ul>	<p style="text-align: center;"><b>BASIC REQUIREMENTS :</b>            Institutions            Infrastructure            Macroeconomic stability            Health and primary education</p>
	<p style="text-align: center;"><b>EFFICIENCY ENHANCERS</b>            Higher education and training            Goods market efficiency            Labor market efficiency            Financial market sophistication            Technological readiness            Market size</p>
	<p style="text-align: center;"><b>INNOVATION AND SOPHISTICATION FACTORS :</b>            Business sophistication            Technological innovation</p>

*Source: The Global Competitiveness Report 2008-2009, World Economic Forum, 2008, p. 3-7.*

These indicators can be useful to serve as a specific developmental mirror. So let the "reformers" see themselves in it, and search for validity of their own quasi-neoliberal and anti-economic developmental formulas. They will see immediately how these for-

mulas are consistent with the above parameters. Thus they will be able to evaluate their own validity in the current period of transition, as well as the possibility of formulating long-term economic development strategies.

Impassioned neoliberal critique of the state regulation is fundamentally flawed. Primarily because of the indisputable fact that this period of globalization and the transition lacks maneuverability of state apparatus, and things got out of hand. There has been multiple destruction. This is the area where wheel should not be reinvented. For all examples of developed economies convincingly show tendency for optimal and efficient economic role of the state (and not the "*mini-state*"). By the term "*alleged disappointment*" in the state regulation I refer to advocates of various shock therapies and rotten privatization, who, as the creators of the reforms used the state functions and resources to acquire a large property and capital (some of the wealth was put into operation).

## *Neoliberal apologetics*

Long ago, in economics was observed rhetoric, that became a manner of many economic researchers and reformers, so called the alibi-economists. This rhetoric allows to call things different names, to sophistically replace thesis, to perform intellectual and information manipulation, to justify all sorts of things, to "sell the fog", to uncritically, with no arguments (other than interest), ironically, cynically and mythologically relativize unpleasant phenomena of the practice (especially exploitation, inequality, impoverishment and crisis). All this was and is methodology of *apologetics*, whose vicious circle have always coincided with scientifically *vulgarization* (more conscious and interest-oriented rather than unconscious and altruistic).

In development of economic thought, scientific directions have alternated, as well as their attempts to influence the official economic policy. There was a strange historical coincidence and irony: in 1873 ended the era of *laissez faire* in the West, and 100 years later (1973) ended the period of state intervention and began a period of neoliberalism (in the post-socialist countries it started in 1989). Devastating global financial and economic crisis has caused a new startup of state interventionism, in order to rescue shattered economic foundations, built on neoliberal formulas and improvisations.

Clearly, there is no "*economic theory for every situation in life*" (J. Hicks). Economists have "*mistaken so often*" (Ashley) and do not have "*unique opinion*" (J. B. Show) on many issues. But there is a limit of proven economic theoretical knowledge and practical rules of conduct, which should not be disputed. One of them, for example, is institutional pluralism. Also, there are some indisputable facts, visible and in practice, such as crisis manifestations, non-market wealth building, inequality, unemployment, etc. If all this is ignored and talk about neoliberal happiness, and in practice flourishes quasi-neoliberal unhappiness, then this rethoric must be called apologetic.



J. Schumpeter believed that economic theory suffers from "Ri- ardo's sin", as formulated on abstract assumptions without empirical basis. That is not apologetic. Because, as A. Wald said, "*economic phenomena are very complex, an that requires abstraction, so the problem in general could be observed.*"

Today we talk about the aforementioned "*Krugman's sin.*" Well, that sin is the classical apologetics! With "*opportunistic ignorance*" (G. Myrdal) and interest orientation of economic policy makers, it becomes clear how and why different economic theories are used for own goals, depending on political (apologetic) criteria. Of course, apologetic is also used in selective application of the theory: one for home and other for external use (method of double standards).

Some of the features of apologetics are fiction, likeability, generality and methodological inconsistencies. As, for example, neolib- eral story of the so-called "*mini state*". There is no notion whether it refers to the social, legal, political or economic state, i.e. in which terms the countries should be "*mini*"? In economic terms (as reduc- tion of macroeconomic instruments), or legal terms (as reduction of the rule of law), or social terms (minimum social transfers and great social inequality), or political terms (as reduction of democracy), or in terms of limiting sovereignty under the onslaught of globalization? However, I know the theoretical concept of the "*mini state*", which should provide a stable legal and regulatory framework, so indivi- duals would do their business without undue political interference.

This concept starts from the tradition of Locke's liberalism, as an mature idea of society with an emphasis on individuals, who are quite separate from the state. The question is: How achievable are such idealistic concepts in conditions of rapacious human actions, that impair general interest and do not fit in the Pareto principle? Nobody serious can deny the consistency of the liberal democratic tradition - a democratic state as an institutional mechanism that arti- culates private and general interests of society. Post-socialist practice does not fit into this model. In liberal jargon, when state has no higher purpose than the well-being of individuals, this probably refers to all individuals, not just the privileged ones?

Significant is the question of J. S Mill (1988, p. 45) on the balance between individual independence and social control, as well as the proper understanding of R. Nozick (according to Čakardić 2006, p. 856) that "*minimization*" of the state is justified only when it is "*reduced to narrow functions of protection against violence, theft, fraud, non-compliance with contracts and the like.*"

In the context of neoliberal story about so-called "*mini-state*", let us remember that the liberal and Marxist economic theory was in fact only a specific version of Ricardo's abstract system. According to Marx, state should disappear, and according to neoliberals, state should be "*mini*". But history shows that in the world's great crises, theoretical economic formulas were ignored, and state economic interventionism was forced. Thus, state was - maintained! Total distrust in state regulation is not logical nor productive (at least in crisis), nor is it appropriate to the growing IT, manufacturing, financial and civilization integration in the 21st century. The way out, volens-nolens, must be sought in a controlled, interactive and complementary functioning of various economic institutions (institutional pluralism).

Economic radicalism is implemented under the syntagma of "*weak state*." Therefore, very weak effects of state regulation in transition period are no wonder. "*Weak state*" is a phrase often mentioned in various contexts, for example in terms of state deficit due to the use of force apparatus (Migdal, Kohli and Shu, 1994), that political competence is not regulated by the rules of election, that politicians compete for private rents (Marcouiller and Young 1995, p. 637). It is believed that politics is personalistic and "charismatic", because of the cultural identity or "*powerful people in politics.*"

In the Introduction to "Contrasts of globalization", V. Draskovic (2002, p. 7) expressed the hope and belief that this is not the "end of history", referring to F. Fukuyama's misinterpretation of neoliberalism as an eternal order. His illusory and challenged essay "The End of History" (1990) with optimistic vision of the final and global "victory" of neoliberal capitalism, has shown dogmatism of the blind faith in a possibility of the formative and non-alternative socio-economic development. Extracted state intervention on the global eco-

conomic crisis has violated the fundamental principles of a free market in full light shone dogmatism of universal application of economic neoliberalism. Later, the same old Fukuyama (2009, p.p. 61-62) has "retired" and gave pessimistic forecasts about the "*things that are immanent to Reaganism ... and some sort of self-regulating capacity of the market.*" Although the success of capitalism and formations are brought into question, he openly advocated the "transition to a different model" (of neoliberal – Author's note) in order to repair the capitalist economy.

Ideologized economic theory is also one of its key features. Its interest background is pretty clear and well known. Economic theory, especially the "paradigmatic", long ago became too instrumentalized, operationalized and abstract. This allows it (unjustifiably) to distance from many current problems of economic reality. Economic modeling as simplification of the economic reality allows the neglect of various problems. This perfectly fits in T. Kuhn's opinion in "The Structure of Scientific Revolutions" that "*scientific paradigm can insulate society from important social problems.*"

It is known how "paradigmatic" was the neoliberal economic school (especially its radical Chicago variant) in the last 25 years. Its aggression has begun after the awarding the Nobel Prize to F. Hayek (1974) and Friedman, M. (1976). The utopian vision of free markets and the alleged "pure" competition have preached that specified environment allegedly "naturally" corresponds to individual freedom. It was forgotten that freedom must have a moral, legal, environmental, social and other constraints. F. Hayek, in his book "The Constitution of Liberty" (1960) has pointed out the importance of the rule of law.

Perverted elitist individualism was apologetically imposed (deliberately, commissioned and supported externally) in many countries and wide population as a social and civilized norm. The neoliberal apologetic is paradoxically existed on its perceptual contradictions and inconsistencies. Justified as a "*cat*" that could not "*hunt the mice.*" The word liberalism has been abused many times. In this regard, here are the words of N. Klein (2008): "*The history of the modern free market was written in shocks. Some of the most infamous human rights violations of the past 35 years, usually portrayed*

*as sadistic acts of anti-democratic regimes, basically were committed or with the purpose of terrorizing the public or preparing the ground for introduction of radical reforms aimed at establishing a free market."*

Ironically, here perfectly fits the saying of German philosopher J. Herder (quoted according to Rakviašvili 2009, p. 122): "*When meaning of the term expands so that it starts to mean everything, then comes a moment when it does not mean anything.*" Any comment is superfluous. The theory and rhetoric can deceive and "swindle" to make masks and illusion, to create false myths. But the practice reveals all I have called neoliberal metaphor (or meta-phore)!



## *Neoliberal anti-institutionalization*

In theory, institutional monism (neoliberalism) denies institutional pluralism. In practice, quasi-institutional monism (quasi-neoliberalism) denies not only institutional pluralism, but also institutional monism. It is based on alternative and quasi-institutions. This is a paradox, which contains neoliberalism and has anti-institutional orientation. Unfortunately, even some (formal?) supporters of institutional pluralism (D. North and R. Fogel), have developed a theory of so-called new economic history of paradoxical and rather tautologically representation of logic and monistic (market) liberal doctrine and related institutions. Z. Baletić (2005, p. 10) has correctly noted: *"Neoliberals believe that state intervention is in vain, even in the case of market failure ... and may lead to a worse situation .... This comes to the absurd conclusion that human conscious collective action ... is not able to fix things ... Disabling government institutions towards self-promote and implement socially acceptable and economically efficient strategy of social development, have opened the space for the wider effect of neoliberal elites, on one hand, and recognition of liberal doctrine superiority, on the other hand, even in conditions of evident social injustice and the failure of development, that accompany their use."*

Global crisis has led to the return of institutional pluralism, through the measures of strong state intervention. Repressive power of the state is still undeniable, especially in certain areas, such as the struggle against global terrorism. Further, in certain areas, the market "has no place" (cosmic industry, military technology, etc.).

As it is proven, performing economic activities is more organized and efficient with precisely defined terms. Institutions are a set of constraints (rules, mechanisms and norms of behavior) by which people regulate and coordinate mutual political, economic and social effects. These are patterns of human behavior, regulated, compliant and generally accepted, a means of adapting to the change, to minimize the entropy, risks and uncertainties, as well as mechanisms

of monitoring and control, which ensure their implementation and punishment for opportunistic behavior (D. North).

Economic institutions (market regulation, state regulation, ownership and control) are regulators and coordinators of the economic behavior, formal and informal "*rules of the game*": agreements, treaty, custom, ethical rules, formal private rules and positive law. As such, they represent constraints on the one hand, and incentives on the other hand, for all entities in economic activity. Quality institutional changes are drivers of economic development.

Economic institutions contribute to the functionality and rationality of economic activity, and therefore to the economic development of society. It is believed that quality of institutions (economic and other) depends on political stability, efficiency of public administration, quality of laws and their enforcement, rule of law, control of corruption and freedom of public opinion (Kaufman et al., according to: Budak, Sumpor 2009, p. 178). For their effectiveness is important the degree of institutional convergence, which indicates institutional complementarity and synergy (pluralism). Besides, they have priority in complementary activities with economic freedom, shown by the practice and theoretical postulate, for example: property (as an institution) is the basis and precondition of economic freedom. If we ignore (eliminate) institutional pluralism (in any possible combination) and/or put the individual (closely grouped) in control, if we reduce institution (rhetorically and practically) to monism (dirigisme or neoliberalism) or essentially to quasi-monism, then occurs the possibility of abuse, ignorance, oppression and converting to their opposite - a quasi-institutions. Then occurs a blockage of institutional change, the destruction of institutional synergy and institutional competition.

The possibility of institutional control is always directly proportional to development degree of institutional environment and level of the government control (policy). Counter-productive institutional monism is inevitably and quickly transforming to a variety of pathological forms, making a quasi-institutional matrix. It is largely determined by the parties in power, which participate in creating and

strengthening distributive coalitions, monopolizing all aspects of life, cartelling the market and in turn influencing the public policy.

This enables illegal and non-market appropriation of the state property. Rent-oriented behavior expands. Nominally (formally) exist democratic and other institutions, serving only as a cover for greedy realization of distributive coalition. The new "elite" have no interest in strengthening institutional power of the state. This creates a vicious quasi-neoliberal circle of anti-institutionalization. It begins with an institutional vacuum and spreads across institutional reduction to institutional fiasco. By expansion of this vicious circle expands the aftermath: economic, sociopathological, social and other. How was this vicious circle of anti-institutional maintained in a long term? Elimination of institutional competition leads to elimination of the market competition and deformation of economic institutions in the market regulation. This further leads to suffocation of economic freedom, entrepreneurship and natural market functions and principles. Affirmation of non-market behavior, with the blessing of neoliberal economic politics, stimulate rapacious appetites of the privileged nomenclatures, which take control over the institutional ownership. In terms of unprotected and unspecified property rights, manipulative redistribution is enabled in larger scale.

The practice of Latin American, Asian, and most post-socialist countries has showed the whole illusory nature of neoliberal macroeconomic formulas in inadequate and quasi-institutionalized microeconomic reality. But neoliberal *perpetum mobile* continues, regardless of the painful and sobering boomerang of the crisis. Quasi-neoliberals (quasi-reformers) continue persistently and orchestrally to deny and force the development of anti-neoliberal economic policy. Ironically, they are often found in government and play the game with privileged code of conduct, on quasi-institutional field that is monopolistically tilted to their side. The matrix that connects ideological indoctrination, interest orientation and reactive rhetoric, still reproduces in the time of crisis and quasi-institutional space, in the form of neoliberal metaphor.

Messianism of economic neoliberalism as an incarnations of infinite market power and the "ideal" way of organizing the eco-



onomy, is actually institutional and monistic myth. It is based on a system of discriminatory and double standards: rhetorically shaped fruitless imagination and practical implementation of narrow individually motivated interests. Its realization leads to non-market economic polarization and, consequently, adequate social inequality, which represent, in certain way, a *by-product* (J. Stiglitz) and *raison d'être* (D. Harvey). Vulgarized and uncritical application of this model in practice is accompanied by drastic greed, social pathology, the absence of basic ethical principles and enormous negative consequences.

Efficient institutions in one country are not so efficient in another. Explanation is "unresponsiveness" of these institutions (*bad fit*) to specific local conditions (see more in: Berkowitz et al. 2003, p.p. 165-195). Transition has convincingly shown that macroeconomic and other neoliberal economic formulas are generally not applicable in terms of inadequate post-socialist micro-economic institutional environment, characterized by underdeveloped entrepreneurial and private sector, institutional vacuum and domination of monopoly structure.

Institutions of the state regulation should successfully solve standard problems of external effects, in a manner that characterizes the practice of developed countries. Its degradation in the period of post-socialist transition best explains the extreme external effects, that have crushed economic system. In developed countries there is an important, additional factor of relaxing the externalities. It is a developed corporate social responsibility. D. Baron (2001, pp. 7-9) believes that it is a mean of controlling externalities by protecting the interests of stakeholders, not dictated by direct commercial interests and demands of the market. L. Thurow argued the need for corrective role of the state regulation, as institutional factor that is complementary to mechanism of market regulation. He cited the following reasons (according to Mesarić 2006, p. 627) of inefficient operation of the free and uncontrolled market:

- pricing flexibility of many goods is not sufficient, which means that a deduction or an increase in price is not proportional to the

changes in demand; this reduces the effects of self-regulatory mechanisms;

- pricing competition model assumes that all goods are homogeneous, which is not the case;

- economic entities make decision without full knowledge of the relevant facts, often in conditions of great uncertainty about the future;

- what is rational and effective in the short term may be inefficient and unsuccessful in the long run, and

- human decisions and actions (elections, Author's note) are very often motivated and initiated by personal habits, preferences and prejudices; man is emotional and rational being, and his economic decisions are not always rational.

The main hindering factor to neoliberal institutionalization was formulated by E. Gaidar (1995): "*Problem of separating the political from economic power is separating the power from the money.*" That is why our economists should be more concerned about the essential causes that hinder economic reforms and economic policy. Have we forgotten J. Robinson's message: "*Answers of the economists are questions for politicians?*"



## ***Neoliberal individualism of the privileged and individualism-institutionalism relation***

**U**topian, rhetorical and metaphorical neoliberal vision of free markets and the alleged "pure" competition pre-aches that such an environment "naturally" favors an individual freedom. Paradoxically, a few things have been forgotten. *First*, if freedom has no social constraints, greed becomes driving impulse of privileged individuals for enrichment. *Second*, individualism is not mentioned, because it is a *metaphor for massiveness*. An abstract individuality is imposed, which has proven to be a *metaphor for privileged individuality*. *Third*, such perverted and reduced individualism by some "reformers" who have shown to be "skilled and capable entrepreneurs" (so-called "*efficient owners*"<sup>13</sup>) is imposed as a social and civilized norm (V. Draskovic, M. Draskovic 2009a, 22-25). *Fourth*, individualism (of the privileged) has become a foundation of the formal institutional monism as theoretical and ideological basis for economic neoliberalism (economic clockotrim, in terms of "*smoke and mirrors*", without prejudice). It was and still is directly opposite to institutional pluralism, and therefore, to the real institutional change.

These paradoxes have created a wide and strong mechanism of sociopathology hindering the transition. It still represents insuperable obstacle to the strengthening and development of formal social, political and economic institutions in post-socialist countries. Stated subtitle must be interpreted primarily through rooted and paradoxical practical phenomenon of individualism of the few individuals, who with their neoliberal "gurus" metaphorically "pluralist rhetorics", entertain the masses. Let us remember that pluralism is a basic rhetorical moto of transition reforms, because the population was promised massiveness (private property rights, economic freedom, effective entrepreneurship, better life, etc.). Clearly, that was only a neoliberal fairytale based on the principles of double standards.

Neoliberalism as a philosophy of methodological individualism and metaphor of "reformers" has proven to be very suitable for building specific and dogmatic theoretical platform, which served as a motto for fast and non-market acquisition of wealth, power, and economic freedom of the privileged, whom alibi-economists often equated with economic "effective owners". Since the process of enrichment was not innovative, or productive, or inheritance, or of market character, it was a reflection of the extremely rapacious accumulation (with no risk, as opposed to the primitive accumulation of capital). Therefore, it is clear that minorities got what population and/or state lost.

We particularly must bear in mind the arcane phenomenon of rapid and velvet transformation of the public property. During an incredible propaganda of individualism, freedom and institution, there was a drastic reduction of individual choice (and freedom) on a massive scale and quasi-institutionalization as a dominant hindering mechanism of transition with prolonged duration. Property was social, shared, owned by "everyone and no one" without a specific holder, and as such it could not have been alienated without turning it into state-owned. Why was this done, it is obvious. But how it was done, based on which contracts, decrees and/or decisions, that is not known.

In the practice of post-socialist countries, continued existence of the neoliberal paradox of the privileged led to the formation of specific, anti-developmental, crisis and hindering transition model, which we called the "23d", and it consists of:

- *deformation* (of economic reality, entrepreneurship, value criteria, competition, market principles),
- *deficits* (of the rule of the law, developed democracy, institutional environment and institutional changes)
- *deregulation* (excessive, indiscriminate, interest motivated)
- *degeneration* (of institutionalnog environment, market structures and healthy competition)
- *dizinvesting* (mercantilist and interest orientation in selling the key industrial facilities),

- *destructivity* (of vulgarized neoliberal economic policies, nomenclatures of authorities)
- *differentiation* (social, between rich and poor, privileged "new elite" and most people)
- *deviations* (of transition, institutionalization, motivation, personal enrichment at all costs, civilization standards, social and economic freedom, individual choice)
- *disproportion* (social, economic, developmental, between the proclaimed promises and results achieved),
- *domination* (of politics over economics, vulgarized institutional monism over institutional pluralism, privileged individualism over individualism as a mass phenomenon, monopoly, social pathology, totalitarianism),
- *discrimination* (of real economic freedom, middle-class, knowledge)
- *dictation* (of the new "elite" interest party coalitions and parties in power, institutional imitation and improvisation)
- *determination* (philosophy of leaders, false reformers and messians)
- *demagogy* (vulgarized neoliberal economic "ideas" and rhetorical alibi-liberals, the alleged "reformers" who have profited much on their rhetoric and sophistic thesis replacement in terms of mass individualism - individualism of the privileged)
- *duality* (between rhetoric and practice, individualism and massiveness, wealth of the few and poverty of the most, democracy and participacy, protectionism over their own people and false neoliberalism)
- *dichotomy* (between economic institutions of the state regulation and market regulation),
- *dogmatism* (of vulgarized neoliberal formulas),
- *disorientation* (of economic subjects, people),

- *disorganization* (of all social subsystems and lacking institutional control),
- *destabilization* (of economy and society, which reproduces the crisis),
- *degradation* (of economy, society, moral values, economic freedom, private initiative, entrepreneurship and competition)
- *denationalization* (greedy performed with previous unexplained transformation of public property) and
- *demotivation* (of people and majority of economic agents).

The above conditional hindering model is characterized by "rapacious state", which substituted "development state", eroded socialist institutions and created the first institutional vacuum, that privileged individuals used original rapacious mass privatization and later "*privatization of profits and nationalization of losses*" (Mau 2008, p. 7). The synergy of the these hindering factors has replaced institutional pluralism. It has produced two effects:

*first*, high price of deviant individualism and privileged, and

*second*, increasing dominance of politics over the economy, creating the "underground economy" through lobbying and log-rolling, with a new quasi-elites, which consolidated their power, supported by apologetic quasi-intellectual elite.

The achieved results of long-term "pathological neoliberal model", mentioned by M. Mesarić (2011, p 12) could be seen through the annual growth rate of real GDP in the period of transition before the outbreak of global economic crisis (Table 3).

Except in the countries of Central Europe, Baltics, Armenia and Belarus, all the other post-socialist countries have made little growth or even a decline in GDP. That is "*miserable account*" of the neoliberal transition phrase, arbitrariness, bluff, fiction and neo-bolshevism (in a sense: talking this, thinking that, doing something totally opposite), which are unidirectionally turned to achieving the material interests of privileged individuals. These are the results of neoliberal

order, with limited access to resources, where individualism of the privileged has substituted the mass individualism (of all). An effective response to the crisis involves coordination of five **i** factors (V. Draskovic, 2010, p. 20): **i**nstitutes, **i**nfrastructure, **i**nnovation, **i**nvestments and **i**nformation (conditionally: knowledge). Synergism (pluralism) of individuals is assumed, but without individualism of the privileged!

Table 3: Growth in real GDP, 1989 to 2009e  
(for selected transition countries)

<i>State</i>	<i>Index 2009 (1989=100)</i>	<i>Average per Year</i>
Poland	180	3,0
Czech Republic	137	1,6
Estonia	128	1,2
Hungary	127	1,2
Slovenia	144	1,8
<i>Central Europe and the Baltic states</i>	<i>150</i>	<i>2,0</i>
Bosnia and Hercegovina	81	-0,1
Bulgaria	109	0,4
FYR Macedonia	100	0
Montenegro	88	-1,1
Romania	118	0,8
Serbia	69	-2,9
<i>South-Eastern Europe</i>	<i>107</i>	<i>0,3</i>
Armenia	131	1,4
Belarus	156	2,2
Georgia	58	-3,7
Ukraine	60	-2,5
Russia	99	0
<i>Eastern Europe and the Caucasus</i>	<i>91</i>	<i>-0,5</i>
<i>All transition countries</i>	<i>131</i>	<i>1,4</i>

Source: adapted from Domazet, 2010, p. 15



Synergistic effect and efficiency of economic institutions is possible only in conditions of economic freedom and effective individual owners as a mass phenomenon. Good and sufficient proof of this are paradoxical and negative results of the alleged "mass voucher privatization", with unjust, non-market enrichment of the privileged few individuals (including some "reformers"). Weak private sector and a relatively small number of efficient owners (entrepreneurs, which to a significant degree still base their work on irregularities, see: V. Draskovic 2005, p. 113) are not appropriate symbol for the propagated massiveness. Duration and depth of the crisis, with all the accompanying events, is sufficient warning that something is wrong, that neoliberal "development" model needs to be changed. Formula of efficient economic development, among other things, must be sought in economy. Who prevents economic freedom and mass individualism in the post-socialist countries, when socialist collectivism, or strong institutions, no longer exist (or exist only symbolically, in the recombined forms)? Should individualism be a mass phenomenon?

In this regard, I will mention a few additional explanations. *First*, exclusive and absolutist commitment to the pure and abstract individualism neglects or ignores the obvious fact that economic coercion, which in reality does not always originate from the state, should (often much more) originate from the individual source. Lj . Madžar (2005 , p. 21 ) notes : "*There are many abundant potential flows of violence and coercion, which spontaneously arise from decentralized sources of well-known Hobbesian environment.*" Is the experience of post-socialist transition not sufficient and convincing example of this?

*Second*, the existence of the rule of law, economic functions of the state<sup>14</sup> and other economic institutions as objective individual restrictions, is necessary for the protection of legal system, contracts and property rights. These institutions do not abolish or reduce the numerous forms of economic individualism manifestations. On the contrary, they broaden the horizons of its manifestation. In other words, the existence of modern, advanced, flexible and efficient economic institutions is not an indicator of economic dependence, chaos and destruction, but rather a basic condition for development

of economic freedom, democracy, economic activity and stable business relationship. It can be seen from various international indicators.

K. Josifidis (2005, p. 145) points out that the first of several key structural elements of the neoliberal concept is "*designing and establishing institutions and practice, based on and guided by the market,*" which is probably a condition for "*promoting the culture of individualism through the market behavior of all social classes*". He correctly and rightly insists on individualism of all, which is understandable, logical, reasonable and acceptable, in accordance with the experience of developed economies. Individualism of the few, privileged, non-market selected, etc., characterises the practice of post-socialist countries, tacitly ignored by some quasi-neoliberal economists.

*Third*, it is not possible to achieve a higher degree of individual economic freedom in environment of chaos, apathy, domination of various monopoly power elements and other forms of market constraints (externalities, government control, market failure, asymmetric information, etc.). Protection of the property rights and the legal system are the basis for developing economic freedom. Apart from infrastructural development and forcing institutional changes, realization of individual economic freedom requires gradual building of institutional environment, economic and democratic legal order, which can marginalize the effects of various monopolies, economic relations of economic domination and subordination, privilege and non-market forms of appropriation. Even a monopoly on a neoliberal truth.

*Fourth*, institutions as regulators of behavior imply that rules of the game are the same for all individuals. But the aforesaid equality should not recognize collectivist syndromes, but stimulators of individualism. This is not about obscured and formal advocacy or justification of egalitarianism, paternalism, social security, equality, and some abstract justice. It is about a whole arsenal of hindering factors from totally residual mechanism (see more in: V. Draskovic 2005, p.p. 99-100), which has long been reproduced. A neoliberal source of hindering factors is well known and visible. But, unfortunately, some advocates of economic neoliberalism prefer the safety of their aca-

democratic positions, where they arrogantly wallow and from which, according to daily newspapers, new media, local "scientific conferences" and appropriate expert "speeches", they explain abstract models, clockotristically repeating well worn phrases, rather than taking risks to explain the crisis of economic reality.

*Fifth*, the goal of economic institutions is to serve all individuals in the society, to improve their well-being and initiate economic growth and the development of specific economic system. This means that institutions do not reduce nor cancel each other, on the contrary, they emphasize the primacy of individual over collective and possibility of its reproduction. Thinking differently is just an optical illusion, ignorance, barren abstraction and one-sided ideological trap for the gullible. Serious economic researchers do not fall into this trap. One of the convincing ways to avoid this is to define the limits of methodological individualism and identify the individual origin of collectivist and other constraints (institutions, policies, public goods, etc..) and dialectical feedback - collectivist stimuli, protectors and controllers of individual preference, rationality, needs, private property rights and related interests.

In modern economic theory and economic reality, quasi-neoliberals have maximally relativized the contrast and paradox (manifestational, apparent, imposed) between individual and institutional. New front line between them is generated only by those economic neoliberals who easily carry the prefix *alibi* and *quasi*, and whose mission is dominantly interest oriented (more or less). Paradox of this combination (value pair of individual and institutional) is just an illusion and delusion of quasi-neoliberals, because in reality their non-exclusivity is actual generator of that combination (Madžar *Ibid.*, p. 27). It is specific to some (very rare) neoliberals that often cite pretty contradictory views on the observed relation. Sometimes, on a high level of theoretical abstraction, they correctly conclude some indisputable facts. I will not speculate on the reasons for their conflicting elaboration. Undoubtedly, individual and collective are inseparable components of the most institutional arrangements and overall institutional order in modern developed economies. After all, neo-institutionalists in their analysis use some of the methodological

principles of neoclassical theory: personal utility, individualism<sup>15</sup>, preferences, etc..

Because individuals strive for finding the possibility to increase their well-being in a world full of risks, uncertainties, limited knowledge, information asymmetry, positive transaction costs, ill-defined and poorly protected property rights and so on. Therefore, wrong and inconsistent is idea of the wanton and uncritical minimizing the state economic functions (or state regulation as economic institution), which stems from the alleged "disappointment" in effectiveness of the state government, corruption, bureaucracy and other socio-pathological phenomenon. We forget the positive role of the state in many periods of the history.

There are two significant questions: First, is the collapse of state property and the accompanying inefficiency of public authorities in the transition period caused by the action of collectivism or individualism (rather individual improvisation of certain quasi-reformer and representatives of the ruling nomenclature)? And second, why the areas of propagated "mini" state are not defined, so they could be compared with inevitable features of effective and developed countries? It appears that the reasons for the failed economic reforms in many post-socialist countries should be sought on the other side, in substituting the important and irreplaceable state functions by individual and party interests, which are in one way or another, again, subordinated to the individual.

I support *institutionalized individuality*, which should be massive, and not a single phenomenon of privileged and/or socio-pathological origin. I am against all forms of vulgarized individuality. Institutionalized individuality involves the application of the value and law criteria.

Institutional changes, substituted by uncontrolled deposits of restricted, vulgar and materialized individualism, are necessary in the period of transition. One could discuss the economic role of the state, minimum limits of rule of law, degree of institutionalization and the like. But justification of the interest oriented individualism (as a source of enrichment, various forms of monopoly, stratification and other negative phenomena) does not make any sense nor develop-

mental effect. Institutionalized state is developing and protecting private interests. It specifies and protects property rights, economic freedom, contracts and market competition. On the other hand, privileged individualized state (personalized, clearly) develops and protects the interests of privileged individuals. It enables deprivation of property rights, disabling the formation of an efficient ownership structure. It does not guarantee the performance of the contract and economic freedom, hindering the formation of a relatively stable preference system, reducing economic choice, creating monopolies and so on.

Institutionalized state does not know the epithets "minimum" and "maximum", while the conditionally "individualized" state is minimum by nature. It is a state that formally exists in all of its functions, but it is called "private", because it is governed by an individual or small number of interest related individuals. In the first one, institutional (including legal) restrictions are consistently applied to all. In the second one, restrictions are applied selectively (with a few exceptions), which is contrary to the nature of institutions. In the first one there is institutional limitation for all. In the second one there is quasi-institutional limitlessness for the few (privileged). In the first one there is a fixing (specification) the rights and obligations of individuals. In the second one there is feigning, even the inevitable collectivity (referendum, voting, democracy).

After the aforesaid analysis, it clearly takes a comprehensive (not one-sided, quasi-neoliberal) review and explanation of economic individualism, especially in terms of its (often significant) role in some state projects. The dominance of politics over the economy is not disputable, but we should examine whether the policy (and in which segments) is more individualistic or collectivist phenomenon? Results of practical (or illusory?) findings are clear. With the acceptance of the risk of error, it seems that politics act as an institutionalized monopoly on coercion (usually the party, dominated by inevitable individualism in pyramidal hierarchy). Are the answers to some questions from the subject matter hidden here?

Interpretation of some quasi-neoliberal advocates of economic individualism is strictly selective approach in terms of – god forbid

that this individualism is available to every individual! That is not satisfactory for them, since the "mass" directly affects the interests of the privileged, and by definition "resembles" the hated collectivism. Does this mean that an individual, as an abstraction, is quite sufficient and desirable category? Exactly! So let them all find their place, rich or poor, privileged, illegally and non-market enriched or pauperised, economic truly free or not - it does not matter! It is important that everybody finds its place and position, and that stories about individualism, economic freedom, competition, benefits of private ownership and initiative, entrepreneurship and so on, are constantly spinning. Practical analysis is not performed anyway, nor is there information available. Something can be seen and foreseen, something can be learned from the media and that's the end of the story. At first sight, the practice is different from propagated quasi-neoliberal theoretical abstraction, according to some neoliberal "thinkers", but responsible are those who are lagging behind getting in possession of the above categories, because *"they did not wake up their minds sufficiently and on time"* to initiate their own individuality and potential. What an intellectual perversion of quasi-neoliberal reformers, the advocates of vulgarized economic individualism, that is! They swear by the institution of private property and economic freedom (which is not abundant for everybody, only for the rare individuals).

Ambience of massive economic dependence (which is not disputable in many post-communist countries) explains the *"dictatorship of the collective versus the individual"*, while neglecting the notorious true that an increase in economic non-freedom is a result of dictatorship of individuals against the collective. Ignoring these facts is the starting point for further neoliberal nonsense that *"people escape from freedom"* (!) *"hiding behind the mass, collective, institutions, states,"* (!) so *"the escape from freedom is one of the key obstacles to the transition"*... Therefore *"the government of individuals should be established against the state government"* (!?). Loud and clear! And that is demagogic misrepresentation, imposed by quasi-neoliberals. Where do they see so much freedom and institutions, from which people will escape? However, the power of individuals is not a problem for them. On the contrary, they even support it, openly, and pro-

pagate it! And they participate in it, at least in part through their networks.

Hegelian inversion of facts arises from the passionate opposition of faith in individual freedom (which we marked as abstract individualism) with suspicion on equality (collectivism). I have not noticed the commitment for equality of the most (if not all) while approaching those promoted freedoms, although the dominance of unfreedom is confirmed. Even a thought on combining individual and collective, which generates institutional arrangements, is excluded. Should we cite numerous and respectable researches of neo-institutionalists D. North, J. Buchanan, O. Williamson and others, that clearly speak in favor of the need for real institutional changes?

Economic individualism has its advantages (when institutionalized) and its vices (when not institutionalized, so the individual rights are uncontrolled and opportunistic, and social obligations are ignored, with appearance of numerous negative external effects). It is not good when someone's individual actions are reduced to managing (and/or manipulating) other people's individual actions. Especially when it happens just because that "someone" has the privilege to do so. That is not freedom of action, but its negation. It is also not good when "*social engineers*" (quasi-reformists) imagine some other (abstract) social engineers. This is a classical non-recognition or camouflage. Paraphrasing the original positions of the classics does not help. However, I have nothing against them. I only criticize their vulgarization and abuse. I do not know if the classics of economic individualism have ever justified the violent and destructive behavior of individuals, who violate the rights of other individuals and Pareto optimum. Analyzes based on unilateralism, simplifications, uncritical absolutions and pulling-out of context and clockotristically "*awakened mind*", are flawed.

Exaggerated expression and domination of selective individuality (as the basis for dominance of economic non-freedom) in economic reality is ominous demand of crisis and turbulent transition, which is, in some elements, similar to the past historical times. History repeats itself and in these segments is probably unable to

teach us. The consequences are devastating for the population, economic growth, development, state and nation.

When considering individualism, we must analyze all its positive and negative manifestations, feedback from institutionalization, causes and consequences of uncontrolled individualism, limits of its action, real level of economic unfreedom as a hindering factor to positive individuality, influence of socio-pathologic individualism on a high degree of economic unfreedom, relation between individualism and collectivism, which do not contradict the economic development, non-market enrichment as a result of excessive economic individualism and influence factors of "*extended transition*", the degree of quasi-reformist centralization, the degree of institutional politicization and so on. Detailed analysis may lead to a positive shift and changes in the economic crisis practice. Everything else is criticism of criticism, abstract theorizing and barren dust pouring into the eyes and blurring the situation (clockotrim). Without achieving a critical mass of real evolutionary competence (institutional, individual, etc.) implementation of economic reforms is not possible.





## *Neoliberal imperialism, mythology, power and exploitation*

From the beginning, the quasi-neoliberal formulas have resembled the elitist, destructive and greedy concept of power, tending to turn into omnipotence, i.e. a total domination (of the few states, parties in power distribution coalitions and privileged individuals). This is a new dogmatic, anti-civilization, anti-formation and anti-development formula for maintaining and expanding of specific form of hegemonic order of monopolists and men in power ("*restricted access to resources*" – according to: D. North). It can be considered not only economic, political and ideological, but also a moral nature of quasi-neoliberalism, in different dimensions: through the prism of sustainable development, inequality, double standards (accumulation of wealth and extravagance of the few, impoverishment and survival of others), a widening gap between rich and poor, criminalization of society and economy, provoking crisis, etc.

Dysfunctional abolition of the institutions of state regulation (de-institutionalization), practically started in the U.S. in 1971. with abolition of the convertibility of U.S. dollar. This process continued in the early '80s with financial deregulation. The mass creation of hedging (insurance) has begun, followed by more complex derivatives, which were wrongly and mainly speculatively used (through currency rates, interest rates, stock prices and credits). even derivatives of derivatives were made. The risk was chain reaction through virtual financial engineering. There was no serious state regulation, control, directive, monitoring or transparency. Consumption was largely imposed through loans without collateral. The data suggest that the financial sphere was nominally 40 times higher than the real economy (GDP), of which 10 times in the foreign markets and 30 times in the market derivatives.

Neoliberal globalization has enabled these speculations. Why? For the maximum concentration of big capital. It is a fundamental and blurred motto of neoliberalism: 95.000 people in the world dispose with 13.500 billion U.S. dollars! That is more than ¼ of the

total world wealth produced in 2007. Why and how this happened? Due to the interest of greed, total superiority of policy over economy, and the supremacy of ethics to the policy over economy. If this is seen through the prism of Lenin's teachings of "*imperialism as the highest stage of capitalism*" and Kondratieff's interpretation that "*capitalism is eternal... through the cyclical development... of long and short waves*", the reality of the world gets imperial dimension. This is perhaps the real answer to conflicting opinions, regarding the existence (or rather the use) of formation categories of capitalism and socialism, as well as institutionally overcome formational types of economic systems. Are the mixed economy and institutional pluralism a sufficient proof? Here fits the Chinese proverb: "*It does not matter what color is the cat, as long as it catches the mice.*"

Regardless, the capitalist, socialist and post-socialist imperia-  
lisms are not negligible. They were and still are a reality, and in economic terms they must be considered globalist, localist and clocko-  
tristic. Why is institutional deficit, i.e. quasi-institutional monism, the cause of transitional reproduction of the crisis and global financial crisis? It is often forgotten that social and state control<sup>16</sup> of opportunistic behavior is one of the fundamental institutions. When it fails (or delays), the quasi-neoliberal economic motivation is enabled, and that is equal to "*interest greed.*" That initiates and maintains the flywheel of vicious elitist urge for rapid acquisition and accumulation of wealth, dominance and total power. Since ideology<sup>17</sup> of totalitarianism and domination is the common denominator of all forms of imperialism, we can make a conditional conclusion that the formation of a quasi-neoliberalism has led to a new form of neoliberal imperialism, which inherited colonial (geographically) and the neo-colonial (industrial). Its core consists of pyramid financial and technological-organizational domination, control, addiction and related exploitation. Imperialist motives (interests) and exploitation are two sides of the same process.

It is easy to distinguish legally defined economic freedom from freedom of action, with background of immoral, criminal, monopolistic, sociopathological and other quasi-institutionalized behavior. Rapacious rule of pyramid interest has ruined the banking, crediting, mortgage and monetary system, and this chain reaction has substan-

tially destroyed investment potential and economic systems. "Innovative" neoliberal formula was generally valid for someone else's use. As soon as it was applied in the country of "messianic" origin, it produced disastrous results. Time will tell who and how much will pay the bills of programmed financial and anti-institutional insanity.

The dominance of narrow interests has always and everywhere led to the misuse of valuable ideas. Scientific neoliberal model has been replaced with *neoliberal mythology*, acting convincingly and messianic on the population, particularly in the area of faith and hope for more freedom, private initiative, private property and the proper motivation and efficiency. Who, after all, cared about the undeniable truth that every mythology in general was irrational, and that economic choice rested on rational behavior? Reduced individualism (of the privileged) has quickly become the foundation of formal institutional monism as theoretical and ideological foundations of neoliberal economic policy. The main cause of this phenomenon is paradoxical need for public economic policy in service of private and party interests. Along with the destruction of socialist dogmas, they were replaced with transitional dogmas, with uncertain durability and abnormal values criteria.

Just remember the effects of dogma known as "shock therapy": in the choice of priorities, goals were teleologically replaced (recovery from crisis, economic growth, efficiency) using means (liberalization, privatization, democratization, institutionalization and stabilization). P. Murell (1996, p. 31) has noted that this was "*the most dramatic episode of economic liberalization in economic history.*"

All barren and irrational rhetorics and favoritism were followed by mythologizing, ideologization, dogmatisation, politisation, vulgarization, monopolization, exploitation and quasi-institutionalization. These are methodological leverages of neoliberal reforms, which essentially contain the social, political and economic clockotrim. In practice, it was severely manifested by applying double standards to the rich minority and the poor majority, illusionist vacillation between myth and reality, between individualism and institutionalism, for redistributing national wealth and achieving massive illegitimate uses. Generally and without order by priority, here are some neo-

liberal "myths": globalization, market economy, state deregulation, economic freedom, and moralizing without coverage (with specific criticism for criticism).

*First myth* is understanding that globalization is creation of a new world economic order, without crisis, with networking effects. Domino effect is not mentioned. Information, as the main product of the "new economy", do not disappear when consumed, so their value is not determined by costs of production, but the number of subscribers, which is growing steadily. Recession in 2000, and the current global financial and economic crisis in recent years, have shown that it is due to programmed fallacy.

*Second myth* is that economic reality did not confirm romantic ideas of a perfect market as an information and institutional system. Many famous economists have proved that developed market is characterized by asymmetric information. Practice has shown that the production of social goods, especially those associated with development of human capital, can not rely on market forces. Market can not solve the numerous energetic, environmental, demographic, social, educational and other social challenges of globalization. Even the creator of the "open society," G. Soros admitted: "*Market fundamentalism has become apriori ruling ideology, which assumes a sick substitute of human value by cash value.*"

Myth of the market economy appears as a god, whose religion is neoliberalism (faith in market and "skillful" individuals), and the priests are profit-interested and privileged individuals (according to M. Mesarić 2006, p. 614). Along with numerous critics there are approvals, but all of these standpoints vary according to the level of scientific and logical abstraction, objectivity, consistency and apologetics. This global economic ideology is very much reflected in many local environments (and maybe by someone's warrant?). The difference is "only" the fact that globally the benefits from its implementation has TNC as "*market marionettes*" (J. K Galbraith 1977, p. 282). Regardless of their characteristics, behind most of them are the biggest states. It is indisputable. And at the local level, expansion of big capital by neoliberal formulas, allows authority nomenclatures and their lobbyists to extract some benefits. Global

players are likely to pull out the planned benefits and achieve the planned objectives. Upon log-rolling scheme operates global and local scenario. It has various levels and imperial spheres of influence. Victims ("believers") are too many. But this is not just about poverty, but also about dependency relations, lost development, the lack of a consistent development strategy, reproducing crisis, environmental disasters, spreading uncertainty and so on.

No sane and benevolent person could deny the need and inevitability of the market economy. But the problem is proven in practice, where market and quasi-market experts a detrimental monistic super-dominance over all other economic and social institutions. Institutional infrastructure has positive and synergistic influence only when it is complete. Without complementary of economic institutions, a successful and rational coordination of social and economic development is not possible. Violation of institutional complementarities, institutional changes and institutional competition, has led to institutional confrontation and institutional monistic favoritism. This has created a number of blockades and delays, which prevented the social and economic development, collapsing the economy and social order. The state is not only the creator and guarantor of property rights, exchanged in the market. It must control the regularity of this process. Without it there is no certainty as the most important proprietary authorisation, which exists in all possible combinations that comprise property rights. Institutional complementarity also implies the proper and lawful functional orientation of economic institutions

An efficient market can not exist without a dominant share of the specified and protected private property, as an economic institution, which is the foundation of autonomy of economic entities in the exercise of free choice. Weak institutionalization in many post-socialist economies and countries, and in some areas with extremely expressed institutional vacuum, allows the existence of many quasi-forms (imitation, substitute and improvisation), such as:

- *institutional monism* ("messianic" uncontrolled market without parallel formation of complementary institutions)

- *meta-institutionalization* (creating a superior and complete control of the institutions) and

- *quasi-institutionalization* (paternalism, monopolies, lobbyism, social pathology, gray economy, rent-oriented behavior, naturalization, street currency conversion, the dominance of politics over economics, rapacious privatisation, privileged "new entrepreneurs", etc..).

*Third myth* is that national states apparently do not meet the requirements of industrial society, while the sovereignty, GDP, domestic market, taxes, duties and other state instruments have lost their economic significance. The less public interference in economy, the greater chance for recovery. The economic growth rate is inversely proportional to the state economic activities. Experience of the recent years, and especially the latest (crisis) do not speak in favor of these theses. Globalization in developed countries has not led to a reduction, but only a change in the nature and form of state activity. Government should not subsidize commercial operations of firms, nor the allocation of resources between them. However, control over the use of the global biosphere, human, information, financial, organizational and innovation resources, can not be and should not be entirely left to the market, at least not without state control.

The fact is that "sacred place does not remain empty": instead of state and international organizations, there are speculative actions, narco and terrorist groups, searching for the market that could not be controlled. There is a great need to reduce administrative costs and subsidies, but it is also necessary to increase state investment in science, education, health and infrastructure. At the beginning of this millennium, the largest share of public expenditure in GDP was in Sweden (60 %), and also in France, Denmark and Finland. France ranked first and Finland ranked third, according to the share of social transfers in GDP (20-25 %). France was ahead of all EU countries in terms of labor productivity growth. In 2001, Finland was the most competitive economy in the world, followed by Sweden, Switzerland and the Netherlands.

The myth of state deregulation is ontologically compatible with the myth of institutional monism, but rhetorically is "original" because it emphasizes so-called "*mini*" state, a phenomenon that is well known in developed countries. Of course, as we have already mentioned - the state is maintained (!) in one form or another (by growing or looting, developed or undeveloped, institutional pluralistic or monistic, democratic or undemocratic).

Capital accumulation, economy of scale and other economic indicators, according to R. Thomas D. North (1973, p. 2) "*are not sources of economic growth, but the growth itself*". If they have been missing for decades, all these and many other positive economic indicators in terms of the application of neoliberal economic formulas, along with other accompanying problems and consequences, then the question is: Is it enough to understand their inconsistency and social harmfulness?

The absence of any high-quality institutional structures (not to mention developed ones) as a source of long-term economic development and economic growth is a necessary condition of rapacious "transition". That was clear from the beginning. Political-economic governance structures, according to O. Williamson (2000, p. 605) are responsible for development of social and economic institutionalization. Since they have never been compatible to reproduction of the failure, none of them was obliged to critically examine the neoliberal formulas. Why would they review them, if they proved to be the ideal foundation for a quasi-institutionalization, primarily in the area of sociopathological redistribution of property rights, where everything else began and stemmed. About legitimacy is only written and told, but institutionally it is not researched. Many addictions of vicious cycle are formed, where structural corruption blooms at all levels of society. It suppresses the development of full-blooded market institutions and mechanisms of competition, which almost do not exist in practice, only in empty rhetorics of economic quasi-neoliberals.

In institutional and economic terminology, no matter how debatable is the question of optimal limits of state interference in economy, it is necessary to define the limits of the effectiveness of



market regulation. This can be simply defined by the need for normal, flexible and rational institutional action of the mixed economy (institutional and pluralistic). There are no ideal models, in practice, nor a models that are successful and equally active in all conditions, every time and every place. There is no consensus among the representatives of various economic schools of the above model. But there is a consensus on the "mini-state" model, among so-called "libertarians" (term by L. Reed). However, they should answer many questions: Does the above model eliminates coercion, and if not, is the state coercion a substitute for coercion of the privileged individuals and groups (mainly through the party's monopoly on the truth)? Does economic freedom apply to all, or only to rare individuals? Did limitless economic freedoms violate someone's rights? What does economic freedom mean for the minority, without development, evolution and humanity? Is economic freedom reason for sacrificing some people for others, and if so, could that be justified? Did, for example, legal protection mechanism of property rights exist in the countries in transition? Did libertarianism through practical manifestation come in conflict with its own principles and to what extent did that turn (Hegelian way) upside down the Kant's belief: "*Always treat a person as a friend, and never as a means to achieving your goal*"?

*Fourth* mythical fallacy is comparison of the countries according to the Index of Economic Freedom (calculated by the *Heritage Foundation* and other). It is quite irrelevant, because the U.S. were ranked only 12th, UK 14th, Finland 19th, and Japan 25th, while among the leaders of the "economic freedom" was Chile in 7th place. India was 120th, China 137th and Russia 140th.

It is interesting that most of the Balkan countries have solid rankings, despite the fact that they did not reach the appropriate economic results (Figure 1). Macedonia is at a high 43th place, and Montenegro is 68th, Slovenia is 74th, Croatia is 87th, Serbia is 95th and Bosnia and Herzegovina is 101st. All countries of Southeast Europe are rated as repressive in the major categories of property rights and freedom from corruption.

*Fifth* myth is a neoliberal moralism without coverage. I. Jackson (according to Mesarić 2006, p. 614) argues that neoliberal capitalism has become a "*global ideology without morality*." Its "dictatorial" application in the post-socialist countries of transitional "capitalism" has proved to be much worse and more cruel, with neglect and degradation of humanity, many human rights, freedoms and social values. Instead of propagated "trickle down" effect, lived the neoliberal "*dictatorship of capital*" (J. Ziegler) and "*manipulation of monopoly*" (G. Myrdal), with typical quasi-neoliberal "*democracy simulation*", which has spread its tentacles to some significant areas such as science, education, health and employment policies.

The moral aspect of this problem is not negligible, even though many do not mention it, not even in passing, in abstract way, without connecting it to the practical behaviors and phenomena (soliciting rent and non-market forms of enrichment, the consequent pauperization of population stratification, quasi-entrepreneurship, etc.). D. North (1984, p. 8) states that the institutions consist of a set of constraints in the form of rules and regulations, a set of procedures to identify deviations from these rules and regulations, and set of *moral norms of behavior*, whose boundaries should determine mechanisms for the establishment of rules and regulations, as well as mechanisms for the execution of coercion. Running away from the truth, the actual economic reality and the essence of the problem lead to futile theorizing and abstract citation of classic economic liberalism, is very close to apologetics. It has only one goal: to scam people. Origin of the property, equality of economic conditions, freedom for all, business ethics, man as a social being, exploitation, social inequality, pauperization, and the like, are more rarely mentioned. Even the "*institutional engineering*" (Vukotić 2005, p. 14) is treated as a key hindering factor of transition! Everyone must finally understand that hindering factor must be called differently – *institutional vacuum* – which was, according to M. Ćirović (1998, p. 91) used for economic crime of enormous dimensions.

How can we explain and justify the outrageous practice of lending without collateral, huge profits with little or no risk, and organized absence of state control? Was the crisis evoked only by "*infatuation of isolated individuals*" for interest of greed, or was all

this, however, a result of deliberate strategy of interest groups in power? Is quasi-neoliberal scenario possible without the participation of those who should distinguish mistake from intention, morality from immorality, responsibility from irresponsibility, Pareto efficiency from non-market efficiency? G. Cavanagh (according to V. Draskovic et al., 2010 p. 94) have said: "*No human institute can not exist long without an agreement on what is ethically right and what is wrong!*"

## *Neoliberal violence*

Previous analysis has shown that neoliberal ideals and their theoretical concepts are not controversial, rather than the application of quasi-institutional and quasi-neoliberal *violence* (political, economic, ideological, etc.). By this violence was incited and verified non-market appropriation (in large scale) by organized minorities (who can do what they want, where they want, when they want, how they want and as much as they want) over the unorganized majority. S. Kulić (2000 , p. 867) identifies this with "neo-Darwinism". Are there any limits of quasi-neoliberalism as that kind of "new barbarism" (S. Elaković) and "imperial culture" (generally understood as a culture of violent expansion of direct or indirect control and power over other states, peoples and individuals, in part of the moral, human, civilizational, economic, property, and other institutional settings)? If not, or if they are too flexible and semipermeable, then what does the concept of freedom include? Does it include freedom of velvet looting, "democratically" founded to establish a totalitarian and non-formal systems of power and wealth, of forced implementation of "formulas" that are inherent in development of the economic system and a consistent development strategy?

Using various undemocratic methods, neoliberal deregulation was imposed as non-alternative variant, where private greed, in the best possible manner, motivated insatiable "entrepreneurial" ambitions and "reform innovations" of nomenclatures and their lobbyists. Categories and institutions of social capital, such as morality, justice, trust, control, origin of the property, rule of law, democracy, public safety, etc., are ignored. Severe global crisis and transition are sufficient to understand the neoliberal improvisation, but not the sobering of neoliberal "reformers". Metaphorical scam of neoliberalism (as a quasi-phenomenon that it caused) continues and is supported by status quo, or symbolic "*end of history*" (F. Fukuyama).

Neoliberalism did not limit violence in society. On the contrary, it helped its expansion. According to North et al (Ibid.) violence include various forms of social pathology: the non-market appropria-

tion of rents, buying votes, corruption, exploiting privileges, coalitions of interests, ignoring the masses, etc.). The above authors have come to the conclusion that it is possible to achieve to political manipulation of the economy in order to build a privileged interest groups and anti-institutional incentives by political and economic competition. This occurred in the conditions of neoliberal implementation in countries with a policy of "limited access", where some organizations and groups of elites were pulling the rent due to their privileges<sup>17</sup> and some tacitly "*special rights*". Those "rights" are created in an institutional vacuum environments, characterized by personal relations and "strings". Hence, the order is unstable and volatile, the politics is connected and dominates the economy, a minority (elite) manages the masses, informal and alternative institutions (which are extremely personificated) dominate, and organizational structures are very unstable.

The above authors point out that restriction of access (inequality) is provided by a deficit of the rule of law, insufficient guarantees of rights and freedoms and the lack of competition in the political and economic system. Place in an hierarchy is determined by the position of individuals in relation to the law and the nature of its application. Civil society and democracy are underdeveloped, there is no strong opposition, so there is a partial provision of services by the state. Bureaucracy is poorly controlled and unprofessional. "Elites" agree on the privileges, which include the right of ownership and access to certain types of activities. Creation and appropriation of rent is the "glue" that holds the coalition together. This system of organizing society drastically reduces the efficiency of society, economy and politics. It produces deeply intertwined network of corruption, which is most evident in the relation patron - client. Its viability is based on the elimination of strong internal institutional structure.

Realization of the neoliberal project, as a selective and partial quasi-institutional monism, is a reduction of overall economic behavior, from economic activity through competition to motivation and employment. Non-market and violent separation of the population from the property is its de facto separation from economic freedom and the consequent suppression of individualism institutional mo-

nism, which favors the creation of monopolies. It fits in theoretical vulgarization of the neoliberal economic model, which is a deliberately premeditated institutional improvisation and imitation, that have caused all these troubles for most post-socialist countries and their economic subjects.

Institutional improvisers and imitators persist on their "formulas", violently protecting the order of inefficient vicious circle, in which parallelly grows the overall damage to society and marginal benefits of "skilfull" individuals. Similar to simple graphical economic models that even students could understand. We have repeatedly emphasized that institutional synergism is one and only, possible and proven condition and priority of economic development, based on real (not rhetorical) economic freedoms, protected property rights and contracts, entrepreneurship and healthy market competition.

To choose between uncritical advocacy of selective "individualism" (more precisely: the violent absolutism of the vulgarized economic neoliberalism, which does not exist in the developed market economy countries) and institutionalized and liberal economic environment, where individual rights and economic freedom of all members of society are qualitatively expressed), it means to choose between one-sided reheating of the primitive quasi-neoliberal economic mysticism and scientifically proven institutional stimulators of economic growth and development. This choice is not easy, because all scientific and practical dilemmas are factually solved. However, the permanent "emission" of substantiated explanations and critiques of retrograde phenomenon are necessary.

Private interests, private property, private initiative, economic freedom, and the like, are generally and formally propagated and praised. In practice, they are available only to a narrow circle of people, due to the obvious inequality of conditions and restricted access to resources (monopoly, privilege, non-market acquiring of wealth, nepotism, log-rolling, etc.). The reduction of economic freedom and individualism is almost imperceptible, as well as the violence against the political, social, legal, ethical and economic interests of citizens. This essentially means the vulgarization of the neoliberal economic model.

In the society, there are "forces of efficiency" (technical progress, innovation, discovering new markets, new products, etc.), with positive influence on dynamics of property rights, and "redistributive powers" that strive for the forced redistribution of property rights in their favor. It is believed that the interest-ownership redistribution of national resources in the post-socialist countries was performed in two dominant ways in favor of bureaucratic and lobbying nomenclature: dynamic profit-oriented motivation (*profit-seeking*) and static rent-oriented motivation (*rent-seeking*) – (according to: V . Drašković 2005, p. 96).

During the evolution of society, evolution of the property rights is constantly in progress. Sometimes is positive, sometimes negative. Still, it is determined by a dynamic process of interaction (struggle) of the power efficiency and power redistribution. Since the fundamental liberal principle implies that violent restrictions of freedom must be justified, according to K. Josifidis (2005, p. 144), the question is: How could be justified unfreedom of the vast majority of the people, resulting from, among other things, obvious nonselective application of neoliberal economic measures in the post-socialist countries? Often comes to a conscious and uncritical replacement of thesis, so the justified criticism of non-market enrichment is understood as a critique of market capitalism, which is not the same. In most post-socialist countries, the propagated competitive, liberal, innovative, entrepreneurial and market capitalism was missing. On the contrary, it was a domination of privileged monopolies and their respective rapacious forms of enrichment. Is transition in some countries now better? The best answer to this question is the constatation of numerous deficits and surpluses where there should not be even allowed to exist. Non-market economic behavior may not be rhetorically wrapped in the wafer of neoliberal economic theory models, expecting to establish an efficient market, healthy competition, specified and protected property rights, by itself. Without a real institucinalnog pluralism that is not realistic.

How many times must be repeated to understand the truth that instead of the market and competition in the post-socialist countries dominated their substitutes, recombinant, mutant, and quasi-market

structures, where monopolies have served for enrichment of minority, and flea markets for the survival of majority (see more in: V. Draskovic 2005, p.p. 96-106). This or a similar neoliberal model does not characterize developed countries. Are the universality and absolutization of such (vulgar reduced and modified) neoliberal model, without any reservation, or at least a distinction in relation to its potential (and actual) negative and violent implementation in post-socialist environments of institutional vacuum, justified? By the logic of these grotesque and violent neoliberal substitutions, is it possible to replace the mass individualism with the privileged, and expect effective economy? As to all other questions, the practice gave the best answer.

Is it possible that a quasi-neoliberals do not notice the imposed substitution of quasi-market structures, competition to all sorts of ubiquitous monopolies, efficient private sector of the rare nouveau riche, enterprises of rent-oriented and gray-economic behavior, effective social, political and economic institutions of group-individualistic improvisation, ideals of vice, institutional control by party-individual control, objective regulators (rules of the game) subjects ("good players" and their connections), etc.? No, this is not possible. They see it and know it, but they stubbornly continue to tell their their stories and to do what they do. As long as they have a good background, which is called the official neoliberal economic policies. People usually say, "*Fasten your horse where your boss says to.*"

When the post-socialist practice is concerned, it appears to be a recombinant socialist ballasts, with a the most primitive forms of nomenclature organized accumulation of capital, obsolete and rigid forms of liberalism and organized criminal behavior. Socialist monopolies have been replaced by others, who were more deadly. Therefore, it is necessary to analyze and assess the causes and extent of the fiasco, and to compare it with "achievements" of privileged individualism. The correct analysis and evaluation would have shown the negative effects of imposed neoliberal "shock therapy" in the allocation of national resources in favor of bureaucratic lobbying nomenclature and nouveau riche businessmen, at the expense of economic growth, development and the majority of the population.



A "rapacious state" (P. Evans 1993) does not mean the state that grabs, but the one that enables, through its acts and omissions, the privileged individuals in it to grab. I have repeatedly pointed out that the only salvation were urgent and radical institutional changes. But they were slow and partially implemented, but skillfully and deliberately bypassed. Parallely build and strengthen inadequate alternative institutes, which generally have a destructive effect on the valuation of economic resources. S. Kuznetz (1996, p. 445) argues that without political democracy and civil liberties it is not possible to implement institutional changes. Nevertheless, we should not forget the brave and daring entrepreneurial efforts, which grow stronger and which will, I believe, dominate in the near future.

Lessons must be drawn from neoliberal failures. Liberalization is not the same as violence against it. Freedom presupposes the absence of restraint, but direct and indirect coercion in neoliberal conditions have been continued in a raw and sophisticated forms.

## *Instead of a conclusion*

Time of transitional development challenge has begun long ago. But most of the transitional countries have not yet created the conditions for a satisfactory response, because destructive tendencies dominate over creative. Regarding deficit of legal state and surplus of authority over the people, a high price is paid for neoliberal failures and greedy experiments of self-proclaimed "visionaries".

I doubt that my critical and factual arguments in this manuscript will be sufficient to demonstrate all the rhetorical impotence and inconclusiveness of phraseology, and offensive, politician, theoretically and practically unfounded and unsustainable qualifications of certain neoliberal "economists" (which I call alibi-reformists and quasi-reformists). Even the criticism of neoliberalism by known and recognized international authors such as: N. Chomsky, J. Stiglitz, D. Harvey, D. Rodrik, P. Krugman, E. Reinert, G. Kolodko, E. Primakov and others. nor an economist with the ex-Yugoslavian countries (T. Bandini Mencinger J. M. Mesarić, Z. Baletić, D. Vojnić, M. Čirović, Lj. Jurčić, G. Santini, D. Cvjetićanin, D. Tay, M. Kovačević, R. Močnik and others) was not sufficient. The best answer to this question provides the practice, but for me will be very important the response of readers of this manuscript.

This manuscript and book cover, with striking explanation of its essence, will be testimony of a large gap between neoliberal theory and quasi-neoliberal practice. There are many deviations in this gap, such as: inequality of possibilities and conditions for access to resources, a rare freedom of monopoly versus mass economic non-freedom, "messianic" vulgarization of individualism, negation and isolation of institutional pluralism, paradox of neoliberal recommendations, dominance of "*political looting*" over "*economic way of providing goods*" (F. Oppenheimer), a nomenclature-criminalized and rapacious "capitalism" in some countries of transition (which is overcome in the West long ago), domination of the privileged interests, brutal reduction of economic choices of majority by rich minority,

quasi-institutional "game" of the clan-organized quasi-elite, a vicious circle of quasi-neoliberal totalitarianism and mythology, deformed value criteria, quasi-monistic dogma of anti-developmental nature, codified manipulation and general fraud, uncontrolled alternative quasi-governmental institutions (on the international and national levels), the dominance of authoritarian power structures in the class relations, mass exploitation, etc.

In this manuscript I have marked neoliberalism as I perceive it: as a metaphor (or, metaphore) for multiple scam of the population. What are these scams?

*First*, it is said that "*creativity and innovation are inheritance of mere reasonable egoists in a competitive environment.*" Sure, but the motives of these innovators were not on the log-rolling relation "*me to you – you to me*".

*Second* scam of quasi-neoliberals is that "*the main obstacle on the road to happiness*" (healthy competition – Author's note) was allegedly "*mystical faith in goodness and justice for all* (massiveness – Author's note), *concern for the neighbor and the ideal of equality and fraternity.*"

*Third* scam is that rules are for all, except for those who establish them, they are free – of the rules! Therefore, some authors argue that neoliberalism is a return to the violent primitive accumulation of capital.

*Fourth* and perhaps a major scam is the appropriation and monopolization of freedom and profit - by the privileged, new expropriators.

Neoliberalism is the first theory, whose results are widely applied in practice of macroeconomic policy. Despite the glorification of neoliberalism, and its transformation to quasi-neoliberalism, the words of Adam Smith from two centuries ago will be remembered: "*State should do what individual will not or can not.*" Countries in transition suffer large-scale attacks (in theory and practice) on the state and everything state-owned, even on those who are on the state payroll. This is not just demagoguery, but also discredits the idea of transition and faith in its success. Transition can be implemented

only to the extent allowed by the existing social, economic, political and institutional conditions and constraints. Its success is possible only by the positive shift of values and corresponding adaptation of human thought and behavior towards civilizational achievements. This direction is opposite to any dogmatization, absolutization, mythologisation, improvisation, self-regulation and monistic choices.

Distributional coalitions have carteled the market and developed a parasitic influence on public policy, substituting the promised market by monopolist quasi-competition and unlawful ways of appropriating the state property and/or rent. In this way they have created enormous wealth. Nominally (formally) exist democratic institutions, serving as a cover for the expressing and realizing the interests of distributive coalition, consisting of old nomenclature members, nouveau businessmen, oligarchs and mafia structures. The new "elite" have no interest in strengthening infrastructure and institutional power of the state. Lobbyism and log-rolling with asymmetric information, institutional vacuum, power and network of informal groups, have enabled reproduction of their rent-oriented behavior. Institutional matrix of the state, politics and society are largely determined by the party in power.

Numerous victims are the symbol of the horrors of totalitarianism. If definition of victims generally refers on financial and other forms of damages, the neoliberalism is a classic example of totalitarianism. J. Stiglitz (2008) criticizes the *"market fundamentalism, which has always been a political doctrine, serving the certain interests, and has never been supported by the real economic theory nor historical experience."*

Therefore, A. Sen (2009) writes about the "new world" in place of "new capitalism", i.e. the "false dawn" (term by J. Gray, 2002), which will be based on social values, able to defend itself on moral grounds. It should replace the "dictatorship of neoliberalism", mentioned by G. Santini (Ibid., p. 210).

We live in a new and different world compared to the socialist. But it is not developed, institutional world, but recombined order, a negative compound of bad socialist habits and manners with vulga-

rized neoliberal ideology and corresponding quasi-neoliberal practices. This text is not part of my "struggle" against so-called neoliberals, quasi-neoliberals and quasi-monopolists. There are institutions that are competent for it. I only wanted, through the prism of development and civilization (theoretical and practical knowledge), to point out the following facts:

- interest vulgarized neoliberalism is a quasi-institutional monism, the negation of institutional competition and institutional pluralism,

- quasi-neoliberals have written, defined and realised in practice the privileged rules for themselves, that prevented individual and institutional competition, and

- quasi-neoliberalism has anti-development character, as it is based on false promises and deceit, making it dogmatically similar to socialist dirigisme.

Galbraith have said: *"We can not deny the existence of those who wallow in the rays of their own glory, feeling their own professional success and savor the achievements of economic results, which are in fact generally accepted fraud."*

Due to immoral economy at the end of 2013, Pope Francis has strongly criticized the *"ideological foundations of capitalism"*. But even Pope's criticism does not help. What needs to happen in order to establish mechanisms (institutions) of civilized social cohesion, in order to limit the ultimate soulless interests of powerful elites and neoliberal conception of institutional redundancy? Maybe it is enough to distinguish "capitalism" (which is not based on the unlimited greed, but the plurality of institutions, healthy and honest entrepreneurship) from "predatory greed" (Kregar 2009, p. 185).

Crisis review of neoliberalism is finished. Even F. Fukuyama (2003, p. 129) has concluded that *"negative externalities will not disappear by itself."*

S. Lacic (2010, p.p. 196-197) correctly observes: *"Libertarianism is now removed from the developed economic system, but it is bizarrely and successfully marketed as the only effective salvation in*

*underdeveloped countries. Liberalism, neoliberalism, libertarianism, etc., are not the causes of financial (banking) crisis."*

This text is an attempt to, with arguments of alternative choices and institutional pluralism, relativizes neoliberal absolutism, and with argument of historical analogy to express the faith in terminating all empires and absurdity of human endeavor to conquer the world. Reviewing the work of my distinguished colleagues, I recognized the same or similar opinions on many important issues analyzed in this book. It convinced me that I have approached the set goal:

- to highlight the phenomenon of neoliberal metaphor (through contrasts, autonomic and contradictory relations of big and small, rich and poor, developed and underdeveloped, dependent and independent),

- to indicate the need for adjusting and changing the underdeveloped into developed, weak and monistic institutionalized into pluralistically institutionalized, from civilized and rational prefix and preserving the highest possible level of positive socio-cultural specifics of the local IC), to indicate the horrible effects of bringing neoliberalism to the level of metaphysical-economic holy grail.



## Notes

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<sup>1</sup> According to the latest data from the University of California on socio-economic relations in the United States, 1% of the richest account almost 20% of household income, while 10% of senior and privileged classes claim up to 50% of family income. Many U.S. researchers claim that the situation in the country is much worse, i.e. 10% of the richest has even 70% of family income. They believe that this is an elitist, unprincipled, neocolonialism and a sophisticated system of general neoliberal exploitation. 25 years of neoliberal system on the territory of the United States has led to major social and property changes. At the beginning, 1% of the richest earned 12% of all wages paid and controlled 33% of the economy. Today, 1% of the richest earn nearly 20% of all wages and control 40% of the U.S. economy.

<sup>2</sup> Liberalism has evolved from large scientific and intellectual doctrine to narrow ideological apologetics of the specific policies, which was (and still is) implemented in the interests of certain social groups. Losing touch with its scientific basis, ideology always called upon to it, declaring its continuity. Modern neoliberals are doing the same thing: referring to the tradition of the great thinkers of the past, ignoring the fact that they have gained fame in the struggle against feudal tyranny and absolutism, fighting for human rights, the constitution and civil freedom. In neoliberalism little remains of classical liberalism, even less could be said about the quasi-neoliberals and their dominant interest motives.

<sup>3</sup> Budgetary discipline, redirecting public spending towards supporting the poor, tax reform (lower taxes), liberalization of interest rates as a support the economy, a competitive exchange rate, trade liberalization (the elimination and/or reduction of customs duties and import taxes), liberalization of foreign direct investments, privatization, deregulation and legal protection of property rights.

<sup>4</sup> J. Williamson points out that his recommendations do not contain free movement of capital flows, monetarism, "economy of supply" (minimum tax) and the concept of so-called "*mini-state*". This amendment was introduced by neoconservative programs of M. Thatcher and R. Reagan. Naturally, macroeconomic discipline/stability, privatization, market economy and free trade are the commonalities with the neoliberal economists gathered around "Mont Pellerin" and the ideas of M. Friedman and F. Hayek.

<sup>5</sup> For example. Global Competitiveness Index (Global Competitiveness Index - GSI), which offers the World Economic Forum.

<sup>6</sup> The following critical arguments: the first indicator is institutional development (as a part of the GSI), for some countries in transition have not been calculated the mentioned indicators, dubious "quality" if indirect, general and



controversial "indicator" for valuating the major economic institutions (government regulation, market regulation and property relations), the inability of standard measurements of institutional quality (institutional pluralism) in communities where quasi-institutional monism in function and in assessing the institutional construction of some countries there is too specific and usually heterogeneous impact factor, which can not be consistently and completely measured and quantified, let alone defined the unified criteria, based on which it would be possible to make quality comparisons.

<sup>7</sup> Libertarianism has emerged as a radical continuation of the personal liberty postulate, raised to absolutism. The ideology of libertarianism requires complete freedom, suppression of any form of state coercion and any kind of violence. It ignores class differences in society, social issues and exploitation, giving primacy to the extreme and utopian individualism.

<sup>8</sup> Every *ideology* is associated with inevitable simplification of reality towards simple, clear image, expressed in a set of specific value orientations, formulas for social change, criticism in favor of the status quo or projects of social reconstruction. Only such a reduction allows to the masses to understand and accept a certain ideology. It is often a substitute for the scientific basis on which it was created. A classic example is the ideology of neoliberalism and its theoretical model. The ideology usually turns into *dogmatization*, when its thesis is accepted without evidence, and into *subjectivization*, when ideological elements are being applied in practice to justify the implementation of the interests of individuals and/or a narrow group.

<sup>9</sup> Metaphore for selling goods for a bill, throwing dust in the eyes, bying pig in a poke, etc.

<sup>10</sup> After works of D. North, R. Levine and W. Easterly (2002), many economists have also concluded that development of institutions is the only variable that may explain diversity of achieved development level among countries.

<sup>11</sup> Neoliberalism limits the sphere of liberty to freedom of consumption (who owns) and survival (coping).

<sup>12</sup> Significant note by Z. Baletić J. and Budak (2008, p. 807) that Gwartney et al. (2007) observed that economic freedom is not properly understood in the context of political democracy. M. Friedman pointed out that economic freedom is a condition of political freedom. Economic freedom include: business freedom, trade freedom, monetary freedom, freedom from influence of the state, fiscal freedom, property rights freedom, investment freedom, financial freedom, freedom from corruption and labor freedom. In 2011 Montenegro was ranked 49th according to the Index of Economic Freedom (7.26), Croatia 75th (7.01), Serbia 104th (6.46) and so on.

<sup>13</sup> Owners of the production factors (as property ownership) in position to hire under certain conditions and regularity, ensured by the appropriation of a certain in-

come. The experience of post-socialist transition countries have shown many economic setbacks during the process of privatization, because instead of specific resources and tasks (with clear goals and time-bound stages of their solution) was launched just desirable slogan (Bolshevik tradition). The official authorities did nothing so that effective to owners (as a phenomenon) could become dominant economic sector. They are still not in agenda. In many countries, privatization has fit into mosaic of the general political demagoguery and almost turned into a farce, or into deliberately blocking the process of forming efficient owners and separation from the real ownership of majority. Population was earlier psychologically (and in paper) prepared for entrepreneurship.

<sup>14</sup> Regardless of the so-called '*state claim*', which is evident.

<sup>15</sup> Is the proof to *methodological individualism* of economic theory of property rights not sufficient? It is, among other things, manifested in the fact that company's organizational structure is not given any independent significance, but it is seen as a legal fiction, because a real individual is recognized only as a "living entity", which acts as the bearer of economic activity, property rights, and individual ownership rights, decision-making, motivation, mutual action and the like. (V. Drašković 1997, p. 17).

<sup>16</sup> The world has come to enormous and uncontrolled spending. Banks were not in control of loans, investment companies operated without regulation, the mortgage loans were given without real coverage, false balance sheets were presented, certain pension funds have been replaced by direct investment in stock markets.

<sup>17</sup> "*Ideology refers to any set of beliefs, ranging from scientific knowledge, through religion to everyday understanding of appropriate conduct, regardless of whether those beliefs are right or wrong*" (Abercrombie i Hill, 2008).

<sup>18</sup> D. Cvjetičanin (2004, ss. 125, 130) writes about the inequality of post-socialist transition conditions "*in which the only available are political leaders and their favorite economic darlings of the partes in power.*"



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## *Excerpts from reviews*

Professor *Bagrat Yerznkyan*,  
Central Economics and Mathematics Institute,  
Russian Academy of Science / State University of Management Moscow,  
Russia

In his scientific monograph "Neoliberal metaphor", Veselin Draskovic examines various aspects of neoliberalism - theoretical and practical. In theoretical sense, attention is focused on the characteristics of neoliberal model, where dominance of the market, as the sole and almighty regulator of the economic mechanism, has brought to logical limits. Apriori neoliberal ideology assumes a sick substitution of human values by money values. In practice, the author is focused on the analysis of failed neoliberal experiment in transitional countries. In his monograph, Veselin Draskovic impressed me with his elaborations, throughout the text, from cover to cover, pointing out the need to oppose and replace institutional neoliberal monism with institutional pluralism, with inevitable high risk of establishing an institutional vacuum and institutional nihilism.

Neoliberalism and everything related to it (rhetoric, apologetics, demagoguery and "clockotrim", as an organized activities and situational effects in order to blur the brain) actually manifests itself as a *metaphor*! V. Draskovic has ingeniously and originally observed this, and therefore has called this monograph a "Neoliberal metaphor". With that title and visual solutions of the cover, he has immediately warned the readers on the dangers of falling into slavery of neoliberal metaphorical illusions and fancy slogans (with elusive meanings), which in practice have been substituted by quasi-behavior of "neoliberals" - a quasi-institutional aggression, i.e. forcible introduction of quasi-institutions. This strategy proved to be inconsistent in the process of reforming the post-socialist countries. Special chapters are devoted to a detailed examination of the major neoliberal paradox, with masterful use of institutional economic analysis. The author then skillfully, originally, consistently and argumentatively exposes all neoliberal myths, especially the myth of the "mini-state", which serves as a screen for expression and realization of uncontrolled group interests, enhanced by the national, corporate and informal "elites", focused on the acquisition of wealth at the expense of the absolute majority. One of the essential prerequisites for successful economic and social development is a rejection of the neoliberal principles. Paradoxically, it turns out that neoliberals sacrifice even their own rhetorical principles - freedom, democracy and the market, when it affects their interests! We can respond on the neoliberal metaphor with the *"stepwise path"* metaphor.

The importance of this monograph I see in an excellently written and objective scientific criticism. It illuminates many interrelated and interdependent problems of economics as a science and the economy, and contributes to reducing (if not eliminating through the prism of neoliberal metaphors) division in society and among economists. A prominent Russian economist and academician Dmitry Lvov

has written about it, referring to the indisputable facts that are, unfortunately, differently qualified! This is not surprising, because the origin of this state of affairs lies in theory and practice of neoliberalism, which imposed division of the various parties as a model for imitation. Undoubtedly help in understanding this phenomenon gave the reviewed monograph "Neoliberal metaphor" by Veselin Draskovic. It is not only a rational synthesis of all the previous critique of neoliberalism, but also the best and the most complete so far, especially in terms of consistently applied-institutional analysis. The author has succeeded in ten separate sub-headings and concluding observations to identify the most painful and the most sensitive points of neoliberalism, especially the contradiction of immanent institutional monism, and masterfully and gradationally synthesized them into - neoliberal metaphor! He has almost perfectly included representative quotes of the famous critics of neoliberalism. Compliments to the author, to my exceptional and longstanding colleague from the Economics Faculty of MGU "Lomonosov" and a regular member of a prominent philosophical and economic Scientific Society - Centre of Social Sciences MGU "M. V. Lomonosov", for this quality, genuine, durable, valuable and concise text, a systematic and representative critique and large (traditionally Montenegrin!) courage.

Author's specific philosophical and economic approach to subject matter, gives special touch to this convincing critique of neoliberalism, rare for its content depth, literal breadth, capturing the essence and lucid insight into hazy oasis, hidden under the veil of numerous scams, that make this cruel metaphor, which goal is accomplished: the elimination of all institutional, social and ethical barriers for non-market maximizing the profits, capital accumulation and unlimited enrichment.

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Professor *Dragoljub Stojanov*,  
University of Rijeka, Faculty of Economics, Rijeka,  
Croatia

When a great connoisseur of economic thought and economic practices in anger writes lines of his book, then the reader gets - *Neoliberal metaphor*. Book by professor Veselin Draškovića *Neoliberal metaphor* is a strong critique of some "protagonists" of economic thought, theory and practice, which transforms the subject of civilization and man's dignity into an object of the gaining profit proces and redistribution of global power, both now, and since the time of Adam Smith. Today, however, and even more tomorrow, if a supernatural miracle happens, the capital becomes subject of corporate globalized world. Democratic principle "one man-one vote", is already and evidently changing through practice into the principle of new democracy, "*one dollar-one vote*". Certainly, the author raises questions on how the world will look like and, even more, how will it end its evolution? Will we be witnessing a new cybernetic slavery, or will we be transformed to the amazing post-capitalist society, or who knows what - remains to be seen. Something and not just a little bit, but important, needs to be changed in the mainstream economic paradigm,

it is more than obvious. The author underlines this, not only in every page of the book, but in every word. We can only agree with his views that "*Neoliberalism is seen as a metaphor (or meta-phore) for multiple fraud of broad layers of the population.*" This fraud is multi-layered. First, it is argued that "*creativity and innovativity – are inheritance of mere reasonable egoists in a competitive environment. Sure, but the motives of these innovators were not on the log-rolling relation 'me to you – you to me'. Second fraud of neoliberal theory is that the alleged 'main obstacle on the road to happiness (to healthy competition – Author's note) was a mystical faith in goodness and justice for all (massiveness – Author's note), concern for one's neighbor and the ideal of equality and brotherhood. Third fraud is that rules are for all, except for those who establish them, and they are free of the rules. Therefore, some authors argue that neoliberalism is a return to the violent primitive accumulation of capital. Fourth, and perhaps a major fraud is the appropriation and monopolization of freedom and profit - by the privileged, new expropriators.*"

The book *Neoliberal metaphor* by Veselin Draskovic, many will welcome and read with approval and pleasure. Many will recognize reality in which they live and which they condemn. However, there will be those who enjoy that kind of reality, and hence such economic paradigm, which they might have locally supported. Economics is sometimes weird science. And perhaps, not only sometimes, but from its beginning. The time in which we live requires heirs of Smith, Marx and Keynes. Professor Draskovic clearly indicates that, and he is right.

Monograph *Neoliberal metaphor* is written in a scientifically high level, and is wholeheartedly recommended to readers who wish to question the economics, even to the cold neoliberals and quasi-neoliberals, who, after they ravaged transitional countries for the interests of global capital, hold that economic dignity still exists.

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Professor **Miomir Jaksic**,  
University of Belgrade, Faculty of Economics,  
Serbia

The latest scientific monograph *Neoliberal metaphor* by Veselin Draskovic is a result of his fundamental and decades long research, analysis, recommendations and criticisms of the parallel processes of transition and globalization, which have betrayed the expectations in many aspects. It from cover to cover, this book exudes with argued critique of neoliberalism and its devastating quasi-versions, as well as affirmative recommendations of institutional pluralism.

Unlike the ordinary analytical critique, author exposes *neoliberal metaphor* by combining institutional analysis, various methodologies and selected chrestomathy. He scans all the hidden (deep and surface) neoliberal phenomena, myths, dogmas, deceit, deception, contradictions and paradoxes, ie everything that makes the essence of considered metaphor and meta-phore. Ambiguous title, antinomial reflection that runs throughout the text, message clarity, empathy, consistency and sharpness of

criticism, gradualist problem identification and an original style, make this scientific work useful, exemplary, valuable and rare. It is a very successful author's discovery of difference between the apparent and the actual code of neoliberal mythology, which for decades have tried to justify apologetic and interest calculated explanations of "*economic clocktrists*", whom he originally named quasi-neoliberals, those who sell "*a bill of goods*." Many authors critically write about transition period and its vices, presenting them as ideals. But institutional analysis are rare, a scientific and methodological evidence and arguments are solid, and professor Veselin Draskovic offers them in his distinctive, impartial, bold, simple and clear style. He calls things by their name, explaining the complicated, causal relations and socio-pathological channels of quasi-neoliberal labyrinth, privilege, dictation, interest and fraud.

It is a great scientific and human valor and merit to brilliantly crash the anachronistic, outdated, false and, of neoliberal gurus (and their mentors), imposed monistic dilemma of keynesianism-neoliberalism, which produces abstract divisions on relation: massiveness-individualism, dirigisme-neoliberal etc. He correctly noted that monistic concept was fundamentally wrong and malicious, resolved by economic theory and practice, affirming institutional pluralism. It is an alternative that the author constantly and correctly imposes, going further and deeper into his excellent critical analysis, which allows him to conclude that institutional fiasco has directly caused the global and transitional crisis, led by political and economic neoliberal dogmatism. His scientific and original criticism was fiercely focused not only on neoliberal and quasi-neoliberal economic reductionism, but the neglect of basic restrictions in terms of legality, morality and solidarity.

In a certain way, this monograph rounds a generous scientific opus of the author, who has published his thoughts, comments, suggestions, recommendations, suggestions, criticism and analysis, uncompromisingly and continuously, in renowned economic journals, which are due to the small press run and geographical distances, unfortunately, only available to rare professionals. Good thing is that far wider readership will be able to learn about this problems (and its causes), which are characteristic for two failed experiments in this region: the socialist (Marxist) and post-socialist (neoliberal). Thanks to the great scientific enthusiasm of professor Veselin Draskovic. By consistent critique of socio-pathological mercantilism as anti-civilizational and anti-developmental norms, the author scientifically confirms that he belongs to narrow circle of meritorious and creative economic thinkers of ex-Yugoslav countries. It is a fact, no matter if someone likes it or not. His unscrupulous and fundamental critique of neoliberal and quasi-neoliberal dynamics and deregulation has led to a dramatic breakthrough of realistic constraints of economic reality. The title Neoliberal metaphor contains and hides multiple meanings, which the reader will be able to recognize through the text. Alibi-reformers will also recognize themselves, as well as the need to review the existing system and the author's disagreement with it, which is shared by the reviewers of this monograph. I'm sure that no reader will remain indifferent to this extremely quality, inspiring and provocative scientific work, with reasonable messages. One of them stands out like a civilization and developmental lighthouse: institutional pluralism!

Professor *Guste Santini*,  
University of Zagreb,  
Croatia

The author complexly approaches the subject of his research. He treats neoliberalism as a social phenomenon that enables full insight of origin, as a source of neoliberalism on the one hand, and, on the other hand he correctly cites various considerations of those who advocate neoliberalism and those who deny it. The author's multilevel analysis, which is clearly evident from his structure of work, suggests the involvement and influence of different approaches, from theory to its implementation, and request for their unapologetic identification, in order to systematically investigate the phenomenon of neoliberalism. The author is very effective in his work. He strongly insists on the necessity of theoretical model and its implementation through appropriate policies. He claims that it is necessarily to talk about the social aspects of the policy. When it comes to the economy, he insists, implicitly and explicitly, on the political economy. The author's comparison of fascism, socialism, and globalism is strong. His analysis raises many questions and he offers some answers. However, he deliberately leaves the open question: Where is globalization going to take us? In this sense, he offers plenty of views of other authors to show that uncertainty and associated risks, without reasonable access and equal position of the individual and the state, could have devastating consequences. Warning that when evaluating neoliberalism one can not ignore morality, ethics, cultural characteristics, and so on, implies the author's concern, on the one hand, and the determination, on the other hand, to reveal the actors behind the entire neoliberal project.

The author almost mocks the quasi-neoliberalists when he points to the desirability of the invisible hand in the time of prosperity and the actually visible hand in the time of depression. Thus, the author further interpret the political content of neoliberalism, which can serve as a diagnosis between developed and underdeveloped countries. In other words, his analysis clearly indicates that neoliberalism is just a form, where capitalist relations may function on one hand, and, on the other hand, since favoritism remains part of the arsenal of developed countries.

The content of the study shows and, in my opinion, proves that there is a strong interaction between the social and economic system. The author clearly shows how neoliberalism strongly subordinates to the overall social system that must, by definition, be inverse. This finding opens up new questions that require answers. Ignoring the problem, as the author frequently points out, only reduces the possibility of a fair and efficient solutions. Neoliberalism has reduced interest for studying the complex social systems, and therefore of economic theory and economic policy, as well as their border areas. The so-called greek economy, an elegant mathematical interpretation continues to dominate, although qualitative models show serious simplifications and shortcomings. Drama which testifies the result is neoliberal ideology. In the overall uncertainty, which is necessarily created by neoliberal model, the author correctly in the best scientific manner refers the reader to the standpoints of relevant authors in the area concerned. Complexity of the research points to the great scientific adventure in which the author has embarked. This adventures, by nature, are

repulsive to scientists; however, those persistent are blessed with strong cognitive shuffle. A real growth has come a long way.

Science, in addition to usual arguments dispersion, characteristic of the social sciences and humanities, did not provide satisfactory answers to many of the questions. In this book, a significant shift is evident in the explicit approach of "23d", where the author makes an inventory of the consequences of neoliberal reality. While something could be added to the "23d" system, it requires deep reflection and more than a good basis for new challenges of the young scientists. System "23d" is a great help to all researchers of complex systems in general, specifically the neoliberal. By this approach, the author actually "challenges" the reader to think, which is usually difficult, especially to the extent that the author was able to achieve in my case. With this study, the author will establish a relationship with the reader, due to the complexity of the problem, broadness of the processing, but also the reader's beliefs, and attitudes about the background, analysis and conclusions of the author.

This work, as is evident from the review, is an important contribution not only to the economy but to entire framework of the social and humanity sciences. This book is a special event for Montenegrin and Croatian publishing, given the dual publishers: ELIT Podgorica and RIFIN Zagreb. Their cooperation is teamed in a very interesting and valuable scientific projects.

The subject, methods and conclusions of the research make this study a refreshment in many aspects. It is a great pleasure and honor to participate in creation of such a complex and important text. The more so, because the processed material, as well as the method of analysis, holds a permanent value. In this sense, I believe that this book will have special attention by PhD students in the region. Therefore, it is necessary that this work is published in English, so it could become a public good and part of the overall scientific wealth.

## *About the author*

Veselin Draskovic was born in Niksic (Montenegro) in 1954., where he completed high school of natural science and mathematics. He is a full professor at the University of Montenegro and visiting professor at the Faculty of Economics (School of Masters) MGU "M.V. Lomonosov", the State University Tyumen (International Institute of Finance management, and business), Faculty of Economics, University of Zagreb, Faculty of Economics at the International University of Travnik et al.



He is employed at the Faculty of Maritime Studies in Kotor, where he holds lectures in Economics for managers, Strategic management, and International management (*undergraduate studies*), Economy of knowledge and entrepreneurship, and Project management (*specialist studies*), Management of maritime traffic (MA), Economic efficiency and rationality, and Institutional economics (PhD).

Draskovic is mentor of three doctoral dissertations and 22 master theses. He is a member of professional council at the University of Montenegro. He was an associate member of NDEJ. He is a member of the Philosophy and Economic Scientific Society (Social Sciences Centre - MGU "M.V. Lomonosov", Moscow). He is a member of CIRU - Governance Research and Development Centre, Zagreb, Cro-atia. He is the author of 8 scientific monographs, 17 textbooks, 24 manuals and scripts, over 200 scientific papers (over 120 in international journals), and 50 articles, editorials, proceedings, contributions and interviews. He is the co-author of 8 scientific monographs, 7 textbooks, 8 manuals and scripts, and more than 30 scientific papers. He has written the Principles of Economics textbooks for se-



condary schools of economic science in Montenegro, many projects and investment programs.

Elementary fields of his academic interest are: microeconomics, macroeconomics, economic system and economic policy, international economics, neoinstitutional economy, knowledge economy and new economy. At the Faculty of Maritime Kotor he was a Head of Department of economics and organization of maritime transport (1977-2002), Head of postgraduate studies (2001-2009), Head of Department of Economics and Management in maritime transport (since 2002), Editor of "Proceedings of the Faculty of Maritime Studies in Kotor" (since 2002), Head of Postgraduate Studies (since 2010) and Manager of doctoral studies (since 2012).

Draskovic is President of the Government Commission for Control and Evaluation of dynamics of investment, and Expert in the Ministry of Tourism of Montenegro for evaluation of business plans and investment programs (since 2004). He is an expert in the Ministry of Education of Montenegro for accreditation of study programs (since 2011).

Draskovic is the Chief editor of the international scientific journal *Montenegrin Journal of Economics* (since 2005 - [www.mnje.com](http://www.mnje.com)), and *Montenegrin Journal of Ecology* (since 2014). He is a member of the editorial board of international magazine *Philosophy of hozjajstvo* Moscow, *Economics of Contemporary Russia* Moscow, *Economics / Ekonomija* Zagreb, *Economic subjects* Niš, *Economics & Economy* Podgorica, *Media dialogues* Podgorica, "Selective tourism" Herceg Novi, *Siberian Journal of Trade and Economic* Omsk, and *European Journal of Economics and Management* Banja Luka.