

THE ECONOMY IN CRISIS AND GLOBAL IMBALANCE: AN ESSAY ON STRUCTURAL CAUSES

Euripedes Falcão Vieira¹

Marcelo Milano Falcão Vieira²

ABSTRACT:

This essay is the result of considerations on determining factors of the financial crash that have started in 2008. It caused negative effects throughout the economic field and in the social order of the countries participating in the global order. It was not, therefore, a crisis of the production sector of the economy but rather of financial speculation within the economic field, fast spreading, to a greater or lesser degree, to all structures and organizations addressing production and social well-being. Bubbles or any other names are only a play on words in the deviations of financial activity. The global economy is moved by the credit system, which feeds the resources for productive investments. Purposeful deviations in this sector affect the entire economic system. The analysis in this essay looks to focus on the cause of the global financial imbalance, still far from solution, outside the interpretations normally made after the produced effects. The regulatory benchmarks adopted in the 21st-century global economy are not appropriate since they were set for another past economic reality. With no new regulations, principally global, new outbreaks of financial crises will periodically occur to disturb the economic and social order of countries individually or in economic blocs.

Key words:

Financial crisis, global reordering, role of the State.

RESUMO:

Este ensaio é o resultado de considerações sobre fatores determinantes da crise financeira que começou em 2008. Causou efeitos negativos em todo o campo econômico e na ordem social dos países participantes na ordem global. Não foi, portanto, uma crise do setor produtivo da economia, mas em vez da especulação financeira na área econômica, rápida propagação, a uma maior ou menor grau, a todas as estruturas e organizações a abordar a produção e bem-estar social. Bolhas ou quaisquer outros nomes são apenas um jogo de palavras em desvios da atividade financeira. A economia global é movido pelo sistema de crédito, que alimenta os recursos para investimentos produtivos. Desvios proposital nesse setor afetam todo o sistema econômico. A análise neste ensaio parece concentrar-se na causa do desequilíbrio financeiro global, ainda longe de solução, fora as interpretações normalmente feita após os efeitos produzidos. Os valores de referência regulamentares

¹ Doctor in Geography by the University Del Salvador, Buenos Aires, Argentina. Member of Geographic and Historidal Institute of Rio Grande do Sul State, Brasil. Research interests: geostrategy of econmic spaces; power and territory administration socio-territorial development. E-mail: euripedesfalcao@gmail.com

² Marcelo Milano Falcão Vieira: Ph.D. in Business Studies by The University of Edinburgh, Scotland, UK. Professor in the Brazilian School for Public and Business Administration, Getulio Vargas Foundation, Rio de Janeiro Brazil. Research interests: economic and organizational fields; power in organizations; socio-territorial development. E-mail: marcelo.vieira@fgv.br

adoptadas na economia global do século 21 não são adequadas, uma vez que foram estabelecidos para uma outra realidade econômica do passado. Sem novos regulamentos, principalmente global, novos focos de crises financeiras ocorrem periodicamente para perturbar a ordem econômica e social dos países individualmente ou em blocos econômicos.

Palavras chaves:

Crise financeira, a reordenação global, papel do Estado.

1- Imbalances in the global economic order

The global economic order, which began in the 1970s and gained impetus since the 1990s, configured the new system in the production-consumption ratio, under the geographic characterization known as globalization. In fact, globalization may be considered as a large metaphor in which geostrategic economic processes, transterritorial relations and deterritorializations unfold. The formation of economic blocs, strategic alliances, multilateral agreements, regionalization and shared territorial management in production, distribution and consumption characterizes the global configuration with competitive pros and cons, positive results performance, and confronting a crisis from a hegemonic epicenter, radiating negative effects to all corners of globalized society.

The current crisis in the financial economy affecting the production economy clearly reflects the interactivity of the common base, pinpointing the global connection, although development rhythmic times are marked by differences, which are historic and cultural variables in the broad scenario where peoples move, nations articulate and production-consumption strategies are adopted. Krugman (2008) has called attention for the global crisis. Two years later it appears in the European Union creating national collapses. The purpose of this essay is to analyze the structural and organizational reasons for the global economy that can rapidly move from market euphoria to the imbalance of the economic-social bases sustaining the nation-States. The consequent social ruptures cause anxiety and uncertainty. The liberalization of capital and financial markets lead to global crisis in the 1990, which extended itself during the first half of the 21st century (Stiglitz, 2002; Senarclens, 2005). Such crises are systemic, structural and organizational.

Globalization is today's economic. In fact, this word expresses the changes in production, distribution and consumption directions, procedures and strategies. It is the result of technological innovations developed to increase the production drive, involved in widespread interests on the global scale. Globalization of the economy is, therefore, a dominant and complex system. According to Vieira and Vieira (2007, p. 20) "globalization

has logic of action, articulation, operating in real time through a gigantic networking web”. Since it is effectively a complex system, it is natural to think that its workability and rationale in different places around the world are only possible using high technology and the established networks.

The first imbalance is evident: global places, interconnected in networks, operating high-tech activities in territorialities where the development rhythmic time is very unequal. Another major imbalance is cultural; the differences cannot be equalized even if the networks create a culture, a global intellectuality. Certain differences will remain, since they are part of the national identity, are predicative of ethnic formations. In this sense globalization is not a common denominator or order of equalities and positive results for everyone.

The different rhythmic times of development in different continents and different regionalities within them contextualize different realities in nation-States that also react differently. Since the global economic order has not been highly regarded enough, it is thought in a simplistic and reductionist fashion that it is possible for everyone to participate with competitive edge in a common model. Hence the third major imbalance: there is no common model. Each country must have its own model based on a strategic development plan. To formulate planning and strategic administration is to create a strong national configuration, stressing the population’s skills and cultural evolution. The domestic market, when compatible with its own production process, identified with change and ongoing innovation, complements its shortages in the external order, in a qualitative insertion.

Thus, globalization now acquires a new meaning. Global are the interactions of differences, set out in the best, most qualified and advanced converging and complementary relations of each nation-State in its development strategies. If there are differences, there are also different results, which do not necessarily mean negative situations. What are at stake are complementarities of both sides, although some are more hegemonic than others. Somehow, there has always been hegemony in international relations but they may not be prevalent when addressing reciprocal interests. The economic blocs and strategic alliances between regionalized countries or not in the inter-regional scenario aspire to compensatory goals considering the differences of each. Consequently, this brings with it a strengthening of production and consumption relations, even considering global variables, because the domestic economies are developed enough to support the external imbalances that appear with certain cyclicity.

The idea of a global economy was not an ideological imposition but progressive change in the production and consumption mode from political and technological variables. Political scenarios in transformation released huge population contingents for consumption, while technological advance and, particularly, the new modernity with the change of sign – microelectronic – required moving to broader economic spaces. The open economic spaces were, of course, motivated by consumer expansion and the paradigmatic base of knowledge and information.

The business world has always existed in different geographic configurations. The change over time is seen not only in the actual geographic configurations but also the ways in which business is done. Trade comes from time immemorial, both in internal and external relationships of ethnic groups. Trade has always caused conflicting interests, when the strongest, most daring will prevail; in other words, hegemonies in unequal time lines. At any given moment crises appear and have stronger repercussions from hegemonic nations. Normal and critical periods were present during the mercantilist phase of the major eastern and western trading companies during the industrial revolution and more recently in the growth of the multinationals. As also in pre-globalization decades and particularly in the global order. Therefore, crises in the economic system are not a privilege of today but occur with certain frequency and are the result of internal imbalances caused by the expansion of the productive or financial system. Causes and effects can be pinpointed or globalized, depending on the crisis factor and external chain reactions.

The current crisis is systemic, but this is not understood to mean equal responsibility for the entire global community. Paradoxically, every country with global links feels its effects on the structure and organization of the system. The national territorialities are where the global places settle for producing components, inputs and assemblies. In the impetus of the economic opening, the countries cast aside their development plans and joined a global web with loss of strategic commands. The prime national assets achieved in national development projects were transferred to transterritorial power, binding the national economic activities to a poorly defined global order. In this way any good thing that happens in the national performance has a favorable repercussion on the centers of transterritorial power; but any irrational event and default occurring in each hegemonic center of the global economic power spreads fast, to a greater or lesser degree, throughout the system.

The transterritorial economic order unleashed in a global rhythmic time operates from fragmented control centers in hegemonies of power directed at actions in the main seat of

production. Developed hegemonic centers run their economic activities in global production places, installed in national territorialities where the development rhythmic time, for historic-structural reasons, had weaker dynamics. The reordering of local-places (historic legacy) in global-places (globalization drive) produced the open territories, whose basic premises are: lowering spatial barriers; starting up global-places; free capital movement; and production cross-flows.

The global economic organization and structure are based on the movement of flows in transterritorial areas after redefining territories from the geographic, juridical, military and political viewpoint. This contextualization creates the business environments identified with the developed and hegemonic economies, whose technological standards and commercial practices differ from national territorialities. Inevitably, the national strategic wealth and social context are alienated from the decisions representing non-corresponding interests. So, according to Santos (1996, p. 272), “the global order seeks to impose on all places a single rationality”. This global rationality is not the rationality conceived by every country. It is given either by dependences or by internal structural needs that are able to bring to the negotiation table the intrinsic values of the differences in each development process.

Each nation-State has a development potential which is unleashed depending on the historic process of formation and political structuring. Change and innovation overlapping the traditional and conservative are the fundamentals superior to the faster rhythmic time of development. Change and innovation are cultural paradigms that cause knowledge to advance, reinforcing the internal structuring of society. A strong society is a society of a strong State and strong economy. These premises impose a strong presence of the nation-State on any external context, causing leading edges by the value of the differences.

The national development plans in the 1950-1980 period clearly show how much can be achieved by mobilizing the national resources to build and modernize the infrastructure. Planning and strategic administration, full use of natural resources, advances in education and cultural evolution can represent and activate the premises of the strong State and nation-based economic structure. The complementarity sought in knowledge and particularly in the external high technology does not mean dependence but rather a reinforcement of the national base for development. However, as Vieira and Vieira (2003, p. 51) say, “the powerful dialectics that triggered the new forms and spatial flows, in the opening process of the peripheral economies, benefited indiscriminate economic internationalization, causing a failure in public investments and corporate de-nationalization [...]; the flow spaces rapidly

ceased to be national [...]; the space for new strategies of production, circulation and consumption was now the global space, with no barriers, no frontiers and very often no sovereignty”. This linear bond to the global production, distribution and consumption networks models the inequalities between the participants of transterritorial action, in detriment to the power of decision regarding the strategies to be adopted on the internal development bases. With external commands, the weakened nation-States and the strategies set to meet the interests of major global corporations gain significance and configurations in a context of economic growth with poor repercussion in the cultural and social fields, and always subject to the crises spreading to some point in the systemic economy.

2 – The spread of the crisis

The spread of the crisis from an epicenter is as vast and strong as the hegemonic power from which it originates. But what in fact is a global crisis? Zakaria (2008, p. 42) says that “in a globalized world, almost all problems cross frontiers”. Certainly, the major problems representing organizational and structural imbalances do. The crisis is actually an imbalance in the set of forces of the economic system. If one of the forces fails, every system is somehow affected. If the global economy is linked, it is impossible to escape an irradiation of the effect of the crisis in the system; effects that when they originate in one given sector, whatever the reason, they cross to another sector, such as, for example, in the current crisis arising from the financial sector and which soon crossed over to the production sector of the economy.

The economy, from the conceptual viewpoint, is one only. It is the business world in various areas of production and trading activities and services, linked to the political field. Economic science is also a political science inasmuch as there is an institutional base of productive activities focusing on the social field. Political evolution of the modern nation-States has been fundamental in formulating economic practices. There is always a theoretical basis to guide productive activities, with a greater or lesser participation of the public authorities. The 20th century in particular knew two opposite theoretical formulations with regard to economic practices. One, on a liberal basis, adopting the principles of free enterprise, with political backing from the western democracies. The other, a product of revolutionary action, centralizing in the State the planning and execution of the economic

activity. The former, in a way, has always existed in different formats, but kept the foundation of the production and commercial drive characteristic of humans since time immemorial.

The second option, state collectivism, lasted only a short time historically and left no sign that the problems of economic and social development could be positively addressed by this route. After this alternative of structure and economic and social organization disappeared, the private economic activity became a one-way road to production, distribution and consumption, without the State's regulation and effective control to safeguard society's interests. The nation-State itself grew weaker in the presence of the power that loomed large in the hands of major multinational and global corporations. But this does not mean almost complete internationalization, according to Ghemawat (2008, p. 23), who adds: "most types of economic activity that can be undertaken within frontiers or between them is still quite specifically located by country". This is why, paradoxically, although weakened in its internal controls by the economic opening at the end of the 20th century, many countries grew stronger through cultural breaks and now acted with a stronger presence on the global scene. This is, as Zakaria (2008, p. 49) emphasized, an "affirmation of identity [...] and those ties became stronger – in fact, grew – as the economic interdependence took root". The paradox – globalization and national identity – is a new fact on the world scene. With the global economy becoming multi-polar, many countries became strong places seats of economic activity. As Furtado (2000, p. 18) stated, "economic development is a phenomenon with a clear historic dimension". Globalization, with its advances and crises, has the dimension of current modernity in the geographical and technological scope.

In this characteristic of a transnational world, as Hobsbawm (2007, p. 109) claims, "national governments coexist with forces that have at least the same impact on the everyday life of its citizens and that are, to different degrees, outside their control". The current economic crisis spreading out from the initial focus, reaching the different latitudes of the global system, is felt in the national societies in both the economic and also directly in the social dimension. Unemployment is the hardest facet. From one moment to the next the bastion of capitalist economy disappears: credit. The development of economic activities is inseparably bound to the availability of credit that incentivizes and encourages investments that generate profits, jobs, taxes, change and groundbreaking technology. This is the logic of the system that always acts on the razor's edge, having, on one hand, production and on the other speculation. At a certain moment, speculative irrationality involves a pinpointed failure, when its binding links throw every system off balance.

The nation-State becomes more important at times of severe crises. Vieira and Vieira (2007, p. 103) called attention to: “a major issue arises in times of globalization: the role to be played by the nation-State”. This issue is more up to date with the outbreak of the global crisis. Two alternatives are put before the financial imbalance that will have even stronger repercussions in the production economy: either let it sink or swim with the help of the State. And the State helped. The nation-State, with power to intervene in and regulate the private domain now became, however, partner and direct agent in the crisis of the financial system. OK, but is this, in fact, the State’s role in times of globalization?

Global modernity is the modernity of maximizations. Maximization of globalization (production, markets); maximization of technology; maximization of profits. All those maximizations comprise the spectrum of the global economy. To produce and operate markets on all continents, interconnecting the places seats of economic action with the control centers is the geometric configuration of a logistic chain. Fragmentation of the global economic space breaks up production into components that circulate as far as a total or partial assembly-place to meet market requirements. It is therefore necessary not only to maximize technology but also to relocate it to the places seats of economic action. When high technology is installed in a production or assembly territoriality it is, in fact, a form of deterritorialization, since it is not incorporated in the exclusive national territoriality. It may be moved to other territorialities as long as the conditions of business environments are more attractive. Maximizing profits is a global complement. The major global corporations use post-modern paradigms of information, know-how and technology to obtain the highest return on investments, relying on tax benefits in each nationality and becoming totally alienated from the internal social question.

This reality destabilizes the national internal order as the nation-States undergo what Touraine (1999) called a center-less power; in other words, the power is transterritorial and so are the interests arising there from. This contextualization of the global economy led Sassen (1999:101) to state that “economic globalization implies a set of practices that destabilize another set of practices, for example, practices that eventually constitute the sovereignty of the national State”. The integrated and sustainable internal development has its basic premises in this transterritorial order: a national development project, investment in education, science and technology, production skills, development of new capacity building and environmental conciliation that lose the battle to fallacious growth sustained by data offered by dodgy

classification and risk agencies, and by the speculative and corporate nature of external investors.

Since this is configured, the global economic order changes the role of the nation-State in both its internal role and as protagonist in the panel of globalization. As Gragea (2005, p. 99) says, “one of the main characteristics of globalization is that it is no longer driven by the nation-State, as principal agent of international economic relations, and overcomes the state-centered view of a neo-realistic focus”. The new reality liberates the action of global corporations that have advanced production and information technology and know-how in deterritorialized areas in national territories. The international economic agents represented by the strongly associated large financial and productive corporations, acting freely without control and imposition of regulations, reduce the representative role of the State. However, when the global system destabilizes around its main moving force, which is credit and all its resulting ramifications, the State reappears as a power that can reorder the system.

The global economy or economic globalization is not a new phenomenon, nor is the State participation in events of achievement, in order to broaden markets and dominate raw material sources. World-class companies have always been protected by the power of strong States. The daring of the ancient merchants, expansion of empires, mercantilism, industrial revolution and globalization are phases and forms of the desire to dominate and profit. Although in opposite positions in the dialectics of specific interests, the State and companies have always gone hand in hand. Achievements, power, profits and taxation are convergences in ideological divergences; they are not excluding but complementary realities.

The global geostrategy, a set of strategies applied to transterritorial configurations by the large global corporations, calls for the participation of the nation-States in areas of logistics, infrastructure and tax benefits. The State is present but not focused on the sensitive points of its strategic wealth and the well-being of its society. The State has become global, as an agent and representative of transterritorial interests. Paradoxically, it releases part of its territory and natural resources in the name of external investments the origin of which it is not completely sure; the center-less power of Touraine (1999).

3 – The new role of the State and global reorder

The crisis will be overcome. The imbalances will be set straight. But not everything will resume as before. The State has been too deeply involved. It cannot go back. The

economic power, speculative and uncontrolled, crumbled and asked for help; and help was given on behalf of presumably greater evils. It turns to the classic alternative: let it sink or swim. Help came, of course, but the cost to society, which pays for it, in all latitudes, is the price of a worn-out if not bankrupt ideological principle. Mention has already been made of market globalization, integrated global strategic units, in short, the private global, free, with open economic spaces, multi-polar strategies and subalternized sovereignties. And what about the State, the nation-State, the exclusive territoriality, and its strategic wealth as a historic identity of the society that it represents? If, when it steps out from the shadows of a dominant and supposedly strong proud and overbearing economic power, to become the public agent savior from private management irresponsibilities, acting to prevent the collapse of the global order shaken by structural imbalances, then consequently, it transposes the boundary line between subaltern and principal values.

These values have a time sequence. Sometimes they prevail intensely and predominate for long periods, at others they are overshadowed by dominances of the economic power. In this latter case, the State acts as a sidekick, guaranteeing the business environments and nowadays the global governance by means of consulting and financing organisms, exalted in dominant acronyms. The State is then dissociated from its inalienable attributions with the society that it represents to become an agent of transterritorial economic power, working in its benefit and not for its own national development plans.

There is an inseparable intimacy between State and the society it represents. It is the nation-State with its fundamental symbols, its society organized around the territory; it is the national grandeur, and this cannot be shared, as General De Gaulle (1977) said. The State, nation and power are created and exalted by its own internal efforts, its national plans for development, culture, science and technology. Also by its drive for change, innovation and renewed capacity building of its society. As Vieira & Vieira (2007, p. 12) point out, “they are prevalent internal forces, national symbolic structures kept above the order instituted in transterritorial scenarios”. A nation-State is, therefore, a national identity, whose greater or lesser importance on the global scene depends first on its own internal energy, capable of making it the leading and not supporting actor among the members of globalized society.

Each nation-State develops its own strategic intelligence, based on information, know-how and data analysis, focusing on national strategic wealth. This consists of inseparable points of exclusive territoriality, such as national security and configuration, natural resources, border territories, border enterprises and continental shelf, science and technology

and first-class education. The nation-State has, therefore, its activities governed by logics corresponding to its nature. This logic leads to understanding that it is necessary to think strategic intelligence, national security, the State and its relations with the different forms of organization in the globalized world.

The nation-State, on the other hand, is not the haven for personal, political ambitions and absolute controls. Revolutionary democracy has already had its time and did not build the expected liberties and social progress. Populisms, salvationisms and other forms of political expression characterized by abstract rather than actual positions has contributed little or nothing to the exaltation of the nation-State. What is valid are change and innovation.

In the post-crisis global configuration the nation-State will be the results of its own decisions in the cultural, economic and social fields. In the economic field through well-structured national development plans, considering the cultural, environmental, ethical and social variables, scientific and technological thought, infrastructure, logistics, productive capacity; all considered on a widespread strategic and systemic plan of goals.

The public policies of the nation-State to be developed at a time of severe global economic imbalance will certainly be the foundations not only for a stronger internal economy but also for the cultural elevation of the population. The cultural factor is essential. Based on a renewed educational system, the development of scientific and technological thinking and social eligibility, the national society will be strong in the field of political representation. This status will place it in an outstanding position on the global scene of national differences. Culture, here considered from an anthropological angle, raises the concept of a nation-State as knowledge is able to drive societies to adopt modernity, each modernity, and successive realities.

What is the relation between culture and the rhythmic time of development? When a process of development is instated, the economic theory can be addressed based on productive processes. Somehow institutionalization of the nation-State begins by settling a population contingent under the symbolic identity of a nationality. Each nationality has exclusive territoriality, either conquered or by ancestral occupation, defined by specific ethnic conditions. Raciality is marked by remote segmentations in different latitudes. The greatest degree of isolation or concentration of human contingents in continental dimensions, environmental influences, customs and standards of religiosity, has been defining the production modes and barter rules as time went by.

Economic theory is doctrinally based on production that can generate wealth, in a global barter system, ranging from ancient merchants to imperial conquests, the major companies of the Indies, both eastern and western, and multinationals until today with the global corporations. Adam Smith put “the wealth of nations” in context as a benchmark for national and international production relations. Paradoxically, the capitalist liberalism of the global corporations saw in the State sufficiently strong support to guarantee their actions, very often plundering natural resources, international division of labor, and imposition of markets in latitudes far from the centers of command.

The logic established at the different times of the evolution of primitive capitalism involved merchant routes, caravans crossing continents or powerful armies widening frontiers and submitting the people to production, consumption and taxation. The State, therefore, was present with power and as a partner in the development process. In modern capitalism, there is an epistemological and power break in the global sphere of economic activities as a result of the rise of new technologies and growing power of the nation-State. The cycle of the great navigations brought to distant lands progress at the rate of development of a few western national States that grew stronger mainly since the 16th century

Modern capitalism, because of culture and customs, especially after the 17th-century industrial revolution, had a faster rhythmic time of development in relation to other continental nationalities. As the years went by the various tempos of development had different repercussions to also create hegemonies and subalternities. This is a crucial point. Having established hegemonies and subalternities, long periods of time with a status of domination were consolidated even in contexts of post-independence. The peripheral condition became a reality in modern industrial and post-industrial days. In the latter, dominant groups were formed with few members holding economic and political power. Other groups, more numerous, as the euphemistic newcomers, assumed a subaltern position, as guest onlookers, with diplomatic cordialities in unproductive dialogue.

A vast contextualization was formed between the two realities. On one side all possibilities of a rhythmic time of fast development from a cognitive structure focusing on know-how, mentality of science and technology; on the other, the local condition of culture without the necessary impetus to transpose the experience of atavic traditions capable of opening the frontiers of knowledge and releasing energies to future systems. The two conditions – of hegemony and subalternity, - arrived intact at global modernity and remain there, also participating principally in negativities.

Some countries under the subaltern status over a long historical period, however, have had a time of rupture and impetus to the new reality. Based on the educational process and cognitive formation toward science and technology, Asian countries, especially, have held frontline positions in the productive process. Public policies turning to internal development and well-being of the population laid the foundations for a strong domestic market and external global and competitive inclusion. It may, therefore, be said that globalization of differences began to make the difference as soon as the internal policies placed the State and Nation as accomplices for development.

In Brazil, this occurred in the 1950-1980 period with the national development plans. Previously in 1930, Brazil broke away from the backwardness with the repressive rural society and moved toward the first signs of a new era, a new economic order, based on the standards of the then powerful industrial society. Paradigmatically, planning and strategic administration, infrastructure and logistics, the leap in higher education, national fund for scientific and technological development, a basic plan for scientific and technological development were the variables to maintain the acceleration in the rhythmic time of national development. It fast changed from being a country with a repressive land ownership structure that formed a political and social elite stubbornly against change and innovation, to the status of the world's eighth industrial power. Since 1985 it changed the concept regarding internal public policies. The country took over the growth based on the market of foreign and national debts and gradually the State grew more alienated from the nation, until it became representative and economic agent of the large global corporations.

The critical theory of coloniality including the global contains a defect of origin. It is not the global order that colonizes the Latin American society as a benchmark. But the Latin society was subalternized for years when it underwent Iberian and global coloniality. A relocated conservatism and another established by native elites formed a strong enough link not to be broken in the struggles for independence. The Hispanic political fragmentation and the vast Portuguese imperial territoriality, although forming national identities, also for years kept in force the codes, customs, and educational format of origin. At one moment Latin history was missing the drive for change, innovation and learning. The consequences could be no other, when lighting the road to new modernity, the first insertion, than not only a hegemonic source but others, including opposite longitudes.

The crisis in the world economic society, now addressed as global, is no news. It is enough to recall studies about the economic cycles (Kondratief: cyclical capitalist

development; Arrighi: systemic cycles of capital accumulation). These essays of economic theory are based on the observation of long periods of evolution of the accumulation of capital, whether mercantilist or global. What matters is knowing that the market cannot be a free agent, with unlimited economic or financial practice, nor can the State be a weak institutional being, insensitive, and representing dominant interests. In the present crisis, neither one nor the other escaped unharmed in their ideological prerogatives.

An interesting analytical aspect is from Arrighi (1996, p. 247) when he talks about “an economy of velocity and not of size”. The global economy worked on global places fragmented in the global space. With the networks moving real-time flows, it did indeed become an economy of velocity. The size is no longer that of large factories of the industrial revolution but of strategic production and assembly units on a global scale. And the State? Neoliberalism created the dialectic of the small size. Small, weak and at the service of global corporations, divorced from the nation, society, its symbols and strategic wealth. Fragmentation of production units and their links and the outright dependence on the financial subsystem (bank and investor credit) makes the global capitalist system at one with the bonds of wealth and profit, but fragmented, resorts to the State in moments of loss. Profits are for the few but losses are for everyone! A cruel logic that will no longer be “outside” but inside society, when it is wrested of its resources, in both senses, but principally at moments of crisis, on behalf of the presumably greater evils.

What is the State’s new role and changes in the post-crisis global order? The State will have to strengthen itself by means of well-structured and systemic development plans. The State’s political motive will be the same as society - a greater priority, superior to international relations, although not isolated from them: to resume control of the internal commands of strategic wealth, able to guarantee sovereignty and national grandeur. To be included in the global culture, global science and technology, compete in foreign markets with know-how, its value added products and valorizing its differences.

Private enterprise, people’s entrepreneurial capacity, each person’s natural drive to strive for cognitive enhancement and idealization of well-being will be premises for a world that minimizes inequalities. Strict and incorruptible regulation will place personal interest alongside the collective interest, so that no one will take advantage of the other or dare to usurp rights that, after all, are of all society. The future will always be perhaps not an ideological but an anthropological utopia in the sense of societies improving culturally and socially and living with dignity. The State is the nation; the nation is society moving toward

the future, with changes and innovations. The projects of production, circulation and consumption are the responsibility of each person and will be liable for them whenever regulation is disobeyed. The State cannot remain subaltern to economic power *ad infinitum*. On the contrary, it will be the major power, institutionalized, intervening strictly whenever necessary. The national and global economic order, free and clean, will be the assurance for as impartial a development as possible, but always based on effort and intelligence of each nation-State.

The strong State commands development, offers the logistics infrastructure and foundations for the ongoing formation of capacity building. The State will not be a mere spectator, a degenerative force of political customs, ethics and squandering society's resources. The State, clean, strong and responsible, will be the driving force of national development, capable of raising the nation to the status of grandeur and respectability. The State is a political order, of renewed management within the principles of democracy. This order, however, must represent the best that society offers in human values. In this case, it is not the quantity of political representation that is most important but quality, education and honesty.

The other force of national grandeur is its entrepreneurial representatives. They boost development. The nation expects them to have the capacity for organization, management and competence to know how to determine and respect the limits of economic and financial practices. Compliance with regulations imposed by society assures development with candor, distribution of wealth and competence in the walk of life. Balance between the two forces – public and private – will be the major alternative as a future utopia, in global post-crisis days.

The economic activity is the very dynamics of society. It is, therefore, the expression of forms of organization, structuring and management of national wealth. As a basis for development, the economy is the face of change, innovation, up-to-date knowledge and information, primordial factors for more advanced stages of society. According to Vieira and Vieira (2007, p. 128) “in this scenario of cognitive dynamism, the symbolic values express practices activated by the organizations to which human activities refer. Thus, organization and society are identified in the complicity of the renewal drive, setting a praxis of objectivities in the concrete field of activities and subjectivities”. The way of organizing and practicing the economy releases forces of social activation in the fields of culture and education. Anthropological culture through evolution of the customs and learning as advanced education that generates knowledge.

From this viewpoint, the nation of the future, without sophisms, will achieve its grandeur by characterizing its difference. It will be more secure and incorruptible through the telluric force that will emerge from the heart of its society. The nation-State will be strong and sovereign through its own process of development, participating in the global world by characterizing its difference. A difference that, in turn, will enrich and strengthen the new global order.

Global space is a consequence of the advance in information technologies. Time is real around the world. Business and powers emanating from it through the global quadrants in latitudes e longitudes where production and consumption materialize. Circulation is also fast and a powerful media network undertakes to produce consumer needs. As Vieira and Vieira (2007, p. 18) point out, “the global scenario is with us every day, and is therefore the reality of our lives. It also includes national identities and shares power and management”; times of bonanzas and losses, positivities and negativities. In this global scenario lies the original sin: to produce and consume without limits. Is there a limitless world? Of course not; to believe that is to give rise to crises – cyclical or systemic – but always limitless crises!

4 – Conclusion

The idea of this essay was to analyze the global crisis of credit, namely, financial at the base and radiating fast to the productive economic system. It could have been no other way, since the economy is a credit system for basic needs of survival for huge contingents of the population, and particularly for further consumer incentives. In fact, crisis is the word for major imbalance between the production of goods and the capacity to absorb them. The market, an abstract being to which properties are attributed, which clash, almost always, with the concepts of freedom, democracy, individual and collective rights, does not configure a society of social justice. To the contrary, through it and on its behalf excesses are committed that concentrate income and consequently generate social wrongs.

But the market can do anything. This is what the great media power acclaims, as the figure of a greater good, untouchable and a symbol of freedom. The market of debts, that’s the key question. Credit by entries and debit by commitment. Credit and debit have their euphemism: fundraising. Paper, more paper, principals and derivatives, but all paper. The more the better. The world of financial fantasy, leveraged credits, or shall we say debits; the order of the factors in the deceitful, shady and shameless financial economy, but highly

profitable at times. The words of the experts are honeyed, full of global words, unintelligible but wise, able to spread credibility and sustainability to thousands and millions of small, medium and large investors. We are all investors; in fact, unwittingly speculators, looking for easy gain in which we play more and work less.

Cities no longer have space. Streets invaded by consumer dreams, fed by the geniality of mass-convincing techniques. Shopping malls, commerce, business, an endless party game. We must buy and buy what we need and don't need. The debt market is there to continue the dreams, unrealities, brand turnover, fanciful names, all in a dreamlike scenario of endless competitive orgies, production and consumption. Never has there been so much profit from debts; a logical or illogical paradox? It makes a lot of difference! They call it a bubble, and like any self-respecting bubble, one day it bursts and that's bad. That's when market freedom goes up in smoke. Everything that is solid evaporates into the air, recalling the words of Marx.

The crash is imminent. The State must wake up and help. And how does it do that? With money from society or issues, since it has the prerogative of issuing painted paper with strong traditional names: dollar, pound and euro on the global scale and less noble names in also less noble currencies and less noble countries. The bill is paid on the scale of national nobilities. And where are the high profits that caused the crisis? Where are they? Now, they were gained and no one tampers with gains. It is the task of the politicians to move into the national and international arena to give help. The world is jammed with cars, but it must save the car manufacturers and launch more cars on the market, even though there is no further urban space for them. But squeeze here and squeeze there and more cars; in other words, more credit in the street, shopping malls and so on.

The crisis is like fireworks. They go up, burst, cause amazement and drop. But it begins all over again, the wheel cannot stop and society has to pay, poverty has to exist, misery is a corrupted form of the social structure; it is like social leprosy that has to be kept separate, isolated in one or several corners of the world. Will the crisis not budge or will something change? Of course, something will change – the State, as we saw in this analysis, will grow stronger. But it remains to be known for whom. The entrepreneurs will be more responsible. Of course. But also for whom. The media will become more authentic. Yes, but how will it survive?

The crisis will remain until opinion-makers and speech-making politicians are exhausted. Then it will be forgotten and society's money, which filled the large gap, will also

be forgotten and a new cycle of prosperity will be instated. But what about the social cost? Now, as always it will feed the ideology-absent utopias, the swansongs of a addicted and corrupted policy.

Poverty and social inequalities are not products of globalization. They have always existed. The world has two utopias. One crumbled and unveiled a vast scenario of poverty and backwardness. The other burst in a bubble, but is still here because it is one of the foundations of human presence in this corner of the universe. If humankind is intelligent it must do something and, when it does, it eventually creates inequalities, since no one is the same as another. The key question is how to act politically, that is, how does the State minimize inequalities and strengthen the internal economy of each nation, thereby contributing to global and social equilibrium.

This is the key role of the State in the post-crisis period. Not to keep the old standards but change itself and with it the behavior of private enterprise and its own population's customs. A break from political thinking, economic and financial practices, and a new development plan with emphasis on national strategic wealth are cultural premises for another cognitive dimensioning of the population. With no racial-based privileges, we all have to contribute to our own personal and collective enhancement. Society is a collective and it is the social collective, qualified by its own effort and equal opportunities, which makes for national grandeur.

When did the crisis actually start? The world began to change in the 1970s. The geostrategy of global economic spaces rapidly grew stronger with the diversification of the poles of knowledge. Hegemonic forces are no longer concentrated on their old national bases. The fragmentations of power through knowledge and technology scatter around the world; new outbreaks of economic and scientific power appear in other cardinal points. The global geostrategy creates productive multi-polarity and with it the basic connections for installing strategic units of global production. The premises offered are: strategic position, installed logistics, tax incentives and provided infrastructure. "The resulting global-place is now the space built for the global economy", say Vieira and Vieira (2007, p. 63). Productive multi-polarity is anchored on major financial and global stakes. Credits, investments, fundraising, derivatives and other key words, both national and foreign, form the financial base of global production. Risks have become eminent, since by infringing the established regulations, with no effective control from the agencies in charge of legal predispositions, the market was free to fearlessly cross over the dividing line between a tangible reality and the intangible financial

fantasies. It is more important to know which systemic weaknesses caused the domino effect in the global network rather than knowing where and when it began.

By understanding this things may change. The State and international agencies created for specific purposes of regulation and control will be more present, keeping the market within regulatory benchmarks and setting limits for productive expansion and financial operations. Each nation-State will grow in accordance with the internal consumer capacity and skills of its population. Rationality in each nation-State, today, will undoubtedly produce global rationality in the future.

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