

The Economic Caesura

“I believe that most theoreticians would claim that a good economic theory is concerned with the interesting results in the models in which all the factors are engaged into an individual behavior of maximization.”

George A. Akerlof

The present crisis has highlighted the weak consistency of the symbolic economy's function, especially when it tried to legitimize phenomena that lie outside the production function's determinant sphere of meaning. The consequence most evident is the self-stimulating pressure for profit. The symbolic economy frenetically invents its performance algorithms counting on the hypothesis of that which could be called exclusive sufficiency. Fictitious money – in its extremely various technical expressions – constitutes the unlimited substance of success sought by the symbolic economy.

In this formula, practically the symbolic economy – particularly in its stock-exchange guise – introduces a total caesura with the production function, generating its own universe of value-creation.

Up to this level of understanding things do not yet seem to digress from the logic of Economics. For as long as the centering of the symbolic economy – on maximizing efficiency – is similar to that of the real economy, the problem of consistency is almost irrelevant. However, reality evolved in a direction in which logic stagnates. Going into the red is for the symbolic economy a state which annuls its propensity for autonomy from the real economy, in general, and from its public side, in particular.

The financial crisis, by means of stock exchange transactions, indirectly affects the real economy, through the drop in the value of stocks, while directly affecting the banking establishment of the symbolic economy, both through the marking of accumulated toxic assets and the avalanche of bad credit. The banking system is catastrophically hit by generalized panic; the solution to the losses problem no longer sits with its own mechanisms. The only thing left to do for the philosophy of exclusive sufficiency is to reveal the apocalypse. The only way to avoid collapse is for the function of the symbolic economy to join the determinant significance of the specific behaviors of the production function.

Public economy, in its own interpretation of the expression of social finality served by the function of the real economy, offers the support for the recovery of the symbolic economy – and above all the recovery of the commercial banking sector, the one most affected. In this way what seemed to be the right to the self-determination of value for the symbolic economy required – due to the danger of collapse – the activation of the real economy's appeal for solidarity. The injection of real money becomes the logical answer to the hectic behavior of fictitious money. But it is also the swift punitive action of the real economy's enlargement of the inter-functional space by the symbolic economy.

The crisis reveals the fact that in both reality and theory, as well as in the functional framework they create, catastrophes cannot be avoided when rifts are being exaggerated. A theory which aims at provoking a different theory to the objective one, even if it is supported by noble goals, will more readily lead to failure. A reality which defies the referentials of balanced explicative models of a scientific nature ends in recession. The consistency of social theories and the functionality of societal systems cannot be thought of and treated separately but with the risk of accepting false hypotheses and critical results as parameters of performance.

In the case of the symbolic economy, through neomonetarism, the complete independence of monetary function from the conditionalities of value carriers specific to the production function is an accepted hypothesis. The error of understanding lies in a mental formula of an extensive nature, through which an experiment of political immunization – such as the independence of central banks – is cloned for all the components of the symbolic economy. However, the abusive interpretation is fatal because it simply mixes the plans, eliminates logic, changes the basic rules, operates on assumptions, replaces the real universe with the virtual one, falsifies the essence of rationality calculations, comes into contradiction with the laws of physics, symmetry, determinism, entropy etc. Aspects which are not possible when independence is limited just to the authority of the central bank.

The autonomizing of the symbolic economy on reasons of efficient super-performance, on one side, and on the argument of the transforming of speculation into an infallible wealth producing mechanism, on the other side, besides the fact that it makes derisory the rules of prevalence in any economic system, it institutes a formula for creating imbalances whose effect is the undermining of the functioning of societal systems.

When the world of money becomes self-sufficient this breaks the symmetry of the architecture of humanity, the one between necessities and possibilities, aspirations and discernment, rights and responsibilities, costs and effects etc.

Marin Dinu

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