

ON THE DIALECTIC BETWEEN
CRISIS AND CRISIS PERCEPTION

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1. INTRODUCTION

Sometimes a short anecdote can express more than many words if the anecdote is capable of capturing some key factors in a social structure. Mine is actually very simple. It so happens that I sometimes give talks relating to the topic of the present paper to business managers. On one of those occasions I met with another lecturer, a Briton, whose task it was to prepare British businessmen who were going to Japan. He told me that he had once met with a Japanese whose task it was to prepare Japanese businessmen who were going to Britain, and he had asked him: "Why don't we exchange our reading lists!" And he went on to explain to the Japanese how he was telling his British listeners about Japanese management theory, planning horizons, consultations, product and trade diversification, saving and investment rates, and so on. Whereupon the Japanese said: "Actually I do not have such a long list with so many themes. I ask my listeners only to study two books. The first one is the Christian Bible, and the other is a book by Mr. Gibbon, on the Decline and Fall of the Roman Empire. I find both of them very interesting in getting insights into how Westerners think, and Western history."

Evidently the two gentlemen had somewhat different perceptions of the world, not to mention perceptions about what is important to perceive in order to understand the world. I shall follow the British gentleman when it comes to discussing the symptoms of the present crisis, but possibly be more in line with the Japanese gentleman when it comes to diagnosis and prognosis for a crisis. And then I shall definitely be in line with the Japanese gentleman when it comes to crisis perception.

The focus for the paper, hence, is the "crisis". In a sense I do not even care to discuss whether such a thing exists: if it exists in the minds of so many people, then it is real in its consequences. However, the "crisis" is a rather vast field so the present discussion will be limited. First, it will be limited essentially to the Western part of the world, the "first" world - of course seen in a global context. Second, at least to start with the approach will be in economic terms, then somewhat broader, but not so broad as to include, for instance, possible even likely, military outcomes. And third: The crisis will be discussed in terms of symptoms, diagnosis and prognosis, but not in terms of possible therapy; that is outside the scope of the present paper

2. CRISIS

2.1. Crisis symptoms

Let us start with a simple map of the world, divided into four parts as given below:

Table 1. Four worlds

	WEST	EAST
NORTH	<u>First world:</u> Private/corporate capitalism OECD countries	<u>Second world:</u> State/bureaucratic socialism CMEA countries
SOUTH	<u>Third world:</u> New international Economic Order South America, Caribbean Africa, Arab World (OPEC); West Asia, South Asia	<u>Fourth world:</u> <u>Ichiban: No.1</u> Japan, Mini-Japans ASEAN Socialist countries Australia, N. Zealand, Oceania

As mentioned, the focus of the present discussion is on the first world, but of course in a context of the other three. For the present purposes suffice it only to say that this map of the world does not operate with a "North-South conflict"; the world North-west and the world North-east certainly enter the rest of the world in very different ways, and the world South-east is very different from the world south-west, being much more dynamic, most of it Confucian and Buddhist in its outlook although they may differ on where they stand relative to the Western Liberalism-Marxism spectrum that organizes the other three worlds. No doubt the North is by and large industrialized and the South is not, with the exception of Japan, but all of this is quickly changing for the other countries in the Fourth world, and also for some countries in the Third world. But only Fourth World countries can become No 1. (Ichiban in Japanese).

For the economic crisis of the First world a set of indicators have been presented in Table 2 (see next page). The indicators are divided into those that apply primarily to the money system, relating to monetary values, their ups and downs; and those that apply primarily to the real system, to physical quantities and qualities, in the economic system (first two lines) and in social structures (the next three lines). There is also a second division, in terms of indicators that apply to the country as a whole, those that apply to the bureaucracy (the public sector) and those that apply to corporations (the private sector).

Table 2 . Key Indicators of Economic Crisis

	COUNTRY/NATION/PEOPLE Local level	BUREAUCRACY State/public	CORPORATION Capital/private
THE MONEY SYSTEM	<u>currency rates</u> -fluctuating -unpredictable -unfavorable	<u>interest rates</u> -fluctuating -unpredictable -high	<u>inflation rates</u> -fluctuating -unpredictable -high
	<u>economic growth</u> -down -zero -negative	<u>budget growth</u> -down -zero -negative	<u>capital growth</u> -down -zero -negative
	<u>balance of payment</u> deficit, growing <u>foreign debt</u>	<u>budget deficit</u> growing <u>state debt</u>	<u>capital deficit</u> growing <u>corporate debt</u>
	<u>decr. market share</u>	<u>decr. market share</u>	<u>decr. market share</u>
	<u>Production down:</u> <u>unemployment,</u> <u>leisurism</u> <u>no new jobs</u>	<u>Production down:</u> <u>underprovision</u> <u>rel. to need</u> <u>no new services</u>	<u>Production down:</u> <u>underproduction</u> <u>rel. to capacity</u> <u>no new invest^{ment}</u>
	<u>bankruptcies</u> of people then classes; mass poverty	<u>bankruptcies</u> of sectors then regions	<u>bankruptcies</u> of firms then branches
	<u>conflicts up</u> state-capital people-people more violence	<u>conflicts up</u> people-state demonstrations more violence	<u>conflicts up</u> people-capital strikes more violence
	<u>informal economy up</u> -self-sufficiency -barter economy -local economy protectionism up	<u>repression up</u> -demos forbidden -strikes forbidden -informal ec. down -exploitation up	<u>exploitation up</u> -of nature -of inner prol. -of outer prol. -of self
	<u>escape to countryside</u> people flight, low ^{fertility} big city decline demoralization	<u>escape from power</u> politician flight government crisis demoralization	<u>escape abroad</u> capital flight investment crisis demoralization
THE REAL SYSTEM			

The table contains a total of 27 indicators (with some sub-indicators). To this could be added any number of indicators based on the 27, the most important one probably being the level of synchronicity among these indicators. Thus, if all these problems hit a country simultaneously the country is probably in rather bad shape whereas it may be able to tackle one or a few of them at a time. A capitalist country will tend to focus on the monetary indicators at the expense of the real system indicators, even to the point of declaring the crisis for "over", "solved" if they behave better regardless of what happens in the real system. Anti-capitalist systems may err the other way; a lesser error as there is less suffering involved.

Needless to say there are many and intricate relations among these thirty indicators. But the focus here will not be on such relations. They will be seen exactly as indicators, as symptoms, related to deeper lying factors to be explored in the next section. Important here would only be some words about which indicators are likely to capture the public eye in what kind of system.

In the First world, predominantly a system of private/corporate capitalism, the focus will be on the monetary indicators, and particularly those that apply to corporations. The focus will be on inflation rates and how to control inflation. The decline in capital accumulation, turn-over, profit will be deplored. The fact that many corporations operate in the red will be publicized, as well as their decreasing market shares. But all of this can also be found in the public sector, and at the level of the country as a whole, and will tend to be seen as a consequence of what has happened in the corporate sector.

Then there would be the diametrically opposite approach, focusing on the country, the nation and the people as a whole, in the real systems. Clearly, there is a left-right political axis involved from the bottom left to the top right corner in Table 2, so people more on the left would tend to emphasize unemployment and leisurism as something imposed, deplore the bankruptcies of ordinary people (e.g. when they have to sell their houses); focus on the increased tension showing up in the form of open conflicts; on the informal economies that are then welcomed as a possible solution but also as an indicator that the regular system does not work; similarly for protectionism. One may or may not notice the big city decline, and the other indicators, such as negative population growth.

In between, then, are the reactions of those who will focus on state/public matters. If they are more towards the blue end of the spectrum they would be concerned with the monetary aspects, people more towards the red end of the spectrum with the real system aspects. In general the right-hand column is the concern of the blue, the middle column of the red and the left-hand column of the green, but the green and the red will specialize in the bottom parts and the blue in the upper parts. This is important because it has something to do with the totally different perspectives one gains on the crisis simply depending on what newspaper one reads, which commentators one listens to. Table 2 is an effort to put these together in a fairly comprehensive manner.

But all of this is at the level of indicators, the level of symptoms. The basic question is why, what is underneath. In other words, the search for diagnosis.

2.2. Crisis diagnosis

Let us first use the division into four worlds to come to grips with the present world crisis from an economic point of view, in as simple a way as possible. No doubt it will be amateurish, but professional economists seem to get lost in their own analysis and to establish a language so removed from how other people, including most politicians, think that it becomes counter-productive. By that is meant: no fruitful basis is found for political action; moreover, the way economic analyses are carried out they may even block for such action. On the other hand, what is attempted here is also quite economic, starting with supply and demand.

Imagine a world with one supplier, a "producer"; one market, a "demander"; and then just one product. From:

$$(1) \quad Pr = \frac{S}{N \times H}$$

or productivity equals supply produced divided by the product of number of workers and number of hours, we get [for one product]:

$$(2) \quad S = Pr \times N \times H$$

This equation gives us the supply. It is a tautology - which does not mean that it is useless - pointing to three ways of increasing or decreasing the quantity produced. So far I have found that way of expressing the supply side quite useful.

But the demand side is more problematic. As a point of departure let us try to indicate what we want. We want an expression for demand in such terms that the usual approaches in every day economic behavior within and between nations can be formulated by simple operations within the equation. Obviously the demand has something to do with the level of want, W. It also has to do with the price, P, per unit. The buying power, let us call it B, enters the picture. And then there is a fourth dimension: the quality, Q, of the product offered. Of these four

entities two are economic, B and P, and two are psychological, W and Q. Seen another way, two of them relate to the product, Q and P, and two to the demander, W and B. Either way one arrives at the same expression that does not seem too unreasonable:

$$(3) \quad D = [W \times Q] \times \frac{B}{P} \quad \text{or} \quad D = \frac{P}{Q} \times [W \times B]$$

which would give us the demand, or

$$(4) \quad D = k \times W \times Q \times \frac{B}{P}$$

where k is a coefficient, and D as usual stands for the quantity demanded; meaning effectively wanted, bought if available.

The focus then shifts to the S, D relation:

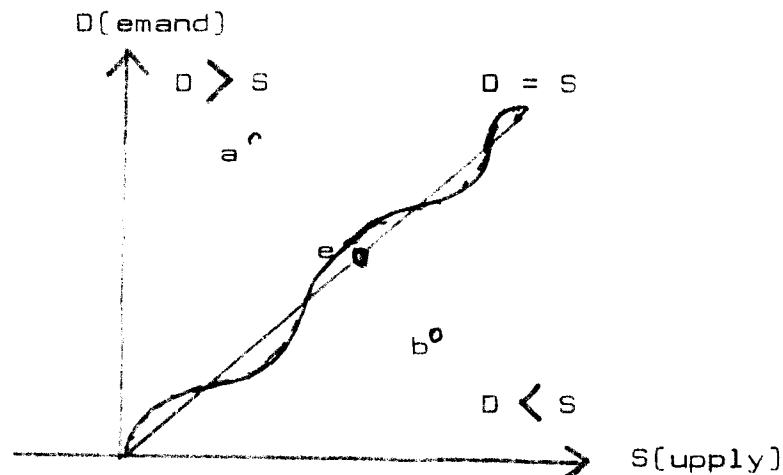


Figure 1. Demand/supply, overshoot/undershoot/, expansion/contraction

By definition it is assumed that the economic system seeks equilibrium, $D = S$, but will overshoot and undershoot, making it oscillate around the $D=S$ line - upwards in times of expansion, downwards in times of contraction. In position [e] above there will be no drive for change within this framework of reasoning; in positions [a] and [b] there would be such forces tending towards equilibrium. The moves are easily described:

	<u>contraction</u>	<u>expansion</u>
<u>under-production</u>	decrease demand	increase supply
<u>over-production</u>	decrease supply	increase demand

All four are associated with political drama when the deviation

from equilibrium is of some magnitude. Whether contractive or expansive modes of adjustment are eventually engaged in depends, of course, on all the constraints on the system. But in an expansionist culture, like certain modes of Occidental civilization, expansion will probably be tried first, regardless of other constraints.

The major focus of this paper is "the current crisis" - in the West, in the First World. It is then seen as a crisis of over-production - the supplier being the First World (OECD countries with the exception of Japan), the demander being the world, and the products being many/most products produced by the First world. However, before commenting on that with the very simple tools provided here, some words about under-production. Under this condition there is a scarcity of goods/services but an effective demand for them. If the supply cannot be increased by means of more workers and/or more working-hours, it will have to be through increased productivity; the trade-off between the three belonging to the essence of the politics of growth, expansion. But there is also the other possibility well known from countries that "get stuck": to decrease the demand. This can be done in a product-oriented manner through low quality and/or high prices, or in a demander-oriented way, through decreased buying power and/or more modest wants. The assumption might be that after some period of demand-reducing efforts people will start forgetting about the product, eg cars. From then on under-production is just production.

In a general crisis in which supply outstrips demand for a number of products and stockpiling is non-economical, this way of thinking about supply and demand gives us the following:

To decrease the supply:

- S₁: decrease the productivity Green option
- S₂: decrease the number of workers (unemployment) Blue option
- S₃: decrease the number of working hours (leisureism) Pink option
per day, week, month, year and/or working life
- S₄: decreasing the supply of goods from the outside Red option
closing off competition; heavier industrialization

To increase the demand:

D ₁ : increase the want	}	demander-oriented
D ₂ : increase the buying power		
D ₃ : increase the quality	}	product-oriented
D ₄ : decrease the price		

To this should be added the idea of introducing new products, but we stick to the problem as here defined, with one product. One might also add the idea of introducing new markets; but then it is already assumed that for the producer, the First World, the market in question is the world market. One may try to increase the want level or the buying power level for parts of this world market or for all of it, but that is not the same as opening up a fundamentally new market. What remains are quality and price.

This will now be used to try to understand how an economic system, in casu the First world, reacts under pressure. It is then assumed that the First world has received four major challenges: **the first was** from the First world itself in **the** form of the working class that did not want to be that much exploited; the second was from the Second world, the socialist countries, that did not want to be incorporated; the third challenge was from the Third world (including the OPEC countries that did not want to be that much exploited; and the fourth challenge from the Fourth world countries (the world South-East), including Japan: competition. The point of departure, then, is a world where the First World had a virtual monopoly on the production of goods/services for the world market; obtaining raw materials (including energy) cheaply, partly through the colonial structure, obtaining labor cheaply the same way, being guaranteed markets with absolute monopoly through colonialism. The only problem would be availability of risk-taking capital. Through capital- and/or research-intensive production the productivity could be increased, offsetting declines in number of working hours. Slowly, also, want and buying power in other countries were increasing. The First World was "doing fine".

But nothing lasts forever. The first threat to the system was from an extremely badly treated inner proletariat, the working class. After having been fought and beaten, imprisoned, what not, the solution was found. The working class was permitted the right of vote, participation in political life, even in administration and economic life, in civil service, access to education, on one condition: that they demanded what the system was able to, and more than willing to, supply. The method was simple and had been used for a long time: to supply products that were very low in quality, but at the same time extremely low in price, available for nickels and dimes. Very low priced department stores became the way of getting the working class on the ladder, ie co-opted.

The **next** threat to the system was the Second world, the socialist countries. In principle they were no longer available as reservoirs of production factors or as markets. However, over time ~~that~~ type of withdrawal from the world system broke gradually down. Their re-entry as a source of production factors took the form of joint ventures; their re-entry as a market was based on ~~the~~ necessity of the socialist economies to increase the wants for the type of goods/services produced by the capitalist countries, and increased buying power -- all of this mainly for capital goods (not for consumer goods). A condition from the socialist countries for playing the game was, of course, ~~some~~ kind of access for their products on First World markets. As seen by the trade balances the latter did not offset the former.

The **third** threat to the system was the Third world, by and large decolonized countries. The story is very much the same: it may have looked as if Third ~~world~~ supply of production factors and their availability ~~as~~ markets would disappear or be seriously curtailed. However, more or less "joint" production took care of the first challenge; wants were increasingly made compatible with First World supply structure. The buying power of the

elites increased dramatically, ¹⁰ that of the people, however, lagging equally dramatically behind. Some production took place, entry into First World markets was demanded and, kicking and screaming, in some cases granted. As seen by the trade balances the latter certainly did not offset the former.

A special threat to the system was the OPEC action, which had a much simpler structure. They simply increased, dramatically, the price of a product supplied by them, not changing the quality, knowing that the demand would still be there because First World buying power was and is very high, and - more importantly - because the want is so high that the demand is nearly inelastic within a considerable price range. OPEC, understandably, preferred trade at the higher levels of that range to trade at the lower levels. As a net result a higher proportion of accumulated capital went into energy procurement, and prices of Western products went up. World indebtedness patterns started changing with OPEC countries as the ultimate creditors. On the other hand, their demand was and is for what the First World can supply: their wants are to a large extent First World wants and with their buying power offsetting even considerable price increases they can go for the best quality there is. Again, it may perhaps be said that the threat was successfully absorbed after the panic winter 1973/74, and negative economic growth (the first one since World War II) in 1974.

It is the fourth threat to the system that is the important one because, for the first time, the First World is threatened through competition. Obviously the Japanese approach was product-oriented. They did not create wants and buying power - that is what the First World has done in the Third world through colonialism and neo-colonialism/technical assistance and the Second World has done to itself by accepting so many of the goals of capitalist society. What the Japanese did was to build on existing wants and buying power, and then simply make products that are (1) higher in quality and (2) lower in price.

So, what happened was simply this: Japan treated the First world very much like the First world had treated its own working class and the other two worlds. A choice between the better and more expensive on the one hand and the poorer and cheaper on the other is always a difficult one; it becomes a question of trade-off between price and quality. But the choice between the better and less expensive on the one hand and the poorer and more expensive on the other is never difficult for a true homo economicus. To prefer the latter one would have to be (a) a nationalist, (b) a masochist and/or (c) badly informed. The Japanese and their successors (mini-Japans, the ~~ASEAN countries~~, the Chinese themselves when they enter the scene) make use of advertising to improve information, assume that First World citizens are not very good at masochism in economic affairs, but will run into difficulties with nationalism. However, what they have obtained is significant enough: demand is shifted towards their products because of higher quality per price unit, for a wide range of products.

If this is the case in the First World it should be a fortiori the case in the Fourth World from where the products come: why should they buy First World products if their own are better? Whether it also holds in Third World and Second World countries is another question: in both parts of the world the First World has been the major reference group and hence major outside supplier, well as as/major oppressor and major enemy. But this also works against them in the Third World because there may be a scepticism against the former colonial masters - and Japan was that only for a short period and only for a small part of the world. The Second World may be the part of the world where quality is so inextricably associated with First World origin that it will still take time for higher levels of economic rationality to emerge. This is not a stable protection for the First World, however, being based (in my view) on the third category above: the Second world is simply badly informed.

So, there is a crisis - not in capitalism but in First World capitalism because it is beaten on a broad front, and at its own game. How that was possible for Japan is outside the scope of the very simple paradigm used here. It may also well be that it will not last very long. If buying power goes down in the First World as a result of the crisis the price will have to be decreased even further for demand to remain stable. Knowing that this is the price to the consumer some of that can be obtained through artificially low values of the yen [adding to artificially high values of the dollar]. But price decrease beyond that may play into the hands of Japan's competitors in the Fourth World: mini-Japans and so on. In short, Japan may be outcompeted by her own wake.

However, with more Fourth World suppliers on line to perform the same "miracle" [it is actually only a miracle because the First World has this tendency to see itself as unbeatable] the crisis has probably come to stay, as a consequence of the major social institution of the First World on the world level, in addition to war: free trade [or more precisely, free flow of production factors and products]. A second look at that institution is now taking place and may lead to the First World closing itself to Japanese products through tariff and non-tariff barriers; feeling there is little to lose the trade balance being so negative as it is. This will almost definitely lead to chain effects. Efforts to have Second, Third and Fourth World countries do the same will backfire: Japan will double her efforts to get into these countries, and at the expense of the First World. The First World in general, and the US in particular, may retaliate by refusing to import from these countries - thus dividing the world into two trade zones; the First World and the Rest. This is actually my long run prediction.

* * *

So far I have dealt with one element in the crisis diagnosis only, although a very strong one: the transfer of point of gravity in the world economic system from the First world to the Fourth world, from the world North-west to the world North-east. But this is not all there is to it. As the crisis is usually perceived as an economic crisis I have concurred in pointing to a predominantly economic factor, even in economic terms: an other part of the world is able to make better products at lower prices. Underlying that terse fact are a host of socio-cultural factors, some of them indicated above. But this is not all there is to the crisis.

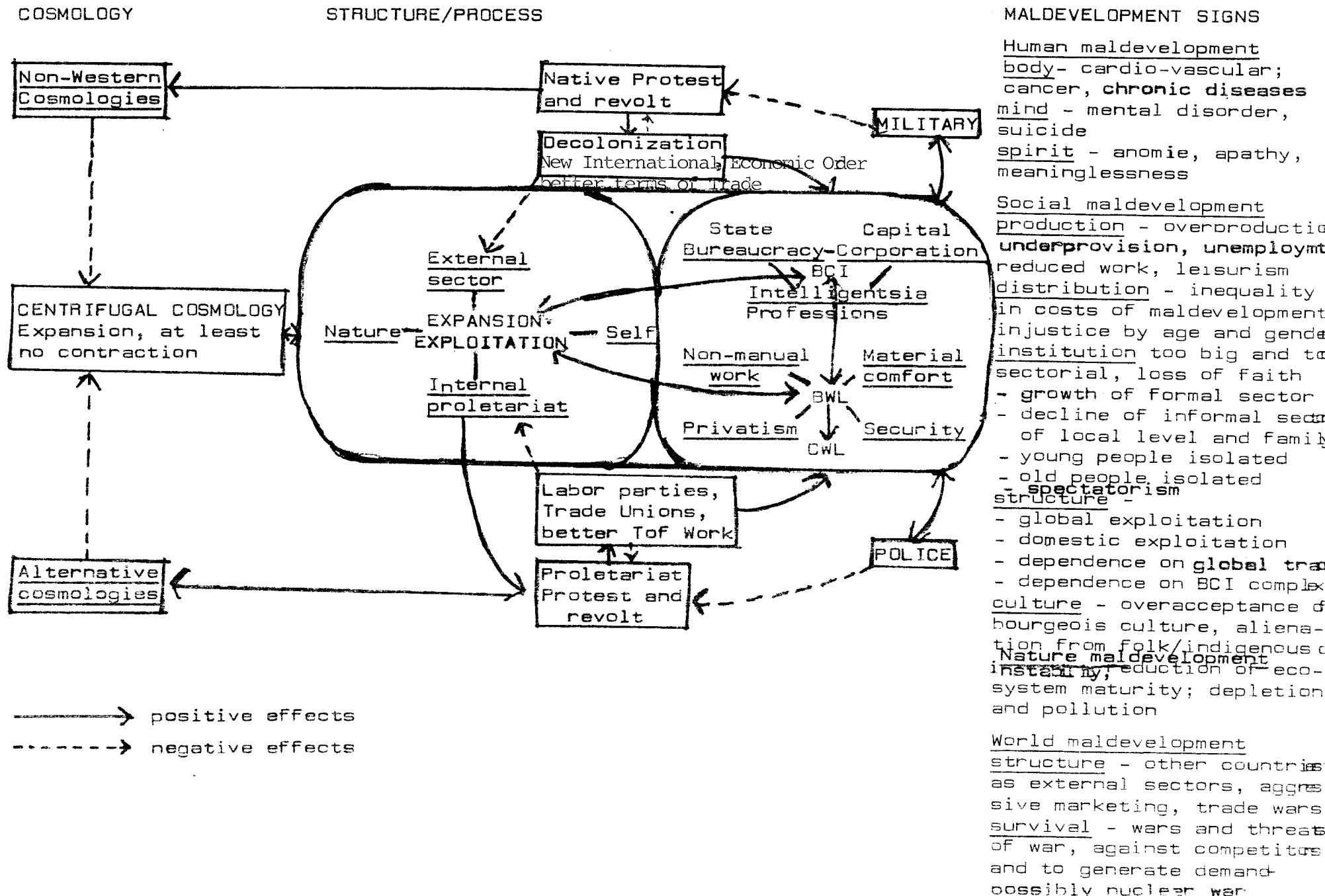
In fact, I would say that this is perhaps only a minor part, possibly even manageable by means of what is most likely to come: a very high level of protectionism, shielding the First world from Fourth world penetration, even at the risk of losing even further on the world market in general. But there are deeper levels to the crisis, and they are, of course, located in the First world itself, not in the Rising Sun, in the Fourth world.

To see this a "model" of the Western social formation has been developed (see next page). The model may look complicated, but is actually very simple.

In the centre is a triangle, enclosed in two interconnected circles. The three corners are: Expansion-Exploitation, the Bureaucratic-Corporate-Intelligentsia complex (BCI) and the Bourgeois Way of Life (BWL).

This triangle is seen as the core of the Western social formation. One can start understanding it in^{any} corner, but the process of understanding will have to be hermeneutical. Thus, one can start seeing expansion-exploitation as crucial in the West, whether in the form of exploitation of the internal proletariat (the working class), the external sector (the colonies and the "neo-colonies"), exploitation of nature or

Figure 2 THE WESTERN SOCIAL FORMATION: SOME KEY FACTORS



exploitation of the exploiters, of "self"; or any combination of these four. The meaning of exploitation always remains the same: squeezing something to the point where it is no longer able to recover in an autonomous manner, through self-regeneration. What is squeezed may then die and be thrown away, or be artificially supported. Charity and to some extent the welfare state has had that function for the internal proletariat; development assistance for the external sector; environment assistance for nature; and for "self" there has been what is indicated in connection with ways of life in the figure: CWL, the "chemical-circus way of life" based on alcohol and pills and drugs, junk food, entertainment and so on.

The fruits of this massive expansion-exploitation are then used to build a bureaucratic-corporate-intelligentsia complex, a materially non-productive elite working in bureaucracies, corporations and research establishments-professions; and to provide a bourgeois way of life based on non-manual work, material comfort, privatism and security. How many get access to that BWL is another matter: in the worst case only the people working in the bureaucratic-corporate-intelligentsia complex and even only those on top of it. In the more social-democratic and socialist cases it is extended in a more bland form to many more people, potentially to the whole population.

An enormous amount of transformation of natural and human environment is needed to do all this. It is inspired and informed by a social cosmology here seen as "centrifugal", outer-directed: a hidden program, a code for Western civilization in the expansionist phase (this will be explored later, in 3.1). The victims have been countless, most important were revolts in the internal proletariat and the external sector. That led to the rise of labour parties and trade unions, and struggle for better terms

of work; and to decolonization, the struggle for better terms of trade, for a New International Economic Order. To suppress both of them heavy police and military establishments were created (also for other reasons, of course). And, as explored above in the more economically oriented diagnosis: some type of compromise was found. The insurgents were co-opted, were given certain rights (civil, human, socio-economic), but under condition of accepting BWL and BCI. Evidently this formula did not work so well for nature since nature could not be co-opted the same way, and may not work for "self" either since there is nobody to co-opt the co-opters. This, of course, is a basic reason why the present green revolt has its origin in the educated sectors of the middle classes.

About this social formation all one can say is that it works as long as it works. Because of the pressure it puts on everything there will sooner or later be maldevelopment signs and in the right hand column some of these signs have been listed, under four headings corresponding to the four types of exploitation: human, social, nature and world maldevelopment. Nobody will have any difficulty recognizing these signs as expressions of empirical reality today and as "maldevelopment" although not necessarily using that word. There is a malaise, a mal-ease, a sense of something not functioning well - and probably sooner or later breaking down - all over the system.

The system works as long as it works. One condition for its operation is that the external sector is available for marketing, and one condition for that again is that there is no capable competitor around. This point has already been explored as the first major cause of the crisis in the First world. What would be the second major cause, if one should pick out something from Figure 1?

I would say that the second major cause is the limits to exploitation. This showed up all through the 1970s in all four fields of exploitation:

- exploitation of the internal proletariat no longer worked so well: social democratic and socialist parties and trade union were too strong
- exploitation of the external sector no longer worked so well: the OPEC countries were able to organize and push up the prize of oil, other countries were less successful but NIEO was at least an indication of intention and it became less and less easily available;
- exploitation of nature became more and more problematic as the signs of depletion and pollution literally speaking piled up; and
- exploitation of self also became more and more problematic as the "civilization/life style diseases", and possibly a general sense of meaninglessness started becoming prevalent.

However, there seems to be a common denominator underlying all these four, and that common denominator is the ongoing, never ending struggle to obtain ever higher levels of productivity, both labour-, capital- and nature-productivity. In practice this means that nature and people, both in the bourgeoisie and the proletariat to use those classical terms, are being squeezed even further, in the struggle for higher levels of productivity. The rationale is clear: the higher the productivity, the less does one have to pay with work, capital and raw material-energy for the same. However, the Western social formation never demands the same output, it always demands increasing output. Consequently this does not result in softer uses of people, capital and nature, only in squeezing them further. Moreover, the system of production becomes ever more complicated, creating more and more distance between inputs and outputs, meaning more alienation of producers from the product, and more distance between unprocessed nature and the finished product in terms

of degree of processing. This, in turn, results in higher levels of exploitation of people and environmental degradation-grosso modo.

On top of this could then be added a third factor: the costs of maintaining the control machineries of the system, the military and the police.

With more exploitation there will be more revolts, of various kinds. The BCI complex will tend to rely on the military and the police in order to control discontent and suppress revolts, and develop into a BCIMP complex as it has already done in many countries in the First world. But the military and police parts of that complex cost money. In the superpowers, for instance, it is usually said that military expenditures amount to about 6 to 7% of the GNP in the United States and about twice of that in the Soviet Union, a country with about half of the US Gross National Product. However, the argument has been ^{by Seymour Melman} made, that much more important is the ratio of military budgets to domestic capital formation because that tells us more about what the military system absorbs that could have been used for new domestic capital formation. In the early 1970's this amounted to about one third in the United States (32%), and perhaps more than twice as much in the Soviet Union. These are enormous figures, and the consequences show up, for instance, in the shabbiness of the cities in both superpowers.

However, these control institutions are considered indispensable for the system to continue, to fend off external and internal enemies, possibly also to secure more markets and for the military also to serve a Keynesian function, generating incessant demand that has to be met by supplies from somewhere, and invigorate the economic activity. However, the difficulty with the military sector shows up very clearly in

the difference between a tractor and a tank: the tractor can pay for itself by generating supply through production, the tank cannot. Or, more correctly: the tank can generate demand through destruction, viz the demand for that which has been destroyed. But this presupposes a war, a cost which so far the BCIMP complex has only been willing to accept in countries far away, in the Third world, not on their own soil. That may change.

Thus, I end up with three factors in my effort to diagnose the crisis of the First world:

- (1) effective competition from the world South-East, the Fourth world
- (2) a general overextension of the Western social formation showing up as limits to exploitation; the quest for higher productivity being a recipe for generalized exploitation;
- (3) the draining of all resources into control mechanisms, the military and the police, particularly the former.

Going back to Table 1 one could even hypothesize a general relation between quality, price and the four worlds:

Table 3. The four worlds and the Q/P relation

<u>Quality</u> ↑		
	high	low
	First world	Fourth world
	low	Second world
	high	low
	<u>Price</u> →	

That this is grosso modo, and mainly for products like cars, goes without saying. But the table nevertheless serves to bring out two points: that the First world is not the only producer in the world, and that it is no longer in the best corner of the table - the upper right hand corner.

2.3. Crisis Prognosis

So, what is the prognosis - what is likely to happen to this Western social formation in the longer run?

About this there are at least two schools of thought today: one holds that the crisis is cyclical, a business cycle or a Kondratief cycle of longer duration; and the other that it is secular and will continue along the line the crisis has "progressed" so far. The former school will be of the opinion that the crisis does not touch the core of the formation but is epiphenomenal; the latter school that the crisis is structural and that the cause of the crisis of the Western social formation is the Western social formation itself. Exactly where it shows up at any given place, at any given time is difficult to predict. It could be in any single one or any combination of the thirty indicators of Table 1, it can be in excessively high levels of ecological degradation, in revolts in the external sector, by the internal proletariat - which may no longer be identical with the industrial proletariat but could be, for instance, the women as a group - and/or in the silent protest of the "self", in the form of very high growth rates for malignant tumors, cardiovascular diseases, mental diseases and addiction to the chemical/circus ways of life. This school would maintain that where it shows up is less interesting, what is important is to understand the crisis holistically as something relating to the system as a whole. An expansionist/exploitative system, destroying the resources on which it lives, will have a limited life expectancy.

Obviously, I belong to the second school, but also to the first school in the sense that I believe the long term pattern to be cyclical. I do not believe that the Western social formation will come to an end, only that its expansionist and excessively exploitative phase will come to an end because it has to come to an end, and that the West will have a very good chance of

turning, showing its softer aspects. In other words, I would follow the Japanese specialist quoted indirectly in the introduction in assuming that we are, historically speaking, in a sense approaching the end of the Western Roman Empire, with the early phases of the Middle Ages already taking shape in some of the concrete activities engaged in by the green wave, or movement. I would also like to emphasize that this is not necessarily a pessimistic prediction: it is optimistic for the internal proletariat, the external sector, nature and perhaps also for "self". It is pessimistic only for those who want giant technocratic complexes and world encompassing empires and a bourgeois way of life with a very high level of material consumption.

However, the concern is neither with prognosis, nor with therapy. Nor is the focus in this paper on the diagnosis. The focus is on the key diagnosticians: The economists, to whom I now turn.

3. CRISIS PERCEPTION

The basic point to be sketched more than really developed in this section is very simple: one thing is die Krise an sich, objectively understood: quite another ist die Krise für mich, subjectively understood by the elites in First World countries in general and their decision-makers in particular. For the rest of the paper let us now simply assume that the analysis in the first section represents "objective" truth. Actually it does not matter so much for the point to be developed is that there is a certain objective frame of reference, a certain mind-set in the Occident in general that will tend to filter away effectively not only the crisis definition as developed above, but a large family of crisis perceptions of which the one above is one member, because they are incompatible with certain basic assumptions.

To develop this there are three stages. First, some general remarks about homo occidentalis, Western man (it is usually a man) in general. Then some remarks about homo occidentalis æconomicus, the sub-species concerned with economics. And at the end some remarks about a sub-sub-species: homo occidentalis æconomicus axiomaticus, a particular version of homo occidentalis æconomicus.

Underlying all of this is a simple heuristic devise: a division of the human brain into four parts. First, there is the division between the conscious and the subconscious; the latter being the depository of images that are implicit and have important conditioning effects but are not easily made explicit by or in the holder. In the conscious part are explicit images. But then we can also make use of a division of the brain into a right hand and left hand side. In the subconscious part this becomes the distinction, as elaborated for instance by Ornstein, between a left hand analytical and a right hand synthetic division of labor in the brain, or as I might prefer to say: atomistic/deductive vs. holistic/dialectical. In the conscious

part this may be seen as the distinction between left wing and right wing thinking in conventional political terms, left wing being more marxist and right wing being more liberal/conservative. It will be noted that there is no relation between the two right hand sides or between the two left hand sides: actually, both marxist and liberal/conservative thinking are examples of analytical occidental thought.

The task now is to furnish this "brain architecture", to put something concrete inside these compartments.

3.1. Homo occidentalis

To characterize homo occidentalis is to characterize occidental civilization. In doing so I shall build on a research tradition here referred to as "social cosmology", and more particularly in terms of six fundamental assumptions here held to be characteristic of homo occidentalis.

- SPACE: that the Occident, and particularly Western Europe and North America, constitute the Center of the world, the rest being the Periphery, with the Center as the prime mover.
- TIME: that social processes are uni-directional, with progress - from low to high etc., but also with crisis to be overcome, possibly ending well, with a positive Endzustand.
- KNOWLEDGE: that the world can be understood in terms of a very low number of dimensions, ultimately that the world can be seen as uni-dimensional; atomism, deductivism.
- MAN-NATURE: that Man is over Nature
- MAN-MAN: that Man is over Man, as individuals and as classes and nations; that some are more equal than others.
- MAN-GOD: that God, or some Ideology/Principle is over Man

These are six basic Randbedingungen, constraints under which perception takes place. Much can be said about them, suffice it here only to say that if we negate all of them we would get a cosmology that could be fitted into the right hand part of the subconscious level of the brain. It will be characterized by the absence of any dichotomy between center and periphery, in other words a flatter, not so steep global landscape; with a more undulating or even relationship to time again, not-so-steep-pointing-upwards; with a tendency to conceive of things in families of elements of equal significance, not as organized in deductive, steep pyramids; with partnership between man and nature; partnership between man and man; and partnership between god and man so as to avoid any steep gradient from god downwards to nature via different layers of men and women, like in the first pages of the Christian Bible, the Genesis. Theravada buddhism may be one example.

3.2. Homo occidentalis Oeconomicus

This is a specification of homo occidentalis: it is what happens when homo occidentalis starts out constructing economics as a science. Let us accept the definition of the economy as the part of the social system concerned with production, distribution and consumption of goods and services (including bads and disservices); economics as the science systematizing the practise and theory of the economy; and the economist as the specialist in economics. And let us then simply ask the question: given this definition of the economy and the underlying cosmology what kind of economics would we expect to emerge?

The answer is actually quite simple. Using the six categories above one would come to the conclusion that task number (1) would be to construct economics in such a way that any gradient between Center and Periphery in the world, the Center being in the West, could be maintained, even reinforced. The obvious instruments for this would be a division of labor between the parts of the worlds so that

countries in the West will constitute an internal, and countries outside the West an external, sector of the total world economy. To legitimize this even under changing conditions a doctrine such as the doctrine of comparative advantages would be necessary. It would be important to construct economics in such a way that commercial transactions appear to be equally beneficial to both or all parties involved, not revealing the hidden part of the iceberg, by referring to such dimensions as "externalities". This, of course, is where the theory of exploitation between districts, countries and regions enters.

Task number (2) would be to give to the economy an arrow, a dimension of progress. Needless to say this is where the theory of economic growth enters, in the precise sense of taking "economic growth" as the fundamental goal of the system deriving the requirements from that goal; not, for instance, "satisfaction of basic human needs". By having growth, not level, as the goal not only a dynamic as opposed to a static society is guaranteed, but also one which can be seen as an embodiment of the idea of progress.

Task number (3) must have been that of finding the key variable on which it all depends, the independent variable relative to which "economic growth" is the dependent variable. With the operationalization that was brought in later of economic growth in terms of gross national product changes (per capita, as a way of paying respect to democratic values) processing and marketing, in other words industrialization and commercialization, became ^{key} parts of the economic growth package. But underlying them other variables could be located, such as saving ratios and investment ratios, entrepreneurship, availability or lack of availability of raw materials, autonomy or lack of autonomy, and productivity. Which variable should be seen as the important one has certainly changed through time. The idea that it should be only one variable, or at most a couple of them, has not changed. And one of the simplest forms is, of course, capital productivity: ample returns for the money invested.

Task number (4) was to construct the economy so that man could prevail over nature. Industrialism took care of this and economics willingly embraced industrialism. Nature productivity as a norm seems to squeeze nature even further.

Task number (5) was to institutionalize the man over man syndroms. Capitalism took care of this by means of the division between labor-buyers and labor-sellers, with the former being the only buyers on the market, and the latter having only labor to sell. Labor productivity as a norm seems to squeeze labor even further.

Then there was task number (6): a principle that could substitute for a transcendental god in decline. In a sense the whole edifice of economics could serve this purpose. But if one element had to be selected and used as a guiding principle to which all nations and all human beings should be held accountable now doubt this was to become economic growth, with its intellectual satellite, productivity.

In other words, a science of economics was constructed in full compatibility with the underlying principles, and for that very reason has tended to be accepted in an unquestioned manner up till very recently. When today it is questioned it is actually not because the underlying principles have been questioned, only because the economy does not seem to perform in accordance with these principles, and the science of economics in general and economists in particular are then often blamed. This is a key reason why I find it important to make the linkage between the underlying assumptions of homo occidentalis and the more precise specifications in the field of economics made by homo occidentalis economicus as clear as possible, as in the construction presented.

3.3. Homo occidentalis oeconomicus axiomaticus

As the economy developed further in a capitalistic direction based on industrialism and commercialism, economics as a science also developed further. And in this process two important phenomena can be observed.

First, any scientific discipline has to emphasize something, choices have to be made. It cannot deal with everything, if it did it would not be a scientific discipline. However, to emphasize some variables inevitably means to deemphasize the others. This deemphasis may then, over time, develop into a neglect of certain problem areas, even to the point that distinct holes start appearing not only in the scientific enterprise and the theoretical edifice, but also in the brains of the specialists in the discipline, in casu the economists. More particularly, it seems useful to identify six such holes, making the brain of the economists somewhat similar to a Swiss cheese.

The six holes, to which a hole number (7) will be added later, can be identified as follows:

- (1) Nature. There is awareness of nature as a source of raw materials but not of nature as a system in its own right, with its own criteria of balance, growth, development for that matter.
- (2) Human beings. There is awareness of human beings as labor force and consumers, but not as human beings in their own right, with their own basic needs out of which only some are material, their own criteria for balance, growth, development.
- (3) Culture. Culture is seen as an important parameter affecting economic growth, conveniently divided into "primitive", "traditional" and "modern". With this perspective a strong evaluation of cultures is introduced, the highest being the cultures most conducive to economic growth. There is little or no awareness of cultures as systems in their own right, with their own criteria of balance, growth and development, strongly tied to the relation to nature and to "inner man and woman", human development.
- (4) History. There is an awareness of time, otherwise analysis of dynamic systems would be impossible, inspired and informed by the primacy of economic growth. But there is little or no awareness

of History as transformations, discontinuities, basic changes of social formations. The time perspective would be limited, basically to business cycles, perhaps Kondratief cycles, but rarely^{to} macro-historical dimensions.

(5) Social structure. There is awareness of income distribution, sometimes operationalized to some simple parameter of income distribution curves. But class formations are rarely taken adequately into account, particularly not class perspectives that would also shed some light on the social roles of the economists themselves, and their class position.

(6) Global structure. There is awareness of trade routes, of economic geography in general, but very little or hardly any of global political structure. The world will tend to be divided into groups or nations, much like societies are divided into groups of people, along economic dimensions, (such as GNP/capita or individual/family monetary income) and then arbitrary cuts are made so as to avoid any grouping of the world of nations, or society of people, into actors, actual or potential. Without that no real concept of structure can emerge, only a set of nations and of people with classifications.

I think it would be fair to place the first three of these holes more on the left wing of the conscious part of the brain since these are lacunae more specialized in by economists with a marxist inclination. Such economists are usually very good in describing economic history, social structure and global structure. Correspondingly, the second half of the six holes are lacunae specialized in by economists with a liberal/conservative inclination; they, on the other hand, often have a more open view for nature, for inner human beings and for culture. I would not claim that the situation is symmetric, however. I think, in general, that marxist economists know more about the three matters on the right wing side than do liberal/conservative economists on the three matters of the left wing side. Moreover, in practise the two types tend to become relatively equal so what has been said above is nothing but some indications of tendencies when it comes to division of ignorance between the two groups. Basically the ignorance tends to be shared.

To this could now be added a 7th hole

(7) Philosophy. There is little awareness in homo occidentalis Oeconomicus of their own lack of awareness of such matters. There is an unreflected, even virgin innocence that to some extent is attractive, had it not been so dangerous. And by danger, then, is meant the following; everybody, people in general, social scientists in particular have holes in their minds. However, not everybody has so much power as economists tend to have, being the high priests of the sub-system carrying the civilizational code of Western society, the economic system. Of course, there are also other such carriers, particularly the military sub-system - but at least in times of peace or not-so-overt war the economy is of primary significance. Hence, it is rather important to know how economists think, or rather how they do not think, as this has a bearing on the life of all of us.

The basic idea in the points mentioned is not that there is no insight in nature, human beings, culture, history, social structure, global structure and philosophy. The point is that this insight is perverted through a reductionism that serves purposes both in the economy, in economics and in the mental balance of the economists and may also be very dangerous in its consequences. And that leads straight to the second factor under this general heading.

The second factor is axiomatization, the tendency to organize thought systems in relatively steep deductive pyramids. The concern here is not so much with how those pyramids are organized concretely, in other words what is on top, what follows further down. The focus is on one characteristic that all such pyramids have in common: once they have been well constructed, tending towards perfection in the sense that all empirically confirmed propositions of the economic reality, and only those, can be correctly reduced from the guiding principles, then the system permits almost no change. Any change, in the basic axioms, at

the middle level or as a disconfirmation of empirical "laws" may bring major disturbances into the system, and more so the more perfect the system. Mathematization makes it even more rigid and unpenetrable to outsiders; in other words even more theological.

Being usually the work of young people, it reflects intelligence rather than wisdom.

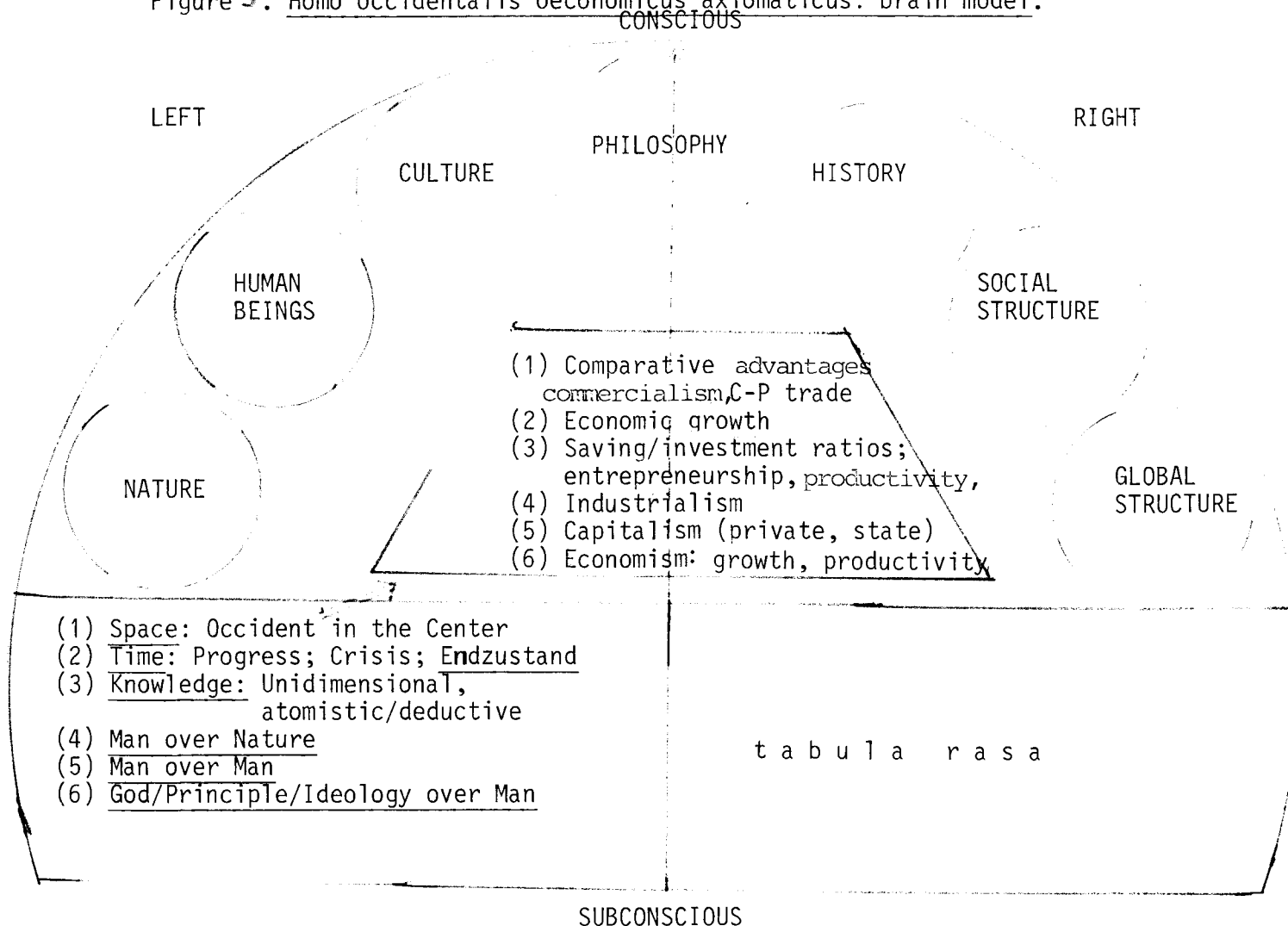
Given this there is an important dialectic between the two aspects of the holes and the pyramid: the more perfect the pyramid, the less likely that there will any seepage from the six holes into the body of economic theory. Once constructed the system is not easily changed. There is a vested interest in it, one reason being that it is difficult to learn and even more difficult to unlearn. Another reason would be that the top axioms have some of the same status as the articles of faith in a religion: they are the results of years, decades, centuries of work trying to crystallize human thought into crisp, clear sentences. To challenge them is to challenge economics as a whole, not only some particular economists that happened to bring those formulations into being. And: to challenge economics is to challenge the economy, and thereby the West.

Thus, it is relatively clear how economic theory was actually constructed. It had to be dynamic, it had to reflect the transition from aristotelian to galilean thought, from Substanzbegriff to Funktionsbegriff (Cassirer). Mechanics in the sense of dynamics, not in the sense of statics, became the model. And in mechanics what could be more impressive than Newton's laws of motion? To get something in motion it has to accelerate, and the second law of motion informs us that the acceleration will be proportionate to the amount of "force" or "thrust" employed, and inversely proportionate to the quantity of "inertia", the "mass". Put in very simple terms: the motion you get depends on the force you apply and the amount of resistance, inertia. Thus, the first could be the amount of capital invested and the second could be the amount of "traditionalism", "corruption", "lack of entrepreneurship", etc. From this point on there are only a few steps to go to obtain the celebrated Harrod-Domar equations, or similar expressions of orthodoxy. culture-free and history-free, like mechanics supposedly valid across space and time.

In short: homo occidentalis oeconomicus becomes the ideal servant of the system, not so much because of what he knows as because of his blind spots. Those six blind spots are the guarantee that he will not issue warning signals, but give a green light for the system to continue as programmed. From déformation professionnelle to "useful idiot" there is ^{but} a short step.

To conclude this section: I have tried to show that the way economists think and behave is by no means random, it is a faithful expression of basic assumptions in Western cosmology brought into the world of economic systems as conceived of and constructed by homo occidentalis oeconomicus. The more the intellectual system is perfected the more absurd does it become. But the system acquires a certain value in its own right, and may easily survive most of the socio-economic crisis partly caused by that very same system. For this brain has a certain inner logic; it is well constructed. Large areas are contradiction-free; in an effort to mirror a contradictory reality.

Figure 3. Homo occidentalis oeconomicus axiomaticus: brain model.



The problem now to be explored is the impact on the crisis of having a high proportion of people with the brains programmed in this or similar ways, at the top of the ^{social} system. By the top I do not mean businessmen who take risks and may be heavily punished by a structure in a process of accumulating crisis. I mean the "experts, the economic pontificate, the top of the priesthood - those who set the course but get off the hook scoot free regardless of how flawed their conception of reality.

4. DIALECTIC BETWEEN CRISIS AND CRISIS PERCEPTION

In section 2 above a theory of the present crisis of the Western social formation was developed, in section 3 a theory of crisis perception. The task is now to bring the two together, exploring the dialectic between the two. In doing so there is no assumption to the effect that everybody in the First world thinks like homo occidentalis æconomicus axiomatiscus. Actually it is more than sufficient to assume that there are many people thinking like that at the top of the social formation, that homo occidentalis œconomicus is well represented in the middle, and that a substantial portion of the population, particularly of the male part, consists of what one might call homo occidentalis comunis, the Western common man. The problem to be addressed is what impact it has on crisis perception if one's brain is progressively programmed in this direction.

This is even more important if the ability to think, talk and act at least as if one were programmed this way itself serves as a factor conditioning promotion in the system, elevating economism to high levels in the power structure. One might even go so far as to say that if Western prime ministers today should publish memoirs and spiritual testaments they would take the form of budgets and growth/decline charts as much as or even more than the usual mixture of gossip and general politics. This is clearly demonstrated by the agenda of the annual meetings of the heads of states of the industrialized countries. There are other points on the agenda, and other themes elaborated in the communiqué, but there is no doubt that the bulk of the meeting is devoted to economic themes. Moreover, this seems to be what major parts of the population of these countries not only expect but also want, at least at the conscious level. Deeper down, in society and in the consciousness they may be longing for something else, though .

In order to proceed a minimum of perception theory is needed. Actually, there are only two points to be made in this connection. First, that which is intra-paradigmatic will be perceived, that which is extra-paradigmatic will not. More simply expressed: that which fits in the underlying social cosmology with its economistic specifications will be perceived and even given extra significance; that which does not fit will be denied importance or not be perceived at all. Second, there is the problem of cognitive dissonance. One way of avoiding it has already been mentioned: by not perceiving the phenomenon that might bring trouble into the world map. But there is also the possibility of distorting the information so that some kind of cognitive consonance can be obtained. In general one may say that the more strongly held the beliefs, the more systematized and rigid the belief system, the more necessary to preserve cognitive consonance or at least to avoid cognitive dissonance, and this can be done (1) through selective perception and (2) through distorted perception.

4.1 Perception reinforcing crisis

The basic thesis here would be that the perception operates in such a way as to reinforce the current crisis, thereby itself becoming a factor number four in the diagnosis of that crisis, adding to the three mentioned at the end of 2.2. above.

To explore this I could now proceed in two ways. I could take point for point in the crisis diagnosis, and try to show how the cognitive map at the three levels explored in section 3 above will make it difficult to understand what is going on. I could also do it the other way: I could proceed point by point in the cognitive map, exploring how it would obscure the perception of what is going on in the world - using as a terra firma the diagnosis in 2.2. above. Either way would be

acceptable, but I shall stick to the second, working from the subjective rather than the objective angle, among other reasons because it is simpler.

Let me start at the level of homo occidentalis. Clearly, the very circumstance that he tends to see the world as centered in the West will make it very difficult for him to discover that the Fourth world in general, and Japan in particular, has become a highly respectable, even winning competitor. The only way he can accept this would be through distortion, seeing Japan as to a large extent run by US corporations (as homo occidentalis marxensis tends to do) or as essentially dependent on buying, stealing or imitating Western technology (as homo occidentalis liberalis tends to do). Of course, there is also another way: what is outside the First world may be seen as threatening provided it can also be seen as evil - how could it otherwise be threatening? This is the way the Second world in general and the Soviet Union in particular is handled, and it may also be transferred to the Fourth world by reinvoking the image of "yellow peril", and of "devious orientals".

It may be objected that neither of these is actually what is being done. What is done is much simpler: to make Japan a part of the First world, "the free world", by integrating it militarily with the United States and economically with the OECD countries. In doing so the competition becomes a family affair, subject to family rules in the internal sector. Organization membership is then taken as evidence that this perception is no distortion. I would argue that it is, that there is a conflict of interests and even a fundamental one and has been so for more than one hundred years (after the Meiji revolution), and will continue like that. However, such perceptions are strong and have the advantage of providing some comfort. They do not extend to other countries in East and South East Asia, however, only to Japan, unless military

alliances and economic organisation membership are to be extended to all of these countries. So far only Japan has been "incorporated" in the West, through OECD, and hence seen as part of the West, as an effort to save the hypothesis that the "West" is the centre of the world.

The time cosmology of homo occidentalis is even more important. Obviously there is no longer much growth to speak of. There has not been much for some time, and it is unlikely that there will be much in the near future. But, whereas a center for economic activity in the Fourth world is totally extra-paradigmatic, a crisis is not. The West even thrives on crises, seeing them as a challenge, as something to be overcome. But does that not mean that the West is essentially right, perceiving the situation correctly? No, it could also mean that precisely because crises are not entirely unwanted there is the underlying assumption that it will be possible to restore the system to what it was before, and for that reason no understanding that this crisis may be different from the others, among other reasons because the international context has changed completely from what it was during the Kondratieff cycles of earlier periods. The conclusion may be that nothing special has to be done, all that is needed is to wait and see - and if this cycle also lasts fifty years the First world will be surfacing again in the early 1990's. My argument would be: the world economy, yes - but surfacing with the point of gravity in the Fourth World.

The third aspect of Western social cosmology has to do with the form of knowledge itself, in other words rather close to the subject matter here explored, perception. Fundamental here is the narrowness of the paradigm within which a crisis is understood. There will be a tendency to conceive of it in terms of one or at most a narrow bundle of factors at the time. The current crisis has had a career pattern from environment crisis via energy crisis to economic crisis - with parallel mention of political crisis and military crisis - but only few, and certainly not those on the top, will tend to talk about a system crisis in general. The perception will tend to be specific, ^{and} atomistic; not diffuse and holistic. This

atomism, however, in trying to understand the phenomenon is also accompanied by deductivism: the inclination to find one factor underlying the crisis and then try to understand everything else in terms of that single factor. If the perception in general is economistic, and the crisis is defined as an economic crisis which it usually is, then economism already dictates the conclusion: the crisis shows up in the form of low, zero or negative economic growth; the cure for that is higher productivity clear-cut, simple - for complicated but not complex brains.

The next two points in the social cosmology, "man over nature" and "man over man" are very similar in the way they are operating in crisis perception. If man is over nature, and some men are over other men, then it is the duty of nature and many men, not to mention most women, to suffer - particularly when the system is in crisis. And it is right of man to make nature suffer, and of some men to make other people suffer. In doing so they only fulfill the obligations already embedded in the social cosmology. Thus it is, it always was like that, and thus it will remain.

The last point gives the ultimate justification. The Western social formation is not like the others, it is of a higher kind. It has to survive since it is the ultimate carrier of human civilization (with the French probably feeling that they play a similar role within the Western civilization), and this has three implications. First, there is no reason why the West should go outside its own social and world maps in order to understand what is going on; these maps have proved to be the best there are and will also serve today and tomorrow. Second, the West being the causal center of the world it is also the causal center of the West; consequently, only the West is able to save the West, by correctly understanding itself - it does not have to understand others. And third: what will have to be done must be done, even if it means destroying evil forces - this is not only the right but also the duty of the West to itself and thereby to history and humanity. The West is the chosen center, the chosen civilization.

So much for homo occidentalis. If we now go on to homo occidentalisœconomicus all this takes on a more explicit economic form. Free trade has to be maintained, for how could there otherwise be a Center-Periphery trade pattern in the world, expressing the deep organization of the world with the center in the West? Protectionism may or may not be harmful economically, but is obviously harmful politically since it gives to the West no central role. Economic growth may be weak but there will be a second coming. Incantations about turning points, about "Aufschwung", "Wende" in German, will be numerous. Any economic variable conceivable will be appointed as key independent variable, never the social formation as such. New ways of increasing labor-, capital- and nature-productivity will be announced. Discussions that do not see increased productivity as a key to continued growth will be ruled out as inappropriate even before they have started.

In homo occidentalisœconomicus axiomaticus this takes on an even more seriously distorted form. Here the seven holes in the brain programming become more important. The pernicious impacts of the crisis on nature and on human beings are not even seen as natural phenomena; they are not perceived at all. Matters of nature and human pathology are brushed away as "soft values", cultural factors are neither used to understand the First world, nor to understand its competitor, the Fourth world; the historical perspective is narrowed down even further and the eyes are tuned on the horizon for signs of improvement. When the present is that bad there is nothing to learn from the past, what remains is the hope for the future. If the social structure and the global structure are undergoing even threatening transformations they are either not seen or perceived as matters for the police and the military respectively. Again growth and productivity appear on the top of the intellectual pyramid, setting the narrow stage for scenarios for recovery. And the "externalities" will guarantee that surprises continue: new break-downs in nature; new diseases; rich countries become poor (OPEC) and poor rich (Fourth World) because of the role of culture; new social and global forces make prognoses meaningless. And so on.

4.2. Crisis Reinforcing Perception

First, as a point of departure, an explanation of how the crisis itself can reinforce the perception rather than weakening it. The crisis serves as a signal that something does not work, not necessarily as a signal that the whole formation may be flawed. After all, if a car breaks down on the motorway most people will start looking for one or a few identifiable causes, not start questioning the whole idea of an automobile - that question would be more appropriate in cities where the speed of locomotion by car is lower than by bicycle, or in countries where the forests start disappearing, dying off, because of the exhausts from cars. My point is simply this: precisely because there is a crisis the paradigm for understanding the Western social formation in general and the Western economy in particular will become much more explicit, even reinforced, simply because it has to be used. To use some other form of understanding, or economic theory, is tantamount to admitting that the system is not capable of recovery on its own terms. So far that type of admission is itself inadmissible.

What kind of scenarios, given the way the brains are programmed, would the system be most likely to come up with? What kind of solutions does the system produce? In a general sense the possibilities have already been indicated in 2.2. above; four supply-decrease and four demand-increase policies. On that basis two broad strategies can be imagined.

I. MAINSTREAM STRATEGY

It is based on competition on the world market in order to win back lost positions, and seems to focus almost only on one of the four ways of increasing the demand

for own products: cutting the price, "in order to become more competitive". Since it is the price to the buyer that counts this is a question of cutting down on production costs (capital - frozen or liquid, labor, raw materials, research, administration) and/or distribution costs (transportation, insurance, storage) and/or profit margin, at all points in the economic cycle. As First world societies are capitalist societies one would expect most cost-cutting imagination to be steered in the direction of labor costs, by dismissal, and/or freezing/cutting salaries, and/or by relocation to places where lower wages are not cancelled by lower productivity. There should be many other places to start cutting, eg on the particular type of profit margin to the state known as taxes, or on the profit itself. But capital will put the blame on the costs of labor and most economists seem programmed to follow suit by not bringing alternative measures clearly enough in focus.

However, because of too much supply there has to be a decrease in the supply side (to the world market) at the same time, at least as a transitional measure. This can be obtained by decreasing the amount of work ($N \times H$) done, thereby saving more labor costs, or pushing it over on the state, as welfare measures. The question is how.

If productivity is to be increased, compensating or not for the decline in work, then more research and capital have to be brought in, bought at a certain cost which may or may not be lower than the price of the work saved. The idea of this approach is to become more competitive through lower unit price by paying less for work. One may suspect that it is essentially a rationalization of the decrease of number of workers (conservative version) or decrease of number of working hours (social democratic version) engaged in to avoid over-production anyhow. However that may be it is, of course, doubtful, whether

this approach will make First World products competitive in quality (for the same price) with Japanese products and in price (for the same quality) with other Fourth World products. Where is the proof that the capital and research brought in to increase the productivity will cost less than the work used to cost? That administration will cost less?

But that only brings in the economic costs of this strategy. Imagine that the strategy works out economically; what would be the human, social environment and world costs? The society would be even more top-heavy, even more in the hands of the BCI-complex. Homo faber would be even more pushed into the corner, transformed by a self-appointed, pure case, of homo sapiens into a mixture of homo ludens and homo videns - playing more than really being playful, watching more than really ^{being} watchful. This will only reinforce the social maldevelopment outlined in Figure 1 above.

And correspondingly for human maldevelopment: a society produced by the mainstream strategy would certainly not produce less of the civilization life style diseases, probably more. Life expectancy might remain relatively high, but life morbidity may also be very high - meaning a high level of chronic diseases in the population. Much of this would be due to the pandemic and chronic unemployment that in all likelihood will continue to be the consequence of the mainstream strategy, whether labor costs are reduced through higher productivity or by exporting jobs to low wage areas.

Then, nature maldevelopment: it will continue. It is high rather than low productivity that is associated with high level of environmental degradation. And the same with world maldevelopment: mainstream strategy almost presupposes a high level of control over the rest of the world in order to operate the economic cycles with the usual sharp distinction between internal and

external sectors in the economy that has been the hallmark of the Western social formation so far.

With these factors operating the stage is set for repressive action if, or rather when, it becomes (even more) clear that mainstream strategies will not work. Class struggle suppressed with strict control over trade unions, even with policies bordering on fascism; more and more circus to keep people "happy"; anti-ecologism expressing itself as action not only against the ecology but also against the ecologists; "rapid deployment forces" in the form of maneuvers, etc. In short: BRAVE NEW WORLD and 1984, rolled into one. Orwell even got the year right.

For completeness let me now summarize the reasons why I do not think mainstream strategy will work:

(1) the price may not become lower through higher productivity due to increased costs for capital and research, to capitalists and researchers and their administrators in the private and public sectors;

(2) The quality will probably not be higher, among other reasons because the West will not admit that it has been beaten. Moreover, for the world as a whole there has probably been a turning point with the Fourth rather than the First world being increasingly associated with high quality;

(3) other parts of the world, particularly Fourth world countries, may play the Q/P game better than the First world does:

(4) The First world is sinking more and more deeply into the maldevelopment of its own making, becoming less capable of rational action.

II. COUNTERTREND STRATEGY

In short, the objective situation should call for an alternative strategy. If the above are the typical blue (liberal/capitalist) and red (marxist/socialist) approaches, then the countertrend strategy indicated below is the typical green strategy. It is not based on competition on the world market (except for some selected products), but rather on withdrawal into regional, national and local self-reliance -- a complex concept involving a mix of (at least crisis) self-sufficiency in essentials, and equitable exchange beyond that: a mix of independence and interdependence, but not dependence. In the terms of the present exercise this would mean a new type of reciprocity: not "I-trade-with-you-and-you-with-me/I-buy-from-you-on-the-condition-that-you-buy-from-me" but "I-help-you-to-become-self-reliant-and-you-help-me". Reciprocity is not given up. But world trade would - if this were carried out - be at a lower level.

The alternative strategy would then assume that if one exports less one also has to import less. Where there is a demand it will have to be met by more internal supply, in other words by producing new products - in principle compensating, through import-substitution, for the export-substitution/reduction. In addition to this there would be another major element in the strategy: to decrease the productivity so as to permit high levels of employed workers and productive working hours. In practice this would mean labor-intensive rather than (or in addition to) capital-intensive production, and creativity-intensive rather than research-intensive production. In the latter there is, of course, also creativity - but it is frozen into the production process through standardization and is only the creativity of a very limited number of people. in other words, a move towards more artisanal and less

industrial modes of production. A theory for an optimum mix, with due regard to human, social, nature and global factors in addition to the economic ones does not, as yet, exist. There is a Japanese practice, however, accounting for some of their success in the Q/P game.

Looking at these two approaches there seem to be two major dividing lines:

- (A) domination vs. withdrawal in the world market
- (B) high vs. low levels of labor-productivity

For a civilization, the occidental one, in its expansion mode - so used to dominate the world, and to have patterns of production that give leading roles to those who can supply capital, research and administration whereby high productivity can be obtained - the mainstream strategy is precisely that, a mainstream strategy. And the counter-trend strategy becomes precisely that - a countertrend.

I do not think the choice between them is made or will be made on rational grounds. The mainstream strategy may not work, that may be true. But that is not a sufficient reason to give it up; there are much more important arguments in its favor. It fits Western expansionist cosmology, it fits the dogmas of conventional economism, at least on paper, and it ranks very high both in placing growth and productivity as supreme values, and in neglecting the six major factors outlined in 3.3. above. In unreflectedness it is probably unequalled.

Compare this to the countertrend strategy. It may work, that may be true. But that is not a sufficient reason to accept it; there are much more important arguments against it. Thus, its adoption would signal the willingness of the West to abdicate from its self-appointed Center position in the world. The strategy might make the West master

its crisis, which would mean that the crisis could not longer be used to discipline the internal proletariat and the external sector. The type of thinking, and action, in the alternative strategy is very complex, involving a lot of factors that probably would have to be acted upon simultaneously. And the whole Western conceptual/social pyramid would have to be flattened: no simple guideline on top, no clear man-over-man or man-over-nature principle. Instead of economism the dethronement, even voluntary abdication of economics as a guide to statesmanship rivalled only by strategic studies, is called for. And with that the entire basis for the brain programming depicted in Figure 3 above would melt away.

Is this at all possible? The whole logic of what has been said in this paper leads to one type of answer: not impossible, but difficult. If the system of thought with consequent action is basically steered by the underlying cosmology, Western economics being one of its interpretations and the Western economy one of its implementations, then any change which does not affect the cosmology as such is probably bound to be short-lasting, superficial. This, of course, is what many people have understood, hence the interest in non-Western cultures in general and non-Western epistemology in particular. Many people are exploring the tabula rasa region of the brain in Figure 3, today, in search for something new.

But ^{merely} no social change will take place as the outcome of a rational choice; it will come, if at all, as the outcome of fight and struggle, of politics rather than economics.

In the meantime the crisis will, peculiarly enough, reinforce the perception, the paradigm. Why? Because it

may be the only thing left. The world does no longer behave according to that map. But the map is still there, and there are many and excellent map-readers around. They will continue reading, and continue telling us what the world looks like and what is to be expected at the other end of the tunnel, beyond the horizon. Hopefully fewer people will listen to this exercise in credo quia absurdum.

5. CONCLUSION

The thesis of this paper is simple: homo occidentalis expansator is hitting his head against walls and ceiling, even the floor. But he fails to get the message and continues to expand, convinced that they will all yield like they did in the good old days. To make reality correspond better to the map, homo occidentalis expansator Ceconomicus may be assisted by his near relative homo occidentalis expansator militaris, who, as an extreme version, may become homo militaris exterminensis, equipped with the adequate means of mass extermination. Civilizations are there in order to be enacted. The programs or codes, here called social cosmologies, are strong; otherwise there would have been no civilization. The programs may outlive their usefulness simply because the context in general, and the international context in particular, changes. But they are still there, crying to be enacted.

The ambiguity of the Christian bible with agape and caritas, but also threats of extermination for those who do not accept, is a part of the cosmology of Western civilization. But Western civilization also has a softer side; there is also a homo occidentalis contractor, withdrawing into the West as a center of concern rather than a center for control - of the rest of the world.

These people challenge the conceptions, and the actions, of homo occidentalis expansator, and develop their own, a fascinating activity that may lead to ever sharper contradictions between the two faces of the West. In this they are greatly helped by insights derived from non-Western civilizations and from the West in its great period of contraction, the "middle" Ages (between two eras of expansion, that is). Like Salvianus, in De Gubernatione Dei said about their predecessors at the end of the Roman empire who sought inspiration elsewhere:

"They tried to find
among the barbarians
the humanity of the Romans,
because in the Romans
they could not stand
their barbarian inhumanity."