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To *plurality*. The Association will encourage the free exploration of economic reality from any perspective that adds to the sum of our understanding. To this end it advocates plurality of thought, method and philosophy.

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Inside this issue:

Summary of the Great Transformation by Polanyi

Ed. Note: This has been a top RWER Blog post

By Asad Zaman

Ever since the spectacular failure of modern economic theory became obvious to all in the Global Financial Crisis, the search for alternative ways of organizing our economic affairs has intensified. The vast majority of alternatives under consideration offer minor tweaks and patches, remaining within the methodological framework of neoclassical economics. In contrast, Polanyi offers a radical alternative, with unique insights based on a deep study of the history of the emergence of capitalism. A major obstacle to understanding Polanyi is the fact that living in a market society shapes our mindsets and behaviors, making it difficult to imagine radical alternatives. Understanding Polanyi requires standing outside the streams of history which have shaped modern societies, to see how our economic, political and social theories about the world have been shaped by external forces, and have evolved in time. Studying this archaeology of knowledge offers us insights into the historical processes which have shaped our thoughts, and gives us the tools necessary to liberate us from the narrow boundaries created by our own past experiences.

The central theme of Polanyi's book is a historical description of the emergence of the market economy as a competitor to the traditional economy. The market economy won this battle, and ideologies supporting the market economy won the corresponding battle in the marketplace of ideas. Today, the victory of the market economy is so complete that it has become difficult for us to imagine societies where the market does not play a central role. Polanyi argues that contrary to popular belief, markets have been of marginal importance in traditional societies throughout history. The market economy emerged after a prolonged battle against these traditions. As Polanyi clarifies, this is not a good development. The commodification of human beings and land required by the dominance of the market has done tremendous damage to society and environment. The value of human life has been degraded to their earning power. This enables the grim calculations made by Ambassador Albright that sacrificing half a million Iraqi children is worth the control of oil. Similarly, precious rainforests, coral reefs, plants, fish, and animal species which took millions of years in the making, and cannot be replaced at any price, are reduced to the value of timber, food or chemicals. This is the root cause of the social and environmental catastrophes we currently face. The analysis of Polanyi can be summarized in the six points listed below.

1: All societies face the economic task of producing and providing for all members of society. Modern market societies are unique in assigning this responsibility to the marketplace, thereby creating entitlements to production for those with wealth, and depriving the poor of entitlement to food. All traditional societies have used non-market mechanisms based on cooperation and social responsibility to provide for members who cannot take care of their own needs. It is only in a market society that education, health, housing, and social welfare services are only available to those who can pay for it.

2: Market mechanisms for providing goods to members conflict with other social mechanisms and are harmful to society. They emerged to central prominence in Europe after a protracted battle, which was won by markets over society due to certain historical circumstances peculiar to Europe. The rise of markets caused tremendous damage to society, which continues to this day. The replacement of key mechanisms which govern social relations, with those compatible with market mechanisms, was traumatic to human values. Land, labour and money are crucial to the efficient functioning of a market economy. Market societies convert these into commodities causing tremendous damage. This involves (A) changing a nurturing and symbiotic relationship with Mother Earth into a commercial one of exploiting nature, (B) Changing relationships based on trust, intimacy and lifetime commitments into short term impersonal commercial transactions, and (C) Turning human lives into saleable commodities in order to create a labor market.

3: Unregulated markets are so deadly to human society and environment that creation of markets automatically sets into play movements to protect society and envirnoment from the harm that they cause. Paradoxically, it is this counter-movement, this opposition to markets, that allows markets to survive. If this was not present, markets would destroy the society and the planet. For example, the Great Depression caused the collapse of many free market institutions, and the government stepped in to prop them up and substitute for them. Similarly, only massive government intervention save the world from a major economic crisis following the Global Financial Crisis of 2007. This protective, anti-market, move allowed capitalism to survive. This is called the "Double Movement" by Polanyi, who says that the history of capitalism cannot be understand without looking at both sides — the forces trying to liberate markets from all regulations, and the forces fighting to protect society from the harmful effects of unregulated markets.

4: Certain ideologies, which relate to land, labour and money, and the profit motive are required for efficient functioning of markets. In particular, both poverty, and a certain amount of callousness and indifference to poverty are required for efficient functioning of markets. Capitalist economics require sales, purchase, and exploitation of labor, which cannot be done without creating poverty, and using it to motivate workers. The sanctification of property rights is another essential feature of markets. Thus, the existence of a market economy necessitates the emergence of certain ideologies and mindsets which are harmful to, and in contradiction with, natural human tendencies.

5: Markets have been fragile and crisis-prone and have lurched from disaster to disaster, as amply illustrated by GFC 2007. Polanyi prognosticated in 1944 that the last and biggest of these crises in his time, the Second World War, had finally killed the market system and a new method for organising economic affairs would emerge in its wake. In fact, the **Keynesian ideas** eliminated the worst excesses of market-based economies and dominated the scene for about 30 years following that war. However, the market system rose from the ashes and came to dominate the globe in an astonishing display of power. This story has been most effectively presented by Naomi Klein in ***The Shock Doctrine: The Rise of Disaster Capitalism***.

6: Market economies require imposition by violence — either natural or created. As noted by the earliest strategists, deception is a crucial element of warfare. One of the essential ingredients in the rise of markets has been a constant battle to misrepresent facts, so that stark failures of markets have been painted as remarkable successes. There are a number of strategies commonly used to portray an economic disaster as progress and development. Without this propaganda, markets could not survive, as the forces of resistance to markets would be too strong. For example, a fundamental message of modern economics textbooks is that capitalism has created tremendous wealth and unprecedented progress. In fact, notwithstanding capitalist propaganda to the contrary, this growth has been extremely costly. We have sold planet Earth and the future of our children, and are celebrating the proceeds without taking into reckoning the costs. Accounting for the costs of destruction of environment, animal species, and human society, shows that that costs of growth have been far higher than the benefits. See “Evaluating the Costs of Growth” (September 21, 2014). Real World Economics Review, issue 67, 9 May 2014, page 41-51.. Available at SSRN: **https://ssrn.com/abstract=2499115**.

We conclude by briefly considering the consequences of this analysis. The organization of production in a capitalist economy rests essentially on the exploitation of laborers, and requires using poverty as the goad to moltivate laborers to work. This means that if we provide universal basic incomes, we will remove the incentives for production which lie at the heart of capitalist systems of production. Instead, Polanyi suggests that we focus on ensuring that all people have the right to earn a decent livelihood. This can be accommodated within the present systems of production without radical change. Long run solutions require more radical changes in mindsets which would reverse the great transformation by prioriotizing social relationships and subordinating the market to the society.

I recently recorded a half-hour talk discussing the material summarized in the above post. The video is linked below:

Supplementary Readings and Videos:

For a more complete list of papers/videos/posts on Polnayi, see: **Resources for Study of Poplanyi’s Great Transformation**

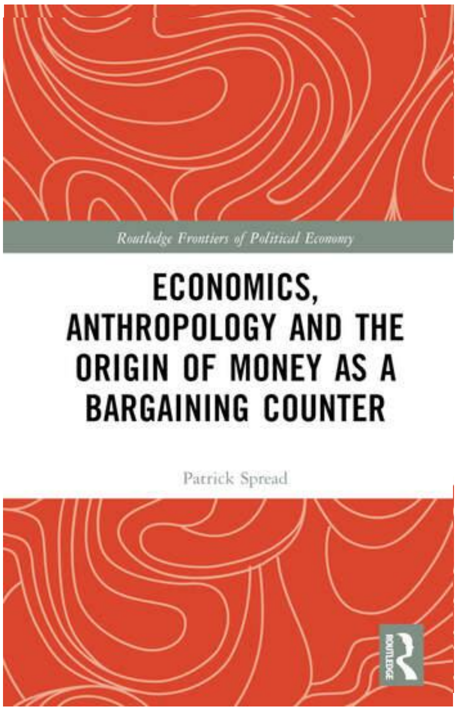
Polanyi’s analysis cannot be understood by modern economists because it is based on methodological principles radically different from those currently in use. **The Methodology of Polanyi’s Great Transformation** explains these principles, which demonstrate the necessity of considering historical and cultural context of economic theories. Polanyi’s analysis provides the basis for a radically different approach to economics, which considers politics, society, environment, and economics as inter-related subjects which cannot be understood in isolation.

The relationship between the Great Transformation and the looming environmental catastrophe which threatens the future of humanity on planet Earth is discussed in Zaman, A. “Unregulated Markets and the Transformation of Society” Chapter 18, Routledge Handbook of Ecological Economics: Nature and Society. Editor Clive Spash. 2016. A brief summary of this paper, and a video-talk on the topic is available from another post on this blog: “**Markets & Society**”

A 30 page article, which provides further details of this brief sketch, can be downloaded from the link below: “**The Rise and Fall of the Market Economy**,” Review of Islamic Economics, Vol. 14, No. 2, 2010, pp. 123–155. This post, and the connections to Islamic Economics, are explained in my blog: “**An Islamic WorldView**“.

Economics, Anthropology and the Origin of Money as a Bargaining Counter

By Patrick Spread



Some readers will be familiar with the long-standing differences between economists and economic anthropologists over the origin of money. This book, *Economics, Anthropology and the Origin of Money as a Bargaining Counter,* argues that both are mistaken, and that the origin of money lies in the adoption of bargaining counters for a process of money-bargaining.[1]

Economists maintain that money derives from barter. Adam Smith describes the inconveniences of barter giving way to the adoption of a particular commodity whose ubiquitous use makes it a convenient common item of exchange. Money as a medium of exchange makes practicable the exchanges portrayed mathematically in the neoclassical economic model. It is commonly explained as a 'veil' that overlays the resource allocation process described in the economic model.

Economic anthropologists have long challenged this account of the origin of money on the grounds that there is no empirical evidence for it. No evidence has come to light of societies in which barter was the predominant form of exchange, and hence necessarily there is no evidence of the emergence of money from a process of barter. Money must have a different origin.

In *The Great Transformation* Karl Polanyi argued that money could not have emerged as a medium of exchange because the economic 'markets' in which it supposedly originated did not exist in the ancient world.[2] Geoffrey Ingham argues that an abstract money must logically have been established prior to its use in private exchange.[3] On these grounds also, money must have a different origin.

The alternative origin proposed by economic anthropologists is the establishment of money by state proclamation as a 'money of account' for administrative convenience in the palaces and temples of ancient Mesopotamia. It acquired value in those societies through its acceptance in tax payments to the state. Ordinary people sought to acquire money because they needed it to pay taxes. They traded to obtain the money they needed, accepting the values, or prices, established by temple and palace accountants in the course of their administration of accounts. Michael Hudson describes the functions of ancient palaces and temples, identifying the origin of money in the management of their accounts, given value by acceptance in payments to the state.[4] Randall Wray similarly affirms that:

> *All the evidence points to the common origins of money, debts and writing, in the tax levies of the palaces…Money, then, originated not as a cost minimizing medium of exchange, but as the unit of account in which debts to the palace (tax liabilities) were measured.*[5]

The different accounts of the origin of money are clearly related to broader ideological frames of reference. Economists prefer an individualistic origin in private trade; economic anthropologists prefer a social origin, dictated by the state. Conflict of this kind is inherent in the idea of support-bargaining, which understands individuals as in a constant mix of cooperation and competition, amounting sometimes to conflict, with the group. The individual must retain the support of the group as a psychological necessity, but also wants certain concessions from the group. The group must retain the support of individuals, otherwise it falls apart and loses socio-political potency. But the group exacts compliance from its individual members in exchange for the essential support it gives them. The ubiquitous 'right-left' division of society and politics can be seen as implanted in these basic contentions of support-bargaining.

Economics, Anthropology and the Origin of Money as a Bargaining Counter identifies the origin of money in the emergence of bargaining counters to overcome the inconveniences of barter. The bargaining counters are used in a system of money-bargaining, with a dynamic very different to that of the neoclassical resource allocation process. Barter is itself a matter of bargaining. People try to get the best terms of exchange, whether in terms of fish for potatoes or labour for food. Common items of barter trade can function as bargaining counters, valued as much for the facility with which they can be traded as for their practical qualities. The bargaining counters can be seen as emerging seamlessly from barter-bargaining to start money-bargaining systems.

The idea that barter societies did not exist, or were extremely rare, in ancient times derives from ambiguities over gift-giving and commercial exchange. Bronislaw Malinowski identified in the *Kula Custom* of the Trobriand Islands a form of exchange that he took to be demonstrative of an alternative socially based mode of customary provision. But he also documents how gift-giving may be at one time altruistic and sociable but at another time more a matter of exchange related to material interest. Polanyi developed his theory of 'reciprocity and redistribution' from Malinowski's research. In Malinowski's classification pure gift-giving, in the simple sense, is rare. Richard Seaford sees similar ambiguities portrayed by Homer: adherents of the warrior code express their loyalty and commitment through gift-giving, but it is apparent that the commercial value of the gifts is significant to giver and receiver.[6] Seaford takes Homer's description of a warrior culture as broadly reflecting an actual social culture that ostensibly scorned material interests, but was nevertheless much concerned with material interests.

People still experience the ambiguities of gift-giving and commerce. They can be understood as ambiguities over whether a person is involved in support-bargaining, concerned with the securing of social support, or money-bargaining, concerned with material advantage. People can be embarrassed when they receive what they take to be a friendly gift, then find that payment is expected. Or the reverse can happen: it is embarrassing when people offer to pay for something that was intended as a friendly gift. It is a rejection of friendship. Reciprocation with roughly equal commercial value is expected in gift-giving between adults. Money is an alternative and supplementary bargaining counter to support, and impinges on the importance of support.

To get round the ambiguities, George Dalton recommended a very tight definition of barter, distinguishing very sharply the material interest of barter from the social exchange of 'reciprocity.'[7] The material exchange of 'barter' is held to be confined to immediate exchanges. Other forms of barter, such as delayed barter, are then to be classified as 'reciprocity.' He writes: 'Barter, in the strict sense of moneyless market exchange, has never been a quantitatively important or dominant model of transaction in any past or present economic system about which we have hard information.[8] Societies that conduct their material affairs entirely in accordance with the strict definition of barter are inevitably hard to find. But what is ambiguous in life cannot and should not be made unambiguous by theoretical definitions. Caroline Humphrey argues, on the basis of a field study of a modern barter system, that barter can be flexible and innovative, and involve time delays.[9] Trading by barter, broadly conceived, and including deferred barter, is so cumbersome, and the use of makeshift bargaining counters so easily contrived, that systems of barter are likely to resolve quickly into money-bargaining using bargaining counters recognised in particular communities.

The idea of money-bargaining also makes irrelevant Polanyi's objection to the emergence of money from barter. Polanyi understands exchange in terms of the 'self-regulating market' portrayed in neoclassical theory. For Polanyi, such markets took over Europe in the nineteenth century and are responsible for much of the social evil that emerged in that period and subsequently. He argues that the conditions of supply and demand and the formation of prices envisioned in the economic model could not have happened in the ancient world, so money could not have emerged from markets. But Polanyi mistakes economic theory for economic practice. Money-bargaining has a quite different dynamic to that of neoclassical self-regulating markets. In money-bargaining prices are based primarily on unit costs of provision, while what is bought is determined by the situations of potential buyers. People and organisations select by reference to their situations. The reference gives money-bargaining an evolutionary character, in contrast to the tendency to equilibrium seen in the neoclassical economic model. (A specific 'Introduction to Support-Bargaining and Money-Bargaining' is provided at the start of the book.[10]) In the dynamic of money-bargaining time disparities between expenditures and revenues, inseparable from economic exchange, but no part of the neoclassical model, are accommodated through budgeting. Credit is used to overcome time disparities between expenditures and revenues. The longer term relationships necessarily involved with the provision of credit require management through support-bargaining to minimise conflict. This money-bargaining dynamic of exchange can be operative in the sparsest populations. It can operate in any era, including ancient Mesopotamia. Money would be very likely to emerge from barter-bargaining as a makeshift bargaining counter.

With a bargaining counter established in private exchange, palaces and temples would find it necessary to use as money of account for their financial management the same bargaining counter as was used in private exchange. A 'money of account' could not be settled by proclamation; effective budgeting would require that the money of account was the bargaining counter of trade. The 'money of account' was a money of budgeting. Economic anthropologists have followed Polanyi in taking their ideas of economics from neoclassical economic theory, and because neoclassical theory has no notion of budgeting, they have failed to recognise the budgeting of palaces and temples for what it was.

The value of the bargaining counter then rests not on its acceptance by state tax authorities, but on acceptance by ordinary people in the course of their money-bargaining. The bargaining counter is best understood as a credit issued by society to cover time disparities between people selling something, whether commodity or service, and wanting to buy something else. This 'social credit' is redeemed by society in the form of the many members of the society who will accept the bargaining counter in exchange for goods or services. Such people perform the role of 'dependable debtors.' They give the bargaining counter purchasing power. So long as there are 'dependable debtors' ready to provide goods and services in redemption of the social credit, the bargaining counter will maintain its purchasing power and will continue to function as money in the society.

The 'dependable debtors' redeeming the social credit have none of the reluctance of ordinary debtors. On the contrary, they will all be keen to sell goods and services. They will aim to accumulate money, and establish for themselves the social credit it represents. There is thus powerful motivation to act, albeit unwittingly, as a dependable debtor in relation to the social credit of a national money. The dependable debtors will try to reduce their unit costs of provision, and hence reduce their prices, thus increasing the purchasing power of the bargaining counter. The bargaining counters of strong economies will appreciate relative to those of weaker economies. If money is valued by acceptance in taxation, it implies the imposition of a tax debt, in circumstance when people expect, by virtue of their earning of money, to be social creditors. Some form of coercion, light in modern times but heavy in ancient times, is necessary to such imposition. The motivations of money-bargaining and the use of bargaining counters are all to individual advantage.

Where a common commodity becomes accepted as the bargaining counter used in a community, there is no problem of putting the money into circulation. Early 'makeshift' bargaining counters can be switched from an exchange function to usage just by a change of mind. A money like 'honey,' 'sesame,' or 'reeds' can be money or not money according to circumstances. Fritz Heichelheim describes the use of many homely commodities as money – effectively makeshift bargaining counters – in the ancient world.[11] But makeshift moneys evolve into token moneys – items that have no use but have established acceptance for purposes of exchange in particular communities. These require the involvement of some communal authority – some sort of government – to oversee its production and ensure that sufficient quantity is supplied to meet the requirements of trade, without providing such excess as gives rise to inflation of prices. A popular bargaining counter arising from money-bargaining needs the backing of a communal authority if it is to be widely used. The communal authority has to control the money supply; it also has to protect the communal money against counterfeiting. With such measures, it is easier for people to fulfill the function of dependable debtors, and maintain the purchasing power of the bargaining counter. Token money has to be traded into circulation or provided through credit. Societies have historically often found themselves short of money due to difficulties in getting their money into circulation.

In modern economies national bargaining counters are put into circulation mainly through the provision of credit. Private banks provide credit to customers that enables them to overcome time disparities by making necessary expenditures before they receive revenues. The banks provide such credit denominated in the national currency, so that the banks are at the same time as they make the commercial loan putting into circulation a national money. But while the private bank is concerned only with the repayment of its loan, the circulation of the national money is a responsibility of a 'communal authority,' normally in the form of a central bank. Central banks take advantage of the credit-providing services of commercial banks to put the national bargaining counter into circulation. The redemption of the bank credit depends on the repayments of the borrowers. But the redemption of the social credit represented by the national bargaining counter depends on the existence of 'dependable debtors' in the society. Central banks are empowered to control the level of credit issued by private banks in order to control the supply of money and ensure money retains its purchasing power.

Money emerges as an alternative bargaining counter to support. Because money is distinct, durable and divisible, it can be used in transactions where precision is required. Support is a much less precise and durable bargaining counter than money, and is consequently unsuited to many transactions. Money is then a supplementary bargaining counter to support, as well as an alternative. The efficacy of money makes it a rival bargaining counter to support. It creates tensions in societies. In earlier societies, money was disparaged and denigrated as anti-social and immoral by those ascendent through support. The ascendent feared a challenge to their ascendancy from those able to raise support against them through the use of money. People soldier for money as well as in support of causes. Money wealth can be used against established rulers; money is necessary to sustain political advantage.

This fear of what can happen if ordinary people are free to become wealthy is the probable reason why the very convenient form of money, coin-money, was not adopted earlier. While money was cumbersome and inconvenient, it could be controlled by rulers, and was consequently tolerable, but the convenience of coin-money made it a much greater threat. The technology for making coins was available well before it was used to make coins for wide circulation. It was only when the Greek *poleis* established support-bargaining systems with popular participation that the adoption of coin-money into wide circulation became politically feasible. The rulers had less to fear from coinage when the people themselves had a significant role in determining who would rule them. Seaford sees the tensions in Greek society, apparent from the Homeric stories, as giving rise to the *poleis*, and the egalitarian character of Greek feasting rituals, contrasting with more authoritarian characteristics of ritual procedures in the Near East, as an expression of the cultural dispositions that made coins acceptable for wide circulation in the community.[12] The Greeks associated their money with their feasts by calling their smallest silver coins *oboloi*, meaning 'spits.'[13]

For most people, economics is essentially about 'money.' Economics begins with money. Money must be prominent in any explanation of how economies function. Mainstream economic theory has for long insisted that economics is about resource allocation, and presents a mathematical model to show how resources are allocated. In the understanding of this mainstream economics, money is incidental; a mere facilitator or lubricant of the resource allocation process. Resource allocation for Pareto optimality is an intellectual exercise, not an explanation of how people engage in monetary exchange. Even intuitively, or from their own experience, the idea of money-bargaining will seem to many a better representation of how economies work than the resource allocation theory. Both the resource allocation theory and the 'money-of-account' theory confuse and confound more than they explain. If this book correctly identifies the origin of money, and shows it to be incompatible with mainstream economic theory, then it has a strong claim to the attention of all economists.

February 2023

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"Capitalism is the most successful, but also the most destructive ideological-economic system". An interview with Laibach

By Mitja Stefancic

When in the early 2000s I was a BA student at the University of Essex and then an MPhil candidate at the University of Cambridge, I was surprised to find out how many scholars in sociology, media studies and political sciences were at that time actually acquainted with the Slovenian band Laibach. Given the originality of Laibach's albums and its (often overlooked) influence on the European alternative cultural and political arena, I decided to pose a few questions to the band in the occasion of this last issue of WEA Commentaries.

The band formed in 1980. In the first decade of its career, *Laibach* contained a sharp critique towards the post-Titoist regime in former Yugoslavia. Despite being officially banned in the country from 1983 to 1987, the ensemble continued touring, delivering live performances and releasing provocative albums. Later on, during the 1990s and 2000s, *Laibach* directed its critique towards the late capitalist ideology and the systemic connections between the media industry, multinational corporations, and the military industry (as for instance in the album *NATO* released in 1994); or towards the risks inherent in the unregulated global capitalist system (*WAT* 2003), and raising social fragmentation, social divisions and tensions (*Spectre* 2014).

Q1 ***Some Laibach songs/reinterpretations in the "Kapital" album (1992) focus on the capitalist economy and on materialism. In one of the tracks you argue that the "economy is dead".***

A: In 1991, when we launched the slogan/title of the song 'Wirtschaft ist tot' (The economy is dead) - there was in fact a widespread economic collapse in all Eastern European countries, including Yugoslavia and the Soviet Union, leading to the disintegration of the Eastern bloc and a radical reshaping of the political map of Europe. Economic collapses and financial recessions in large number soon followed around the world, including the Great Recession between 2007 and 2009. A series of severe and mutually reinforcing shocks — the COVID-19 pandemic, the war in Ukraine and resulting food and energy crises, surging inflation, debt tightening, as well as the climate emergency — battered the world economy again in 2022-23. There are now even some predictions of potentially new global financial downturns in the near future, for both developed and developing economies. These of course can produce more wars and military conflicts - always a ready solution for a new economic momentum. So there is something definitely wrong with economics, or rather with the economic logic. Or could it perhaps be that the crises drive an economy that cannot really function unless it is permanently and perpetually on the verge of collapse? Of course, it is never a collapse of the whole system, but only of a large part of the whole, so it is still a classic transfer of capital from one pocket to another. This profit from loss, namely the profit based on catastrophe, is just high enough to satisfy the needs of the political-economic elite and keep the rest of the world in poverty and in the constant battle for survival that drives the cynical, deadly machine of capitalism to its (and everbody's) inevitable end.

Q2 ***In the early 1990s you were critically questioning Slovenia's new pursuit of wealth… What is your position nowadays on these same themes and issues? How is your home country Slovenia performing both in economic and social terms nowadays?***

A: There's nothing of course wrong with striving for prosperity as wealth is in principle a tool of freedom. However, in practice the pursuit of wealth is often also the way to slavery. Arguably, real wealth consists not in having great possessions, but in having few wants. A sustainable economy follows this logic; in its view more is definitely not more, less is more! This should also be a guiding principle for the economic aspirations of the Slovenian society and the state.

In economic and social terms Slovenia has now similar structural problems as the other post-transition countries in eastern Europe that have joined the EU. The fact that Slovenia was one of the most developed of all the new members when it joined the EU was not exploited well enough and today in some areas (public health care, public transport, mobility and infrastructure, digital administration, green energy, etc.) it is already lagging far behind the other member states. But nothing is lost yet. Slovenia is fortunate to be a small country and therefore potentially more manageable (despite also more vulnerable!). Moreover, it has an excellent geographical location which - at least in theory - allows it to be well connected to the rest of Europe, something that is not taking enough advantage of. The small size of the market and the total population, comparable to the population of one or two Tokyo's suburbs, makes the country unattractive to aggressive capital and big investments, which certainly has, again, its advantages.

Therefore Slovenia is by definition forced to develop a boutique and largely environmentally friendly economy, and its weaknesses and underdevelopment in many areas, especially in the field of mass tourism, are potentially actually its strengths. Probably one of Slovenia's biggest problems is its overly expanded and costly public administration and lengthy bureaucratic procedures, and especially its largely amateurish, ideologically divided political elite - not to mention the still active and ever-present systemic corruption. Moreover, the Slovenian national character, in which the complexes of superiority and inferiority are mixed in a strange way at the same time, does not help either. But, as said before, this country and its cultural space has great potentials and in theory nothing is irretrievably lost. Yet.

Q3 ***Turning back to a global perspective, you also look at economic aspects of society and deconstruct or provide references to economic ideologies in other albums: in some lyrics contained in the "NATO" album (1994) you unveil the interconnectedness between the military industry, modern corporations and the media. Has your perception about this relationship changed recently: Is it perhaps stronger than it was in the 1990s?***

A: Our view of this matter has not changed. The Gulf wars, Afghanistan, Syria, Yemen, Ethiopia, Somalia, and now the war in Ukraine as well as the renewed and growing conflict of the West versus Russia and China have reinforced our view. Ukraine, in particular, is a textbook example of this interconnectedness in the conflicting interests of the great powers, modern corporations, media and the army industry.

Q4 ***In the "WAT" album (2003) you seem to point to the unsustainability of the global economy by questioning its existence (e.g. "Das spiel ist aus")… What would be your main critiques to the economic system and towards the global economy nowadays – 20 years after the release of WAT?***

A: These are familiar problems. There is no point in listing and repeating them, but they are probably unsolvable in the context of a global capitalist economy that demands constant self-expansion, which it cannot sustain, obsessed with growth rates and profitability. Capitalism is the most successful and attractive, but also the most destructive and suicidal ideological-economic system. The main criticism of the existing system is that it actually behaves like a classic substance addict. It is aware that drugs are slowly killing it and harming everyone around, but it cannot help but continue to take them. It just wraps the drugs and the addiction in an 'environmentally friendly' packaging and pretends that this will solve the problem, even though it knows, of course, that it won't work in reality. Capitalism will never change in principle, but if we do not want it to drag the whole thing into the abyss, we need to treat it as we treat a serious addict and - for our own benefit - help it to become less suicidal and force it to act in a socially responsible way whenever possible. Of course, this will not really save capitalism, nor us from it, but at least it will make us feel good.

Q5 ***In conclusion, how would Laibach comment on contemporary mainstream economic policies in Europe and in the so-called Western societies? What do policy makers have to learn from Laibach?***

A: We can't really give complex economic advice because we're not economics experts or policy makers. Nevertheless, we recommend to everyone to go slow and pay attention to communication. In an age of speed and overload of information and communication distractions this would be the only method that makes some sense, probably also within the mainstream economic policies. Go slow and take your time.

Brainstorming: Negative Impact of Economics

Ed. Note: *This is a recent post by Asad Zaman on the WEA Pedagogy Blog. The site is well worth following for critical coverage of a range of aspects of economics. Comments are enabled, so you are able to discuss the content of the blog posts.*

In my previous post (**The Religion of Economics**), I explained why economic is a religion, even though it claims to be a science. This religion preaches a toxic morality, where the goal of life is maximization of personal pleasure, with no moral or social constraints. Some months ago, I read an article which suggested that we should do a cost/benefit analysis of economic theory itself – how much harm it has caused, versus any benefits that it has brought to mankind – (I tried to search for this review, which references two books which the article reviews, which strongly support the idea that economic theory itself is the cause of great human misery – but I could not find it because I could not recall the name of the author or the article title or the source).

I would like ask for help from readers in identifying, as precisely as possible, how economic theory has caused harm to humanity. Overall, I am thinking of the framing used by Julie Nelson in her article: **Poisoning the Well: How Economic Theory Damages the Moral Imagination**.

Abstract: Contemporary mainstream economics has widely 'poisoned the well' from which people get their ideas about the relationship between economics and ethics. The image of economic life as inherently characterized by self-interest, utility- and profit-maximization, and mechanical controllability has caused many businesspeople, judges, sociologists, philosophers, policymakers, critics of economics, and the public at large to come to tolerate greed and opportunism, or even to expect or encourage them. This essay raises and discusses a number of counterarguments that might be made to the charge that current dominant professional practice is having negative ethical effects, as well as discussing *some examples of the harms inflicted in the areas of law, care work, the environment, and ethics itself*.

It is this last sentence which is of great interest to me. General critiques of orthodox economics abound, but I am looking for specific real world cases, where policies were adopted, as recommended by economists, and clearly caused a lot of harm. It would be useful if we could articulate the underlying toxic morals which led to these policies. Of course, examples like this are so plentiful that it would be hard to pick out a few from among thousands. So, I am interested in finding examples where the harms are large, where the cause is clearly identifiable as bad economic policies, and where the link to the toxic morality is very clear. As a leading example, the philosophy that "greed is good" can be very closely linked to the global financial crisis, where fraud was perpetrated on a grand scale, by the collaboration of professionals in many industries. The real estate agents sold mortgages to financially weak parties, with full knowledge that they would be unable to repay and would lose their homes and their life-savings. This is clearly due to the idea that "profits is the only business of business". Similarly, the Julie Nelson article traces how bad morals advocated by economics have caused a lot of harm in different dimensions. The callousness of economists to suffering, and the consequent adoption of economic policies which lead to human tragedies on a large scale, can be documented in uncountable instances. I am looking for vivid examples, where the causal links between toxic morals underlying economic theory, and disastrous real world outcomes are very clear.

I am about to go on vacation for a month, so wont be able to respond. But I would like to have readers provide suggestions for good examples of this type in the comments. Also, recommendations for the best books which show how economic theory has caused massive human suffering in the real world would be appreciated. One area which seems very underexplored is the connection between economic theories and wars, which inflict the greatest damage. This link is missing in most analyses because we have isolated politics from economics, so the connections are not made. I believe there must be strong connections between economic dominance and the era of continuous wars against this that and the other which has characterized the past century, but I am not clear on how this linkage works. I will try to compile the best suggestions into a blog post or article after I return in mid-July. Best wishes to all readers.

Closing remarks

This being my final issue as editor of this publication, I would like to close with a few brief personal observations. It was 13 years ago that the first issue was published. It was encouraging to see the interest in heterodox and pluralist approaches to economics. Since then academic incentive and funding structures have not been kind. If anything, mainstream textbooks have become more dominant and once-valued perspectives such as Political Economy and History of Economic Thought have been whittled down.

If we look back 50 years or so, mathematical economics and econometrics were emerging specialist areas which, it was hoped, might help to further our understanding. Most students were more focused on the real world, while theorists and modellers looked for generalisable, simple explanations of some of the observed phenomena. It was hoped that, at some time in the future, data and estimation techniques would improve to the point where results would have increasingly practical value.

Students were taught to recognise that models left out many important things. Static analysis doesn't consider adjustments from one situation to another. Exogenous variables are not "fixed", they are just not explained within the model. Cross-disciplinary approaches are needed to incorporate much that economists overlook. Some economists from that tradition felt that more recent approaches failed to acknowledge these and other important dimensions. The terms 'heterodox' and 'pluralist' came to be used to distinguish these economists from those who accepted the newer, narrower perspective.

At the same time, data sets and computer packages reduced the skills required to undertake data analysis, resulting in mass "rules-based" research with little understanding of the limitations of the techniques. Many of the findings and their interpretations are open to question, but focus seems to be to do things by the book regardless.

I would like to acknowledge the input and support from our many contributors over the years. It has made the editing task a pleasure. Also in recent years the co-editors have added another dimension and been invaluable in broadening the scope of the publication. In particular, I'd like to mention Mitja Stefancic for consistently showing initiative and providing excellent material.

The work of the WEA continues and I would strongly recommend readers to follow and contribute to the ***WEA Pedagogy Blog*** and the **RWER Blog**. I should also mention the Textbook Commentaries Project. Here you can find critical comment and other resources related to economics textbooks, with some excellent current contributions by Rod Hill, with more to come.

Thanks to everyone for your support.

Stuart Birks

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