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**EKONOMSKA KRIZA I KRIZA EKONOMSKE ZNANOSTI**

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**ECONOMIC CRISIS AND THE CRISIS OF ECONOMICS**

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Dame i gospodo, cijenjeni kolege,

Ladies and Gentlemen, dear colleagues

Naslov koji sam izabrao kao nit vodilju svog izlaganja ujedno pruža i najpotpuniju sliku trenutnih dviju kriza, to jest gospodar-  
ske te krize ekonomske znanosti. One su povezane krizom povjerenja u središnje ekonomske premise koja je uzdrmala poslovni svijet s jedne i intelektualni s druge strane.

*Ceteris paribus*, možemo reći kako je svaka kriza<sup>1</sup> abnormalan odmak od stanja ravnoteže. Schumpeterovi zagovornici objašnjavaju je poslovnim ciklusom, nizom uspona i padova; kejnezijanci je posmatraju kao devijaciju od razine punog kapaciteta; pobornici Friedmana i neoliberalizma vide je kao normalnu prilagodbu tržišta novca i roba; rješenja krize će se sukladno različitim pristupima i međusobno razlikovati (Sharma, 1995). U današnje vrijeme, pojedini stručnjaci iz područja ekonomskih znanosti ne vide razloga za zabrinutost budući da je kriza samo kratkotrajan fenomen, uobičajeno stanje tržišne ekonomije, dok će pak s druge strane mnogi biti uznemireni i vapiti za žurnim makroekonomskim rješenjima. Upravo se taj scenarij događa sada. Međutim, jedno je sigurno da u konačnici svaka ekonomska kriza vodi do novih poslovnih rješenja i novih paradigmi.

Mnogo je puta Svijet rekao: Ne ponovilo se! Ali ponovilo se, mnogo puta u povijesti, spomenut ću samo neke primjere; 1820-e, 1870-e, 1880-e, 1920-e, 1970-e, 1990-e i najnoviji period od 2008. godine do danas. Naravno, intenzitet ekonomskog pada i posljedice bile su drugačije u svakom od navedenih razdoblja.

The title I have chosen to sail under on this occasion is designed to signal an echo of two crises i.e. of the economy and of the economic science. Both seem to me, affiliated with the crises of confidence in the central tenets of the discipline that had afflicted the business community on the one hand, and the intellectual community on the other.

*Ceteris paribus*, we can call every crisis<sup>1</sup> as an abnormal departure from the general equilibrium level. While the Schumpeterians would like to call such a situation as business cyclical ebbs and troughs; the Keynesians will see it as a deviation from the full-employment level; the supporters of Friedman and the neo-liberalists see it as normal money and commodities market adjustments; and thus the solutions will differ accordingly (Sharma, 1995). Today, some economic scientists would see no reason to worry as it is only a short-run phenomenon and normal behaviour of market economy, many others will be alarmed and cry for hurried macroeconomic solutions. This is exactly the situation now. Whatever, one thing is certain that, at the end of the day, every economic crisis leads to new business solutions and new paradigms.

Many times the World had said Never Again! But it has happened again and again! Let me mention e.g. 1820s, 1870s, 1880s, 1920s, 1970s, 1990s, and now 2008/10. Of course, every time the intensity of the economic misery and pain was different.

<sup>1</sup> U razdoblju od 1820-ih do današnjih dana, prema Schumpeteru (1994: 742), 'mnogim se promatračima učinilo kako su krize samo puke faze mnogo fundamentalnijeg valovitomg kretanja te ih se, bez sagledavanja iz šire perspektive, ne može u potpunosti shvatiti'.

From the 1820s on, as Schumpeter (1994: 742) 'suggests, it occurred to many observers that crises are but phases in a more fundamental wave-like movement and can not be really understood except within the broader setting'.

## Trenutna gospodarska kriza<sup>2</sup>

Podsjetimo se, trenutna je kriza započela 7. rujna 2008. godine, desetodnevnom paničkom. Događaji su tekli ovim redom; dugotrajan pad na tržištu nekretnina u SAD-u zbog nedostupnosti dovoljne količine financijskih sredstava za potencijalne kupce, zbog loših uvjeta na tržištu stradavaju Freddie Mac i Fannie Mae (uslijedilo je brzinsko spašavanje od strane Središnje banke SAD). Strmoglav pad burze dionica, Lehman Brothersa (proglasili bankrot), Merrill Lynch, Bank of America, AIG-a (pozajmili velike svote novca od vlade), tvrtke poput Chyrlslera i General Motorsa obratile su se vladi za pomoć, dok su mnoge proglasile bankrot. Stečaj islandskih banaka nije samo ukazao na postojeću krizu financijskog sektora Ujedinjenog kraljevstva, već je doveo do propasti nekih manjih banaka i vladina preuzimanja Kraljevske škotske banke, ali i formalnog priznanja kako je zemlja u dubokoj recesiji. Uskoro su Francuska, Njemačka te ostale zemlje EU-zone počele izrađivati svoje antirecesijske programme i obećavati izdašnu financijsku pomoć države bankama i velikim korporacijama. Švicarske su banke pretrpjele velike gubitke. Rastuća gospodarstva Rusije, Kine i Indije revidirala su predviđene stope rasta BDP-a. Sa sastanka skupina G-8 te G-20 odaslana je poruka o potrebi zajedničkog rada na ublažavanju udarca. Početkom studenog 2009. Njemačka, Francuska i SAD obznanjaju kraj recesije i blag oporavak, međutim 26. studenog Dubai Inc. objavljuje neplaćanje 67 milijardi USD čime šalje nove negativne signale na tržište. Je li napokon došlo do stišavanja oluje? Nisam baš siguran.

Činjenica je da su prije godinu i pol velike industrijske ekonomije bile u dubokoj recesiji te da je ekonomski rast zemalja u razvoju bio izrazito spor. Opasnost od pada u

## The Current Economic Crisis<sup>2</sup>

Just to remind us, in case of the present crisis, the real panic started on 7th September 2008 and lasted for 10 days. Let us have a hurried reminder on the sequence of events. A long dwelling slump in the US housing market due to the lack of availability of funds to the prospective buyers, the market took toll of Freddie Mac and Fannie Mae (to be hurriedly salvaged by the US Treasury). While the stock markets collapsed, Lehman Brothers (declared bankruptcy), Merrill Lynch, Bank of America, AIG (borrowed heavily from the government), corporations like Chrysler, General Motors took government refuge, and many became bankrupt. The bankruptcy of Iceland banks alarmed the impending financial crisis in the UK. It not only led to a collapse of some small banks and the government takeover of the Royal Bank of Scotland, but was followed by a formal acknowledgement by the government that the country is in deep recession. Soon, French, German and other EU countries started crafting anti-recessionary programmes and promising government support to banks and large corporations. Swiss banks suffered heavy losses. Rising economies Russia, China, India revised their GDP growth targets. Hurried meetings of the G-8, G-20 pledged joint support to sustain the shock. While, early November 2009, Germany, France, and US leaders declared the end of recession and mild recovery, later on 26 November 2009 Dubai Inc. declared default on payment of with 67 billion US\$ sending new shock waves to the world markets. Has the global economic crisis bottomed out? I am not so sure.

The fact is that over a year and a half the major industrial economies had been in deep recession, and economic growth in the developing world was dramatically slow.

<sup>2</sup> Ekonomisti i političari sadašnju ekonomsku recesiju radije nazivaju 'Velikom recesijom'.

Economists and politicians alike are inclined to call the current economic recession as the 'Great Recession'.

deflacijski jaz još se uvijek ne može zanemariti u zemljama u razvoju. Vatrogasna je mjera gašenja financijskih požara do sada bila i jedina, međutim, jednako je važno prepoznati uzroke krize te započeti dubinsku reformu globalnog sustava ekonomskog upravljanja.

Zasigurno, uzroci su krize mnogo složeniji od pojednostavljenih obrazloženja koje sugeriraju neuspjeh pojedinih vlada. Niti "pretjerana likvidnost" proizašla iz "ekspanzionističke monetarne politike SAD-a" niti "globalna štedna rupa bez dna" ne nude pravo objašnjenje sloma financijskog sustava, a zasigurno uzrok tog sloma ne možemo tražiti ni u pogreškama pojedinaca. Bez sumnje, da nije bilo pohlepe brojnih subjekata koji su željeli ostvariti dvostruki profit u gospodarstvima koje su dvostruko sporije rasla, kriza ne bi izbila takvom silinom. Međutim, mnoge su teorije predviđjele kako ljudska bića obuzeta pohlepom gube sposobnost gledanja u blisku budućnost. Izenadan razvoj spekulativnih pozicija u praktički svim segmentima financijskih tržišta pokrenut je padom američkog tržišta nekretnina, padom koji je bio neminovao, budući da je postojeće stanje bilo neodrživo. Donositelji propisa, koji su trebali misliti unaprijed, sada se opravdavaju pohlepom ili pak tvrde kako su regulatorna tijela zakažala, naprosto svojim jalovim argumentima ne nude dovoljno dobro objašnjenje.

Financijska deregulacija pokretana ideološkim vjerovanjima u tržišne vrednote dovela je inovaciju<sup>3</sup> financijskih instrume-

The danger of falling into a deflationary gap can not yet be dismissed for many important economies. Fire fighting had been the order of the day, but it is equally important to recognise the root causes for the crisis and to embark on a profound reform of the global economic governance system.

To be sure, the drivers of this crisis are more complex than simplistic explanations pointing alleged government failure suggest. Neither 'too much liquidity' as the result of 'expansionary monetary policy in the US', nor a 'global savings glut' serve to explain the breakdown of the financial system, nor does individual misbehaviour. No doubt, without greed of too many agents to squeeze double digit profits out of an economic system that grows only in single digits, the crisis would not have erupted with such a force. But good policies should have anticipated that human beings can be greedy and short sighted. The sudden unfolding of speculative positions in practically all segments of the financial markets was triggered by the bursting of US housing price bubble, but these bubbles were unsustainable and had to burst sooner or later. For policy makers who should have known better to now assert that greed ran amok or that regulators were simply 'asleep at the wheel' is simply not enough.

Financial deregulation driven by an ideological belief in the virtue of the market has allowed 'innovation'<sup>3</sup> of financial instru-

<sup>3</sup> U protekla dva desetljeća, financijske su inovacije propagirane i zaštićivane, a nedovoljno se pažnje posvećivalo opasnim rizicima. Najozbiljnija financijska kriza od Velike depresije, *de facto* nacionalizacija velikog dijela američkog financijskog sustava, te najdublja globalna recesija od Drugog svjetskog pobudile su sumnje koje su navele bivšeg predsjednika uprave Federalne banke, Alana Greenspana, da prizna: "Iako blagodati i troškovi derivativa ostaju predmetom uzavrele rasprave, rezultati koje su posljednjih godina postignuti u sektoru gospodarstva i njenog financijskog sustava sugeriraju kako su navedene blagodati uvelike nadmašile troškove", (Opaska zabilježena na Konferenciji o strukturi bankarskog sektora i konkurentnosti, u Chicagu, 8. svibnja 2003.).

For the past two decades, financial innovation was promoted and protected with scant regard for the downside risks. The most serious financial crisis since the Great Depression, the *de facto* nationalization of a large fraction of the US financial system, and the deepest global recession since WW II have caused doubts on the assumptions that led former Chairman of the Fed, Alan Greenspan, to acknowledge: "Although the benefits and costs of derivatives remain the subject of spirited debate, the performance of the economy and the financial system in recent years suggests that those benefits have materially exceeded the costs", (Remark made at the Conference of Bank Structure and Competition, Chicago, 8 May 2003).

nata, potpuno neovisnih od produktivnih aktivnosti realnog ekonomskog sektora (Davidson, 2008). Takvi su instrumenti favorizirali spekulativne aktivnosti sazdane na uvjerljivim informacijama koje zapravo nisu bile ništa više od ekstrapolacije trendova u budućnost. Mnogi su se subjekti rješavali velikih količina – često posuđenog – novca i kladili se na isti vjerojatni ishod (kao što su stalno rastuće cijene nekretnina, nafte, dionica i valuta).

Suprotno općem vjerovanju u teorijskoj ekonomskoj literaturi, spekulacija ove vrste nije stabilizirajuća; upravo suprotno, ona destabilizira cijene. Kako "prave" cijene ne mogu nikako egzistirati u svijetu kojeg karakterizira objektivna nesigurnost, glavni preduvjet za stabilizaciju spekulacije još nije postignut. Očekivanja o dugoročnim cjenovnim trendovima prije ili poslije moraju udariti o zid, budući da fondovi nisu investicijski uključeni u produktivne sustave ekonomije. Kada se optimizam financijskih tržišta suočava sa stvarnošću spororastuće realne ekonomije, neminovna je prilagodba pretjeranih očekivanja sudionika na financijskom tržištu.

U ovakvoj je situaciji izvedba realne ekonomije uvelike određena visinom izvanrednih dugovanja: što su više financijski subjekti bili direktno uključeni u spekulativne aktivnosti s posuđenim novcem, to je bolniji proces prilagodbe razine posuđivanja u uvjetima smanjenih prihoda. Kako dužnici pokušavaju poboljšati svoj financijski položaj prodajom imovine i smanjenem troškova, tako ruše cijene imovine, duboko zadirući u prihode kompanija te generirajući novu "dužničku deflaciju" (Fisher, 1933) na drugim područjima. Ovo može dovesti do deflacije cijena roba i usluga usljed smanjenih mogućnosti potrošnje i investiranja u ekonomiju. Jedini je izlaz državna intervencija kako bi se sustav stabilizirao (De Grauwe 2009).

Korisno je prisjetiti se svršetka Bretton-Woodsova sustava u kojem je svijet uživao

ments that are completely detached from productive activities in the real sector of the economy (Davidson, 2008). Such instruments favoured speculative activities that were built on convincing information, which in reality was nothing more than an extrapolation of trends into the future. Many agents disposing of large amounts of – frequently borrowed – money bet on the same plausible outcome (such as steadily rising prices of real estate, oil, stocks or currencies).

Contrary to the mainstream view in the theoretical literature in economics, speculation of this kind is not stabilising; on the contrary, it destabilises prices. As the 'true' prices can not possibly be known in a world characterised by objective uncertainty, the key condition for stabilising speculation is not met. Expectations about long-term price trends must sooner or later hit the wall of reality, because funds were not invested in the productive system of the economies. When the optimism of financial markets meets the reality of the slow growing real economy, an adjustment of exaggerated expectations of actors in the financial market is imminent.

In such a situation, the performance of the real economy is largely determined by the size of outstanding debt: the more the economic agents have been directly involved in speculative activities with borrowed funds, the greater is the pain of the process of adjusting the level of borrowing to diminished returns. As debtors try to improve their financial position by selling assets and reducing expenditure, they drive asset prices down, cutting deeply in profits of companies and driving new 'debt-deflation' (Fisher, 1933) elsewhere. This can lead to deflation of prices of goods and services as it constrains the ability to consume and to invest in the economy. The only way out is government intervention to stabilise the system (De Grauwe 2009).

It is instructive to recall the end of Bretton Wood's system, under which the

u dva desetljeća prosperiteta i financijske stabilnosti nakon Drugog svjetskog rata. Od tada, učestalost i razmjer disbalansa te financijskih kriza u svjetskoj su ekonomiji uvelike povećani, a kulminirali su trenutnom krizom. Budući da se neravnoteža tekućih računa ogleda u neravnoteži kapitalnih računa, kriza se brzo širi preko državnih granica. Države sa suficitom tekućeg računa bilance plaćanja kreditiraju deficitarnim državama razliku između njihovog izvoza i uvoza na ovaj ili onaj način. Financijski gubici u državama s trgovačkim deficitom utječu na suficitarne države ugrožavajući stabilnost njihova financijskog sustava. Ova se opasnost brzo širi zbog nedostatka međunarodnog sustava financijskog upravljanja (Folkerts-Landau et al., 2004). Drugi se razlog rastućih disbalansa nalazi u kretanjima relativnih cijena roba kojima se trguje, a koje proizlaze iz valutnih spekulacija i financijskih tržišta, čime se vrši negativan utjecaj na tečajevе (UNCTAD, 2009).

Rastući manjak povezanosti između kretanja nominalnih tečajnih lista i "inflacijske diferencijale" zemalja glavni je uzrok rastućeg globalnog disbalansa. Kako bi se ekonomsko blagostanje održalo, mora se dijeliti bez mijenjaja relativne konkurentske pozicije pojedinih država. Ovo je J.M. Keynes definirao kao "problem transfera"; koji je aktualan i danas (J.M. Keynes, 1930).

Kao dodatak svim navedenim čimbenicima, prenapuhnete cijene roba u proteklih su pet godina dovele do vrlo velikog broja računskih suficita država izvoznica tih istih dobara. Kada je došlo do "korekcije", uslijedilo je i naglo pogoršanje situacije za mnoge proizvođače navedenih roba. Postoji sve više dokaza kako je financijalizacija tržišta terminkih ugovora roba odigrala važnu ulogu u rasponu i stupnju tržišnje volatilitosti.

Očito je kako je globalna financijska kriza nastala uslijed neuspjeha međunarodne zajednice da podastre uvjerljiva pravila

world has enjoyed two decades of prosperity and financial stability after the II World War. Since then, the frequency and size of the imbalances and of financial crisis in the world economy have greatly increased, culminating the current one. Since current-account imbalances are mirrored by capital-account imbalances, they serve to spread quickly the financial crisis across countries. Countries with a current-account surplus have to credit the differences between their export revenue and their import expenditure to deficit countries, in one form or other. Financial losses in the deficit countries feed back to the surplus countries and imperil their financial system. In view of the lack of international financial governance, this channel has shown an enormous capacity of contagion (Folkerts-Landau et al., 2004). Another reason for growing imbalances is movements of relative prices in traded goods as a result of speculation in currency and financial markets, disturbing the exchange rates (UNCTAD, 2009).

The growing disconnection of the movements of nominal exchange rates with the 'inflation differential' between countries has been a main cause of the growing global imbalance. For increased economic welfare to be sustainable, it has to be shared without altering the relative competitive positions of the countries. This is what J.M. Keynes defined as the 'transfer problem'; and it is valid to date (J.M. Keynes, 1930).

In addition to all these factors, overshooting of commodity prices led to the emergence of very large current-account surpluses in commodity exporting countries over the past five years. When the 'correction' came, the situation of many commodity producers rapidly deteriorated. There is growing evidence that financialization of commodities futures markets has played an important role in the scale and degree of market volatility.

It is evident now that the global financial crisis arose amidst the failure of the interna-

globalizirane ekonomije, osobito kada je riječ o međunarodnim financijskim transferima i makroekonomskim pravilima. Kriza je također ukazala na činjenicu kako globalizacija trgovine i financija traži globalnu suradnju i regulativu te oživljavanje multilateralizma. Čini se neprimjerenom tendencija mnogih vlada da financijskom tržištu dodijele ulogu suca i porote u procesu reforme. Problem pretjerane spekulativne financijske aktivnosti mora se rješavati integriranim pristupom.

Očito, iz svega navedenog proizlazi kako su tržišne politike i one temeljne na principu *laissez faire* u proteklih dvaju desetljeća dramatično pale na testu. Financijska deregulacija dovela je do nagomilavanja ogromnih, riskantnih investicija čije je urušavanje gurnulo globalnu ekonomiju u dužničku inflaciju koja se može mjeriti samo s vladinom dužničkom inflacijom. Najvažniji je zadatak stoga prekinuti začarani krug padajućih cijena imovine kao i pad potražnje, te oživjeti sposobnost financijskog sektora da omogući kredit za produktivne investicije, stimulira ekonomski rast i izbjegne deflaciju cijena.

Zbog slijepog vjerovanja u efikasnost dereguliranih financijskih tržišta i nedostataka kooperativnog financijsko-monetarnog sustava na mnogim je poljima stvorena iluzija zgrtanja novca bez ikakvog rizika i odobrene su profligacije putem spekulativnog financiranja. Ova se sistemska greška može ispraviti samo putem razumljive reforme i regulacije, uz jaču nadzornu ulogu vlade. Suprotno tradicionalnim vjerovanjima, vlade su u dobroj poziciji da sude o kretanju cijena na tržištima vođenim financijskim spekulacijama te ne bi trebale oklijevati da interveniraju u slučaju pojave veće nepravilnosti.

Povećana uloga i važnost velikih financijskih ulagača na tržištu terminkih ugovora i dobara utjecala je na cijene roba i njihovu volatilnost. Spekulativni se balon, stvoren oko nekih roba tijekom razdoblja

tional community to provide the globalized economy with credible global rules, especially with regard to international financial dealings and macroeconomic policies. Further, the crisis has made it all too clear that globalisation of trade and finance calls for global cooperation, regulation and reviving multilateralism. The tendency of many governments to entrust to financial market again the role of judge or jury in the reform process would be inappropriate. The problem of excessive speculative financial activity has to be tackled in an integrated fashion.

Evidently, it follows that market and fundamental *laissez faire* policies of the last two decades have dramatically failed the test. Financial deregulation created the build-up of huge risky positions whose unwinding has pushed the global economy into a debt deflation that can only be countered by government debt inflation. The most important task thus is to break the spiral of falling asset prices and falling demand and to revive the financial sector's ability to provide credit for productive investment, to stimulate economic growth and avoid deflation of prices.

Due to blind faith in the efficiency of deregulated financial markets and absence of a cooperative financial and monetary system an illusion of risk-free profits and licensed profligacy through speculative finances was created in many areas. This systematic failure can only be remedied through comprehensive reform and regulation with a vigorous role by governments. Contrary to traditional views, governments are well positioned to judge price movements in those markets that are driven by financial speculation and should not hesitate to intervene whenever major disequilibria loom.

As the growing role and weight of large-scale financial investors on commodity futures markets have affected commodity prices and their volatility. Speculative bubbles have emerged for some commodities during

ekonomskog blagostanja, ubrzo ispuhao nakon prve krize. Regulatorna tijela moraju imati pristup sveobuhvatnijoj razmjeni informacija kako bi shvatila kretanje cijena i intervenirala ako se pojave problemi. Postoji potreba za zabranom "pretjerane spekulativnosti".

Konačno, nepostojanje kooperativnog međunarodnog sustava koji bi upravljao tečajnim fluktuacijama olakšalo je neumjerenu valutnu spekulaciju i povećalo globalni disbalans. U skladu s time, potrebna je multilateralna ili čak globalna tečajna lista kako bi se održala globalna stabilnost, izbjegao slom međunarodnog trgovinskog sustava i predvidjela ciklična kretanja u državama pogođenim krizom.

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Toliko o trenutnoj gospodarskoj krizi. Posvetimo se sada krizi ekonomske znanosti.

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### Krize ekonomske znanosti

Za početak, naglasio bih kako je kriza ekonomske znanosti čisto metodološki problem, te je u tom svjetlu i potrebno voditi raspravu. Opće metode proučavanja djela ekonomista i filozofa koji teoriju razvijaju, primjenjuju, i o njoj raspravljaju oslanjaju se na provizorne rezultate suvremene ekonomije te na početne sudove koji se odnose na prirodu i vrijednost ekonomske teorije te ekonomije kao discipline. Ekonomisti govore o svom radu na razne načine. Oni pišu, na primjer, o "načelima", "modelima", "teorijama", "pretpostavkama" i "definicijama" te koriste prethodne radove epistemologa i filozofa znanosti. Ekonomski je znanstvenik kroz proučavanje ekonomske teorije stavljen u isti filozofski položaj kao i bilo koji empirijski filozof znanosti u potrazi za znanjem o znanostima. Ekonomisti, u nastojanju da daju smisao ekonomskoj teoriji, tre-

the boom and have burst after the sub-prime shock. Regulators need access to more comprehensive trading information to understand the moving prices and intervene if problematic. There is a need to seal the 'excessive speculation'.

Finally, the absence of a cooperative international system to manage exchange rate fluctuations has facilitated rampant currency speculation and increased the global imbalances. Accordingly, multilateral or even global exchange rate arrangements are urgently needed to maintain global stability, to avoid the collapse of the international trading system and to pre-empt pro-cyclical policies by crisis-stricken countries.

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So much about the current economic crisis. Now let me turn to the crisis of economics.

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### The Crises of Economics

To begin with, let me state that the crisis of economic science is purely a methodological issue and it is in this context that it should be discussed. The general technique to study the works of economists and philosophers which develop, apply, and discuss the theory is to rely on the tentative results of contemporary economics and on initial judgments concerning the nature and worth of economic theory and economics as a discipline. Economists talk about their own work in many ways. They write, for example, about 'principles', 'models', 'theories', 'assumptions', and 'definitions' and make use of previous work by epistemologists and philosophers of science. An economic scientist studying economic theory is in the same philosophical position as any empirical philosopher of science seeking knowledge of sciences. Economists need to trim, revise, and even invent philosophical



baju prekrajati, revidirati, pa čak i izmišljati filozofske kategorije. Valja priznati kako su rasprave o ekonomskim pitanjima često pristrane i iskrivljene zbog njihove važnosti za interese pojedinaca i društvenih skupina. Ekonomisti se, međutim, mogu obraćati široj publici te obrađivati širi spektar pitanja, u slučaju da ih ne počnu shvaćati kao paradigme za ono što ekonomija treba biti. Stoga se ekonomija mora truditi da ne stane u obranu bilo koje ekonomske škole.

Povijest svjedoči kako nakon ciklusa ekonomske krize najčešće slijedi i kriza ekonomske znanosti. Nakon dubokih recesija slijedi negacija postojećih pravovjerja, koje zatim ustupaju mjesto novima. I u današnje vrijeme, jednako kao i prije više od stotinu godina, ekonomisti kao da misle da je očiti nedostatak konsenzusa o temeljnim načelima ugrozio znanstveni status ekonomske znanosti, javljali su se i jaki stručni te javni pritisci, a sve ne bi li se uspostavilo novo pravovjerje koje bi moglo autoritativno zboriti o gospodarskim pitanjima.

Kako bih argumentirao svoje stajalište, skrećem vašu pozornost i pogled na ekonomsku povijest proteklih dvaju stoljeća. Otkada je postao popularan u 1820-ima, pojam krize mnogo se puta koristio. Uz trenutnu, mogu navesti barem četiri akutne krize u prošlosti – 1820-e, 1870-e, 1930-e, i 1980-e – koje su imale i dubok utjecaj na ekonomsku misao koja je uslijedila.

### *Od bitke kod Waterlooa do Johna S. Milla*

Početak devetnaestog stoljeća klasična je politička ekonomija bila na udaru raznih struja. Društveni su reformatori, suočeni sa socijalnim problemima industrijskog društva, bili zgroženi onime što su smatrali doktrinarnim poštivanjem načela *laissez faire*, njegovim suštinskim odmakom od svih etičkih pitanja i uskim fokusom na mitskog *homo economicusa*. Konzervativcima se nikako nisu sviđjeli očiti sukobi interesa iz-

categories in trying to make sense of economic theory. We should acknowledge that the discussions of economic issues are often biased and distorted because of their importance to interests of individuals and social groups. Economists can, however, address a broader audience and a wider spectrum of issues if they do not start by taking them as the paradigm for what economics should be. Economics must thus struggle to avoid becoming apologetics for any school of economics.

History is a witness that, usually, the cycles of economic crisis have been followed by the crisis of the economic science. Deep recessions have been followed by negation of the existing orthodoxies giving way to the new. As more than over a century ago, as now, economists seemed to feel that the glaring lack of consensus on fundamental principles compromised the scientific status of Economics, and there were strong professional and public pressures to establish a new orthodoxy that could speak authoritatively on economic matters.

*To prove my point I want to draw your attention and look at the past economic history of last two centuries. Since, the term crisis became popular in 1820, it has popped up many times. Leaving the current crisis, I can cite at least four others in the past – 1820s, 1870s, 1930s, and 1980s – that had been acute and had had deep impacts on the economic thinking that followed.*

### *From the Battle of Waterloo to John S Mill*

At the beginning of the nineteenth century it was the classical political economy that was under fire from a variety of directions. Social reformers confronting the social problems of an industrial society were repelled by what they saw as the doctrinaire adherence to the principles of *laissez faire*, its arid detachment from all ethical issues, and its narrow focus on a mythical *homo economicus*. Conservatives were un-

među kapitala i rada koji su socijalisti izveli iz Ricardove teorije raspodjele dohotka.

U Ujedinjenom su Kraljevstvu, od poraza Napoleona kod Waterlooa (lipanj 1815.) i uvođenja tzv. Kukuruznih zakona (doneseni 1815, ukinuti 1846.) do objavljivanja *Načela političke ekonomije* autora Johna Stuarta Milla (1848), vladali opća patnja, siromaštvo i nemiri. Nakon Waterlooa, koji je donio povratak mira, industrijska i poljoprivredna depresija donijele su bijedu i nezaposlenost, a vlasti su potiskivale sve izraze nezadovoljstva i zahtjeve za reformu koji su dolazili iz redova radničke klase. Radnici u novim tvornicama silom su stavljani pod kontrolu; poljoprivredni radnici iz očaja su palili strojeve; mnogi su od njih gladovali, a siromaštvo je u sustavu povećane stope poreza na nadnice postalo uobičajena pojava. Činilo se kako zemlju čeka čemerna budućnost. Porezi, bilo da im je cilj bio profit ili zaštita, bili su džungla neznanstvena rasta i nepovezanih eksperimenata koji su ometali slobodnu trgovinu. Nova 'socijalistička' filozofija propagirana je objavljivanjem *Komunističkog manifesta* u Londonu 1847. Godine 1848. izbila je revolucija u Francuskoj, Njemačkoj, Austriji i Italiji. Došlo je do pobune u Irskoj.

Ozbiljno je narušen autoritet akademski orijentiranih ekonomista, budući da studenti nisu imali povjerenja u disciplinu političke ekonomije. Godine 1869., kada je najprestižniji društveni znanstvenik svoje generacije, John Stuart Mill, javno odbacio teoriju baziranu na nadničarenju, napuklina na fasadi ortodoksne klasične ekonomije širom se otvorila.

Klasične se doktrine podučavalo tijekom prve polovice devetnaestog stoljeća, ne samo u Engleskoj, već i u svim zemljama svijeta. Vremenski su period od trideset godina, koliko je proteklo između objavljivanja *Načela političke ekonomije* Davida Ricarda (1817) i značajnog djela Johna Stuarta Milla jednakog naslova, zauzeli mnogi niže rangirani britanski ekonomisti. Međutim,

comfortable with the stark conflicts of interest between capital and labour which the socialists were able to infer from Ricardo's theory of income distribution.

In the UK, from the defeat of Napoleon at Waterloo (June 1815) and the introduction of Corn Laws (passed in 1815 and repealed in 1846) to the publication of John S Mill's *Principles of Political Economy* (1848), were the days of general suffering, poverty and turbulence. With the return of peace after Waterloo, industrial and agricultural depression brought misery and unemployment, and all expressions of grievances or demands for reform by the working class were severely repressed. The workers in the new factories were kept down by force; the agricultural labourers were burning Ricks in despair; for many of them were starving and pauperism was very general under the 'speenhamland' system of wage rates. It was a black outlook for the country. The tariff, whether aiming at revenue or protection, was a jungle of unscientific growth and unrelated experiments hampering free trade. The new 'socialist' philosophy was propounded by the publication of *Communist Manifesto* in London in 1847. In 1848 the revolutions broke out in France, Germany, Austria, and Italy. There was rebellion in Ireland.

Academic economists found their authority as teachers undermined, and the university students lacked confidence in the discipline of political economy. It was 1869, when the most prestigious social scientist of his generation, John Stuart Mill, publicly recanted the wage-fund theory, that the facade of orthodox classical economy cracked wide open.

The Classical doctrines were taught during the first half of the nineteenth century, not in England alone, but in every country of the world. The thirty years which separate the publication of David Ricardo's *Principles of Political Economy* (1817) from John S Mill's admirable book bearing the

možemo reći kako je klasična ekonomska znanost dosegla svoj vrhunac, ali i početak propadanja, u djelima Johna Stuarta Milla. Sredina devetnaestog stoljeća obilježava brijeg vala<sup>4</sup>.

Važno je naglasiti kako Mill nikada nije napustio svoj rikardovski pristup apstraktnoj znanosti. Kroz sva je izdanja svojih *Načela političke ekonomije* (1848; VII ed. 1871) perpetuirao sud kako je Ricardo 'najveći britanski politički ekonomist'. Stoga, njegove su 'čiste teorije' ostale suštinski rikardovske. Usprkos činjenici što je zadržao Ricardova znanstvena načela, Mill se distancirao od njegove bentamističke filozofije i njena uskog fokusa na konkurentne kapitalističke institucije te fiksacije na uglavnom sebični tip karaktera oblikovanog u takvim institucijama. Ugledao se na Adama Smitha, a ne na Ricarda, kada se dotaknuo praktične primjene znanosti u službi odgovarajuće utilitarne "Umjetnosti življenja" (*Načela*, str. xci-xcii.). Konkretno, želio je jasno istaći kako su suvremene ideje i institucije privatnog vlasništva te vrlo neravnomjerna distribucija bogatstva povezana s njima stvar čovjekova izbora te ih se ne mora prihvatiti kao 'prirodno' stanje stvari. Njegov novi radikalni pristup prema trima velikim gospodarskim pitanjima: rastu nasuprot stajnoj mirovanja, kapitalizmu prema socijalizmu te djelokrugu vladinih intervencija na konkurentnom tržištu odražava navedena stajališta.

same title 1848 are occupied by many British economists of the second rank. But, with John S Mill, Classical economics may be said in some way to have attained its perfection, and with him begins its decay. The middle of the nineteenth century marks the crest of the wave<sup>4</sup>.

One important point is that Mill never abandoned his Ricardian approach to the abstract science. He let stand through all editions of his *Principles of Political Economy* (1848; VII ed. 1871) the judgement that Ricardo was Britain's 'greatest political economist'. Thus, His 'pure theory' remained essentially Ricardian. Despite his retention of Ricardo's scientific principles, Mill distanced himself from Ricardo's Benthamic philosophy and with its narrow focus on competitive capitalist institutions and its fixation on the predominantly selfish type of character moulded under such institutions. He looked to Adam Smith rather than to Ricardo when it came to practical application of the science in service of an adequate utilitarian 'art of life' (*Principles*, pp.xci-xcii.). In particular, he wished to make clear that contemporary ideas and institutions of private property and the highly inegalitarian distribution of wealth associated with them were a matter of human choice and need not be accepted as a 'natural'. His new radical approach to three grand economic issues, namely: growth versus the stationary state, capitalist versus socialism, and the scope of government intervention in the competitive market reflects this.

<sup>4</sup> Ono što ga čini toliko atraktivnim za sve nas jest njegov dramatičan pristup i svijest kako se svojim naučavanjem našao u procjepu između dviju škola. Njegove su ga obiteljske niti vezale s *Utilitarističkom* školom; druge su ga pak poveznice vukle ka novim obzorima koje su isctali Saint-Simon i Auguste Comte (1798-1857). Millova knjiga prikazuje klasične doktrine u njihovom konačnom, kristaliziranom obliku koji se već lagano počeo razvodnjavati u tokovima vlastite misli.

What makes him so attractive to all of us is his dramatic appearance on the scene and the consciousness that he stood between two schools. The one he was linked by the paternal ties which bound him to the *Utilitarian* school; the other beckoned towards the new horizons that were already outlined by Saint-Simon and Auguste Comte (1798-1857). Mill's book exhibits the Classical doctrines in their final crystalline form, but already they were showing signs of dissolving in their own currents.

Dugoročni gospodarski trendovi dali su Britaniji, kao i drugim industrijskim zemljama, poput SAD-a i Njemačke, više sluha za želje potencijalnih inozemnih ulagača. Oštra konkurencija sredinom 1800-ih dovela je do stvaranja superkorporacija i konglomerata. Time je učinjen novi korak na putu kapitalističkog razvoja. Do 1870., financijske kuće u Londonu postigle su neviđenu razinu kontrole što je pridonijelo rastu zabrinutosti u zakonodavnoj sferi o pitanju zaštite britanskih prekomorskih ulaganja. Iako je službena britanska politika podupirala te investicije, zbog velike je ekspanzije i ekonomske i političke nestabilnosti tih ulaganja u 1860-ima, vlada bila primorana pozabaviti se pitanjem sustavne zaštite.

### *Dugotrajna depresija*

Kao što ekonomska povijest bilježi, Ujedinjeno je Kraljevstvo preteča europske industrijske države koja je sa svojom monopolističkom masovnom proizvodnjom uvelike povećala izvoz i smanjila troškove proizvodnje, što je često rezultiralo viškom proizvodnje u odnosu na domaću potražnju. Dugotrajno razdoblje depresije uslijedilo je nakon petnaest godina velike ekonomske nestabilnosti. Poslovanje u gotovo svim industrijskim granama pogođeno je dugotrajnim razdobljima niske i padajuće dobiti te deflacijom cijena nakon 1873; dobit je padala budući da se previše kapitala plasiralo na premali broj tržišta, osobito nakon pojave novoindustrijaliziranih država u vanjskoj trgovini na tradicionalnim tržištima kontinentalne Europe, Kine i Latinske Amerike.

Neke publikacije na ovu temu opisuju Dugotrajnu depresiju kao svjetsku ekonomsku krizu u periodu 1873-1896<sup>5</sup>. Međutim, postoje određene kontroverze oko toga je li

Long term economic trends led Britain, and other industrial nations such as the US and Germany, to be more receptive to the desire of prospective overseas investment. Cut-throat competition in the mid 1800s caused the creation of super corporations and conglomerates. It was a new stage of capitalist development. By the 1870, financial houses in London had achieved unprecedented level of control. This contributed to the increasing concerns among policy makers over the protection of British overseas investment. Although it had been official British policy to support these investments, due to large expansion and economic and political instability of these investments in the 1860s, these called upon the government for methodical protection.

### *A Long Depression*

As economic history records, UK the forerunner of Europe's industrial states, with its monopolistic mass production greatly expanded output and lowered production costs, resulting often in excess production over domestic demand. The period of Long Depression that had followed fifteen years of great economic instability. Business in practically every industry suffered from lengthy periods of low and falling profits and price deflation after 1873; profits were falling because too much capital was chasing too few markets, especially after the rise of newly industrializing states in export trade with traditional markets in continental Europe, China and Latin America.

Some literature on the subject describes the Long Depression as a worldwide economic crisis experienced during 1873-1896<sup>5</sup>. However, there is some controversy

<sup>5</sup> U SAD-u, ekonomisti se najčešće referiraju na Depresiju u razdoblju 1873-1879 koja je uslijedila nakon Panike 1873. NBER bilježi nazadovanje koje je trajalo od listopada 1873. do svibnja 1879. Nakon 65 mjeseci gospodarstvo je i dalje bilo nestabilno te je recesija zabilježena u 114 od 253 mjeseca do siječnja 1901.

In the US, economists typically refer to the Depression of 1873-1879, which followed the Panic of 1873. The NBER dates the contraction that followed from October 1873 to March 1879. After 65 months, the economy would remain unstable, experiencing recessions for 114 of the 253 months until January 1901.

taj period trebao biti označen kao depresija ili pak kao niz recesija. Dugotrajnu su depresiju najteže osjetili u Europi i SAD-u. Iako je razdoblje opće deflacije i niske stope rasta započelo 1873., nije došlo do 'teških ekonomskih nazadovanja i spektakularnog sloma' (Rosenberg, 1943).

Uzroci depresije predmet su rasprave. Smatrali su je depresijom cijena<sup>6</sup>, a ne proizvodnje. Neposredan uzrok, kao i datum koji se često smatra početkom krize bio je slom Bečke burze, 9. svibnja 1873. Primarni uzrok depresije cijena u SAD-u bila je stroga monetarna politika koju je zemlja provodila kako bi nakon Građanskog rata vratila zlatni standard. Demonetizacija srebra od strane europskih i sjevernoameričkih vlada u ranim 1870-ima također je čimbenik koji je pridonio nastanku depresije.

Za vrijeme trajanja Dugotrajne depresije mnogo je zemalja svijeta pribjegli protekcionizmu ne bi li ojačale oslabljene industrije. Kada je Bismarck 1879. napustio njemačku politiku slobodne trgovine, Francuska je učinila isto, a samo su u Velikoj Britaniji zadržane niske stope uvoznog poreza donešene 1846. u vrijeme opoziva Kukuruznih zakona. Osim carinske politike, tadašnje su vlade, u skladu sa zasadama klasičnog liberalizma, bile uvjerenе kako nije uloga vlade da intervenira u gospodarstvu. Stoga je učinjeno malo.

U sjeni ove Dugotrajne depresije, u metodološkim se raspravama iz 1870-ih i 1880-ih godina vodila oštra polemika između dvije suprotstavljene struje koje su činili pripadnici historicističke i matematičke škole. Povjerenje u ono što su kritičari klasične političke ekonomije nazivali 'hipotetskom znanošću' ovisilo je o očitu uspjehu njenih predviđanja, a kada se sredinom viktorijanskog perioda dotadašnji procvat pretvorio u Dugotrajnu depresiju 19. sto-

over whether it should be labelled a depression or a series of recessions. The Long Depression was felt most heavily in Europe and the US. Though a period of general deflation and low growth began in 1873, it did not have the 'severe economic retrogressions and spectacular breakdown' (Rosenberg, 1943).

The causes of depression are debated. It was seen as a price depression<sup>6</sup> and not a production depression. The most immediate cause, and the date that is often taken for the beginning of the crisis was the collapse of the Vienna Stock Exchange on 9 May 1873. The primary cause of the price depression in the US was the tight money policy that the country followed to get back to the gold standard after the Civil War. The demonetization of Silver by European and North American governments in the early 1870s was also a contributing factor.

Long Depression saw many nations of the world resort to protectionism to shore up faltering industries. While Bismarck abandoned the German free trade policy in 1879, France also left it and only the UK retained the low tariffs enacted in the 1846 repeal of Corn Laws. Besides tariff policy, government of the time, according to tenets of classic liberalism, remained convinced that it is not government's role to intervene in the economy. Thus little was done.

Under the shadow of this Long Depression, in the methodological debates of 1870s and 1880s the polar extremes were represented by the historicists and mathematical school. Confidence in what critics of classical political economy called 'hypothetical science' depended upon the manifest success of its predictions, and when the mid-Victorian boom turned into the Great Dep-

<sup>6</sup> Prema procjenama NBER-a, iako je stopa proizvodnje u SAD-u pala za samo 5 posto, cijene su pale za 25 posto. According to NBER estimates while the production in the US fell by 5 per cent only, the prices fell by 25 per cent.

ljeća<sup>7</sup>, introspektivno temeljeni postulati ekonomije iz naslonjača izgubili su mnogo na svojoj vjerodostojnosti.

U drugoj su metodološkoj krajnosti apstraktni teoretičari uspjeli zagolicati maštu generacije novih ekonomista uz pomoć analitičkih alata temeljenih na izračunu. Marginalna metoda analize mogla se koristiti za rekonstrukciju najslabije karike klasičnog teorijskog sustava - troškovi proizvodnje teorije vrijednosti. Navedeni je razvoj događaja bio posebno atraktivan ekonomistima koji su gajili ambicije da oponašaju metode prirodnih znanosti te su očito imali koristi od matematičkih alata za analizu; drugi je razlog bio što je zadržavanjem tvrdokorne doktrine samoregularajućeg sustava natjecanja koji proizlazi iz kontinuiteta klasične i neoklasične ekonomije bilo lakše vjerovati u kumulativan napredak ekonomske teorije; i treće, jer je neovisna primjena marginalne metode na trima različitim lokacijama u ranim 1870-ima dala intelektualnoj zajednici ekonomista osjećaj međunarodnog konsen-

ression of the 19<sup>th</sup> century<sup>7</sup>, the introspectively based postulates of armchair economics lost much of their credibility.

At the other methodological extreme the abstract theorists succeeded in capturing the imagination of a rising generation of economists with the aid of an analytical tool based on calculus. The marginal technique of analysis could be used to reconstruct the weakest link in the classical theoretical system – the cost of production theory of value. It was a particularly attractive development for economists who had ambitions to mimic the methods of natural sciences were obviously benefiting from the mathematical tools of analysis; second because retention of the hard core doctrine of the self-regulating system under competition implied continuity of Classical and Neoclassical economics and made it easier to believe in the cumulative advance of economic theory; and third, because the independent application of the marginal technique in three different locations in the early 1870s

<sup>7</sup> Mnogo je padova u povijesti nazivano 'Velikim depresijama', ali nijedna nije bila toliko duga u svjetskim razmjerima. Britanski ekonomski povjesničari tim nazivom opisuju britansku situaciju u kasnom 19. stoljeću, posebice u poljoprivredi, 1873.-1896., period koji se još naziva i Dugotrajnom depresijom.

U kasnom 20. stoljeću nekolicina zemalja Latinske Amerike iskusila je ozbiljne krize 1980-ih. Više od 20-postotni pad proizvodnje, praćen velikim vanjskim dugom, pogodio je Argentinu, Brazil, Čile, i Meksiko. Argentina je doživjela novi pad 1998.-2002. Finski ekonomisti pad svoga gospodarstva 1989.-1994. nazivaju velikom depresijom. Gospodarska kriza koja je 1990-ih pogodila države članice Sovjetskog saveza bila je gotovo dvostruko jača od Velike depresije u zapadnoeuropskim zemljama i SAD-u 1930-ih. Prosječan je životni standard u mnogim bivšim sovjetskim republikama zabilježio katastrofalni pad u ranim 1990-ima. Rusija je bila suočena s financijskom krizom 1998., kada se BDP smanjio za 50 posto u odnosu na vrijednost iz 1990-ih. Usporedbe radi, 1989. neke su države (npr. Ukrajina, Moldavija, Srbija, središnja Azija, i kavkaska regija), bile 45 posto siromašnije u odnosu na period 1990.-1996.

There have been many downturns in the past that have been called 'Great Depression', but none has been as worldwide for so long. British economic historians have used the term to describe British condition in the late 19<sup>th</sup> century, especially in agriculture, 1873-1896, a period also referred as Long Depression.

In the 20<sup>th</sup> century several Latin American countries have experienced severe downturns in the 1980s. A downfall of more than 20 percent in output, coupled with serious external debt situation, has been experienced by Argentina, Brazil, Chile, and Mexico in 1980s. Argentina had suffered another downturn during 1998-2002. Finnish economists refer to their economic decline 1989-1994 as a great depression. The economic crisis of the 1990s that struck members of the Soviet Union was almost twice as intense as the Great Depression in countries of Western Europe and the US in 1930s. Average standard of living registered a catastrophic fall in the early 1990s in many post-soviet states. Even before Russia suffered with a financial crisis in 1998, its GDP was reduced to half of what it had been in the early 1990s. Some countries (e.g. Ukraine, Moldova, Serbia, Central Asia, and Caucasus), compared to 1989, were poorer by about 45 per cent during 1990-1996 period.

zusa koji je rijetkost za društvene znanstvenike.

Povijesni su ekonomisti osudili hipotetsko-deduktivnu metodu klasičnih ekonomista kao neprijateljski nastrojenu prema empirijskim istraživanjima, neodgovorno spekulativnu i ideološki pristranu. U stvari, klasične se ekonomiste optuživalo za osmišljavanje amoralnih teorija koje su uključivale implicitne pretpostavke u korist *laissez-faire* stava u oblasti ekonomske politike, u vrijeme kada je razmatranjem etičkih premisa zatražen zakonodavni okvir kojim bi se zaštitilo siromašne sektore gospodarstva. U ono su vrijeme, kao i danas, ideološke predrasude o odgovarajućem programu državne gospodarske politike ekonomistima često bile ključne pri izboru strane u metodološkim raspravama.

Tako je izgledala pozadinska situacija protiv koje je J.M. Keynes započeo svoj pokušaj uključivanja u metodološku raspravu prije nešto više od stotinu godina. Njegovo djelo *Djelokrug i metode političke ekonomije* (1891) pojavilo se samo pola godine nakon *Osnova ekonomije* (1890) Alfreda Marshalla. Nekontroverzni pogledi na opseg i metodu zastupali su Jevons (SAD), Cossa (Italija), Wagner (Njemačka), Bohm-Bawerk (Austrija) i drugi čime su odavali dojam međunarodnog konsenzusa. U srcu ovog konsenzusa nalazila se odlučnost da se ponovno uspostave znanstveno vjerodostojne pretpostavke u znanosti diskreditiranoj unutarnjim razilaženjima mišljenja. To je učinjeno u tri pravca: (a) brisanjem razlika između stare i nove političke ekonomije, (b) integriranjem prepoznavanja različitih tipova (pozitivnog, normativnog i regulativnog, te umjetničkog) ekonomskog propitivanja, te odmicanjem od uskogrudne netolerancije u metodološkim raspravama i (c) nijekanjem klasičnih pretpostavki o savršenoj konkurenciji i uz njih vezane pristranosti prema preporukama politike *laissez-faire* koje su postale najvažnije karakteristike općenitijeg i pozitivnijeg načina eko-

gave the intellectual community of economists a sense of international consensus that is rare for social scientists.

The historical economists condemned the hypothetico-deductive method of classical economists as being hostile to empirical research, irresponsibly speculative, and ideologically biased. In effect, the classical economists were accused of devising amoral theories involving implicit presumptions in favour *laissez-faire* stance in economic policy at a time when ethical consideration demanded a programme of legislation to protect the underprivileged sectors of economy. Then, as today, ideological preconceptions concerning the appropriate agenda for government economic policy were often the key to an economist's choice of sides in the methodological debate.

This was the background against which JM Keynes began his attempt to engage in the methodological debate roughly just over a century ago. His *Scope and Method of Political Economy* (1891) appeared just within half a year of Alfred Marshall's *Principles of Economics* (1890). Non controversial views on scope and methods represented by Jevons (US), Cossa (Italy), Wagner (Germany), Bohm-Bawerk (Austria) and others gave the impression of international consensus. At the heart of this consensus was the determination to re-establish the scientific credentials of a discredited science by internal dissensions. This was done along three lines by: (a) blurring the differences in between the old and new political economy, (b) involving recognition of different types (positive, normative and regulative, and an art) of economic inquiry and turning away from the narrow minded intolerance in methodological discussions and (c) denying that the classical assumption of perfect competition and the associated bias towards *laissez-faire* policy prescriptions were essential features of the more general, positive, kind of economic theorizing that was rising on the shoulders of the old orthodoxy.

nomskog teoretiziranja, nastalog na temeljima ranije ortodoksije.

Zapravo znanstvenici koji su prihvatili 'novu političku ekonomiju' s kraja devetnaestog stoljeća opravdali su svoje zahtjeve za priznavanjem znanstvenog statusa njihove discipline razlučivanjem apstraktne deduktivne jezgre 'čiste' ekonomije usmjerene k objašnjavanju logike ekonomskog ponašanja na tržištu bez predrasuda proizašlih iz etičkih ili političkih implikacija.

Prihvatanjem ideje postojanja središnje jezgre kontinuirano razvijajuće ekonomske teorije ostvarena je pobjeda teoretičara nad historicistima. Posljedice ove pobjede su dvostruke: sužen je opseg teoretske jezgre programa istraživanja ekonomista, a istodobno je raspravama oduzeta strast i naglašavanje koje su karakterizirale to razdoblje. Međutim, ovime nisu eliminirana pitanja kao što su da li bi čista ekonomija trebala postati bitno matematička znanost. Ova pitanja nisu zatresla temelje discipline. Doista, činjenica da su vodeći ekonomisti poput Alfreda Marshalla otvoreno umanjili ulogu matematike omogućila je običnim ekonomistima zadržavanje osjećaja povjerenja u vlastiti znanstveni doprinos. Ostala je, naravno, mala grupa nezadovoljnih ekonomskih povjesničara koji nisu prihvatili uvjete konsenzusa.

Razlog zašto su ekonomski povjesničari smatrali nemogućim sudjelovati u postignutom primirju o djelokrugu i metodama bio je polazak od uvjerenja kako bi ekonomska teorija trebala rasvijetliti proučavanje povijesti te ih je, zbog jaza između teoretske i primijenjene ekonomije<sup>8</sup>, obuzeo strah.

In effect, the academics who embraced the 'new political economy' of the late nineteenth century justified their claims for the scientific status of their discipline by distinguishing an abstract deductive core of 'pure' economics aimed at explaining the logic of economic behaviour in the market place without prejudice from its ethical or political implications.

Acceptance of the idea that there was a central core of continuously evolving economic theory represented a victory for the theorists over historicists. The effects of this were twofold. It narrowed the scope of theoretical core of economist's research programme; and at the same time it took the passion and the point out of the debates that characterised the said period. However, it did not eliminate the issues such as whether pure economics should become an essentially mathematical science. These did not shake the foundations of the discipline. Indeed, the fact that leading economists like Alfred Marshall openly downgraded the role of mathematics enabled the rank and file of economists to retain a sense of confidence in their own scientific contribution. There remained, of course, a small group of disgruntled economic historians who did not accept the terms of consensus.

The reason why the economic historians found it impossible to observe the truce on scope and method was that they started from the belief that economic theory should illuminate the study of history, and they were dismayed therefore by the gap that seemed between theoretical and applied economics<sup>8</sup>.

<sup>8</sup> Godine 1922. J.H. Clapham se pokušao suprotstaviti vodećim teoretičarima na njihovu terenu nakon što je napisao članak o "praznim ekonomskim kutijama", rekavši kako strateški ciljevi ekonomske teorije u stvarnom svijetu ne znače ništa, kako bi čak i Alfred Marshall i A.C. Pigou imali malo praktične koristi od apstraktnih zasada suvremenog konsenzusa. Pigou je, zauzvrat, napisao prikladno oštar odgovor prikazavši Claphama kao zbunjenog, naivnog i, najvažnije od svega, čovjeka koji trati vrijeme prepričući se oko metodoloških pitanja.

In 1922 J.H. Clapham tried to confront the leading theorists on their own ground with his article "empty economic boxes", stating that the strategic concepts of economic theory were empty of relevance to the real world; that even Alfred Marshall and A.C. Pigou could make little practical use of the abstract items on which the contemporary consensus rested. Pigou, in return, wrote a suitably crushing reply, and Clapham was firmly put down for being confused, naive and above all for wasting time in quarrelling about methodological issues.



### *Velika depresija*

Velika depresija u 20. stoljeću teška je ekonomska depresija svjetskih razmjera koja je u većini zemalja započela 1929. i trajala do kasnih 1930-ih<sup>9</sup>. Nastala je u SAD-u zbog sloma na Wall Streetu 29. listopada 1929., ali ubrzo se proširila na gotovo sve zemlje svijeta.

Bilo je više razloga za prvi pad 1929., od strukturnih slabosti (kao što su masovna propast banaka i slom burze) do specifičnih događaja koji su doveli do Velike depresije i njenog širenja. Monetaristi interpretiraju događaje tvrdeći kako je Velika depresija započela kao obična recesija, ali značajne su pogreške u politici monetarnih vlasti prouzročile smanjenje zaliha novca čime je uvelike pogoršano gospodarsko stanje, te je nastala recesija koja je pala još dublje u duboku depresiju. Zajedničko stajalište kejnezijanaca i institucionalista jest kako je gubitkom povjerenja došlo do naglog smanjenja i pretjeranog investiranja. Nakon što su zavladao panika i deflacija, mnogi su ljudi mislili kako mogu zaraditi više novca držeći se podalje od tržišta na kojem su cijene padale i određenom se svotom novca moglo kupiti više robe, čime se još više pogoršao pad agregatne potražnje. Postoje razna heterodoksa stajališta koja umanjuju navedena objašnjenja (Kehoe i Prescott 2007), npr. neki Novi klasični makroekonomisti smatraju kako se uzroci duge i oštre depresije nalaze u različitim politikama tržišta rada i monetarnim politikama.

U SAD-u predsjednik Hoover je započeo brojne programe, ali nije uspio zaustaviti nagli pad. Početkom 1933. stopa nezaposlenosti dosegla je 25%. Dugotrajna suša naštetila je poljoprivrednom sektoru, poduzeća i obitelji nisu više mogli vraćati rekordan broj kredita, a više od 5000 banaka proglasilo je stečaj. Stotinu je tisuća Amerikanaca postalo beskućnicima. Kvartal za kvartalom, američko je gospodarstvo sve

### *The Great Depression*

The Great Depression of the 20<sup>th</sup> century was a severe and worldwide economic depression that started in most countries in 1929 and lasted until the late 1930s<sup>9</sup>. It originated in the US, starting with the Wall Street crash on 29 October 1929, but quickly spread to almost every country in the world.

There were multiple causes for the first downturn in 1929 including the structural weakness (such as massive bank failures and stock market crash) and specific events that turned in major depression and its spread. The monetarist interpretation of the events is that the Great Depression started as an ordinary recession, but the significant policy mistakes by monetary authorities caused a shrinking of the money supply which greatly exacerbated the economic situation, making a recession descend into the deep depression. Consensus viewpoint of the Keynesians and the Institutionalists is that there was a large-scale loss of confidence that led to sudden reduction and overinvestment. Once panic and deflation started, many people thought that they could make more money by keeping clear of the markets as prices dropped lower and a given sum bought more goods, exacerbating the drop in aggregate demand. There are various heterodox views that downplay the mentioned explanations (Kehoe and Prescott 2007), e.g. some New Classical Macroeconomists think that various labour market policies and monetary policies caused the length and severity of the depression.

In the US, President Hoover started numerous programmes, all failed to reverse the downturn. By early 1933 unemployment had peaked at 25%. A draught persisted in the agricultural heartland, businesses and families defaulted on record number of loans and more than 5000 banks failed. Hundred of thousands of Americans became

<sup>9</sup> Encyclopedia Britannica.

više padalo kako su cijene, dobit i zaposlenost bivali sve manji. Gospodarski udarac depresije doveo je do političkog preustroja 1932. kada je F.D. Roosevelt stupio u Bijelu kuću. Posljedice za industrijsku Britaniju bile su neposredne i razarajuće, jer je pala potražnja za britanskim proizvodima. Do kraja 1930. nezaposlenost se više nego udvostručila, vrijednost izvoza se smanjila za pedeset posto. U nekim je gradovima na sjeveroistoku nezaposlenost dosegla 70%. Započela je serija prosvjednih marševa izgladnjelih radnika. Utjecaj na kanadsko gospodarstvo, kao i na ono SAD-a, bio je također veoma ozbiljan. Do 1932. ukupni je nacionalni dohodak pao na 56% vrijednosti iz 1929. Nezaposlenost je dosegla 27% 1933. godine. Depresija je počela utjecati na Francusku oko 1931. Francuska je djelomično uspjela pokriti štetu zbog relativno visokog stupnja samodostatnosti proizvodnje. Međutim, teškoće i nezaposlenost bili su dovoljno veliki problemi koji su doveli do društvenih nereda. Njemačka Weimarska Republika bila je teško pogođena depresijom. Nezaposlenost je skočila, a politički je sustav skrenuo prema ekstremnom nacionalizmu. Japanska ekonomija nije bila snažno pogođena depresijom te se stopa rasta gospodarstva tijekom 1929.-1931. smanjila tek za 8%.

U SAD-u, predsjednik Roosevelt od samog je početka tvrdio kako će biti potrebno restrukturiranje gospodarstva. Uveo je New Deal program kojim se nastojalo potaknuti potražnju te osigurati radna mjesta i olakšice za siromašne povećanjem državne potrošnje i financijskim reformama. Njegova je administracija pokrenula propise u borbi protiv bespoštedne konkurencije; postaviti minimalne cijene i nadnice, radne standarde, te stvoriti konkurentne uvjete u svim industrijama; potaknuti sindikate da podignu kupovnu moć radnika; smanjiti poljoprivrednu proizvodnju u svrhu podizanja cijena i prisiliti poduzeća da zajedno s vladom rade na uspostavljanju cjenovnih parametara. Do 1936. svi su ekonomski

homeless. Quarter by quarter the US economy went downhill as prices, profits and employment fell. The economic impact of depression led to the political realignment in 1932 that brought FD Roosevelt to the White House. The effects on the industrial Britain were immediate and devastating, for the demand for British products collapsed. By the end of 1930 unemployment had more than doubled; exports had fallen in value by fifty per cent. In some towns and cities in north east unemployment reached 70%. A series of hunger marches took place. The impact on Canadian economy, like the US, was serious enough. By 1932 the total national income fell to 56% of the 1929 level. Unemployment reached 27% in 1933. The Depression began to affect France around 1931. France's relatively high degree of self-sufficiency contained the damage. However, hardship and unemployment were high enough to lead to riots. Germany's Weimar Republic was hard hit. Unemployment soared and political system veered toward extreme nationalism. The Japanese economy was not strongly affected by depression as the economy during 1929-1931 shrank only by 8%.

In the US, from the very beginning President Roosevelt argued that restructuring of the economy would be required. He introduced New Deal programmes that sought to stimulate demand and provide work and relief for the impoverished through increased government spending and financial reforms. His administration instituted regulations to fight 'cut-throat competition'; set minimum prices and wages, labour standards, and competitive conditions in all industries; encouraged the unions to raise the purchasing power of workers; cut farm production to raise prices; and forced businesses to work with the government to set price codes. By 1936 all economic indicators, except employment, recovered considerably. Unemployment rate remained high at 11%.

pokazatelji, osim zapošljavanja, znatno porasli. Stopa nezaposlenosti ostala je visoka, 11%.

Zajednički stav ekonomskih povjesničara jest da je Velika depresija završila s početkom Drugoga svjetskog rata. Mnogi znanstvenici smatraju da je državna potrošnja na rat ubrzala proces oporavka. Produktivnost je strelovito porasla, ljudi su prihvatili racionalizaciju i kontrolu cijena kao način njihove ratne podrške, profit ostvaren u proizvodnji streljiva garantirano je donosio dobit poslovnim subjektima, povećana je potražnja za ratnim materijalom, a nova su radna mjesta bila na raspolaganju.

Iako su temelji neoklasične ekonomije položeni tijekom kasnog devetnaestog stoljeća, njen se napredak i usavršavanje nastavilo do duboko u dvadeseto stoljeće pa sve do današnjih dana. Dok je nova generacija neoklasičnih ekonomista počela prepoznati određene nedostatke sustava, kao što su nepostojanje savršene konkurencije, premala proizvodnja društveno poželjne robe, nepoželjne društvene okolnosti, i prije svega ekonomska depresija, većina ih je ekonomista i dalje smatrala aberacijama koja nastoje same sebe ispraviti. Neki su ipak uvidjeli potrebu za ozbiljnim državnim intervencijama. Slom burze 1929. uhvatio je ekonomiste na spavanju u njihovu idealiziranu svijetu. Gledano po pravilima konvencionalne znanosti, ništa nije ukazivalo na dugotrajnu krizu. Zapad se tada prestrašio ove umjetno stvorene pošasti od koje naizgled nije bilo spasa.

U Britaniji, tradicija čisto metodološkog istraživanja nastavljena je 1920-ih i 1930-ih, sve do trenutka kada je John Maynard Keynes objavio svoju *Opću teoriju*. Središnja premisa o samoregulirajućem tržišnom gospodarstvu bila je veoma aktualna počevši od 1929. Međutim, ovaj put nije bilo lako premostiti metodološke podjele. Nešto više od desetljeća vladala je prividna harmonija kada su kejnezijanska makroekonomska i neoklasična mikroekonomska teo-

The common view that prevails among the economic historians is that the Great Depression ended with the beginning of WWII. Many scholars believe that government spending on the war accelerated the recovery process. The productivity soared, people accepted rationing and price controls as a way of their support for war, cost-plus in munitions guaranteed a profit to businesses, the demand was for vast quantities of war supplies, and new jobs were available.

While foundations of the Neo-classical economics were laid during the late nineteenth century, its progress and refinement continued well into the twentieth century down to this day. While a new generation of Neo-classical economists began to recognise some of the flaws of the system, namely, the absence of perfect competition, under-production of socially desirable goods, undesirable social externalities, and above all economic depression, most economists continued to regard them as aberrations tending to correct themselves. There were some that saw the need for serious government intervention. The Great Crash of 1929 caught the economists drowsing in their idealised world. It was not supposed to last that long – not when the entire conventional wisdom was set against it. The West was then frightened of this man-made calamity with no avenues of escape in sight.

In Britain, the pure methodological research tradition continued through the 1920s and 1930s, until John Maynard Keynes published his *General Theory*. The central assumption of the self regulating market economy was on the fire by 1929. However, this time it was not too easy to water down the methodological divisions. True there was a over a golden decade or so of superficial harmony when Keynesian macroeconomics and Neoclassical microeconomic theory was compartmentalised in post second war economics text books, and the professional economists in national governments and international agencies were gi-

rija podijeljene u ekonomskim udžbenicima izdanim nakon Drugog svjetskog rata, a profesionalni ekonomisti u nacionalnim vladama i međunarodnim agencijama pohvaljeni zbog kontinuiranog poslijeratnog oporavka. Međutim, kada je stagnacija pokazala zube, donoseći sa sobom neugodnu mješavinu visoke nezaposlenosti i visoke inflacije, javila se nova kriza povjerenja u znanost. Metodološke su se rasprave nanovo rasplamsale. Međutim, nije samo kriza pokazala sve nedostatke akademskog ekonomskog učenja. Struktura njene misli odavno se pokazala šupljom. Sastojala se od niza prijedloga jedva povezanih sa strukturom i razvojem ekonomije koju su trebali prikazati.

Prije velikog pada 1930. godine Alfred Marshall imao je dominantan utjecaj na ekonomiju engleskog govornog područja. Njegove su se doktrine zalagale za *laissez-faire* budući da je smatrao kako bilo kakva državna intervencija u ekonomski život, koliko god dobronamjerna bila, može više štetiti nego koristiti; vjerovao je u prirodnu tendenciju ka ravnoteži u slobodnom tržišnom gospodarstvu na razini realne satnice usklađene s punom zaposlenosti dostupne radne snage; korisne učinke slobodne trgovine; obranu standarda zlata i zdravih financija.

Upravo je Keynes počeo preoblikovati i temeljito reorganizirati ekonomsku teoriju ne bi li je uskladio sa stvarnošću, što je zahtijevalo žurno rješenje. Keynes je predložio da vlada treba držati na oku funkcioniranje ekonomije, povećati agregatnu potražnju u vrijeme depresije, a ograničiti je u vremena inflacije. Keynes je zagovarao dvosstruki napad u obliku fiskalne i monetarne politike. Tijekom depresije, fiskalna politika mora tražiti proračunski deficit, a monetarna politika treba biti ekspanzivna (Sharma, 1992).

Keynesova ekonomska znanost predstavlja, dakle, protutežu neoklasičnoj ideologiji, budući da je u njoj vladi dodijeljena

ven credit for continued post-war boom. When stagflation reared its ugly head, however, however, bringing with it a nasty mixture of high unemployment and high inflation, a new crisis of confidence in the science developed. The methodological debates flared up again. However, it is not only the slump that has exposed the bankruptcy of academic economic teaching. The structure of thought it expounds was long ago proved to be hollow. It consisted of a set of propositions that bore hardly any relation to the structure and evolution of the economy they were supposed to depict.

Before the great slump of the 1930s Alfred Marshall was the dominant influence on economics in the English speaking world. His doctrines stood for the support of *laissez faire* as the government intervention in economic life, however well intentioned, will do more harm than good; belief in natural tendency to equilibrium in the free-market economy at a level of real wages consonant with full employment of the available labour force; the beneficial effects of free trade; the defence of gold standard and of sound finance.

It was Keynes who set out to reshape and fundamentally reorganise the economic theory to bring inline with reality, which clamoured for speedy treatment. Keynes suggested that the government ought to keep an eye on the functioning of the economy, increasing aggregate demand in times of depression, and curtailing it in times of inflation. Keynes advocated a twofold attack in the form of fiscal and monetary policies. During a depression, the fiscal policies call for a budget deficit and the monetary policy has to be expansionary (Sharma, 1992).

Keynesian economics is thus an anti-thesis of the Neo-classical ideology, for the government was now in the role of a watchdog indispensable to continued prosperity. Keynesian theory was appealing and its spread was swift and decisive, in spite of

uloga čuvara neophodnog za nastavak prosperiteta. Kejnezijanska je teorija bila izazovna, njeno širenje brzo i odlučno, usprkos početnog tvrdoglavog otpora doktrinarnih ekonomista koji su prezirali sve državne intervencije na čisto ideološkoj osnovi. Keynesova je misao uskoro zamijenila ideje njegovih prethodnika.

Međutim, tijekom velike rasprave prekinute 1939. zbog rata, Keynesovi su argumenti postali sa svoje strane ortodoksni. Keynes je uvidio iskonsku manu kapitalizma – njegovu inherentnu stabilnost i kroničan neuspjeh da u potpunosti iskoristi svoje potencijalne resurse – ali mislio je kako je njegova teorija pokazala kako tu manu ispraviti te je u svakom slučaju, kao i sam ekonomski sustav, bila nešto najbolje dostupno.

To nije bilo dovoljno dobro za nastajanje nove ortodoksije u SAD-u. Ekonomska je teorija bila podijeljena na 'makro' i 'mikro'. Keynes je bio povezan s makroekonomijom, dok se srednjestrujaško učenje ekonomije vratilo 'ravnoteži na slobodnom tržištu'.

Odjeljak teorije opisan kao 'mikroekonomija', to jest proučavanje cijena određenih roba i ponašanja pojedinih prodavača i kupaca, te okolnosti u kojima se analizira uravnoteženost ponude i potražnje, nema sličnosti s modernim kapitalizmom. Veliki je naglasak stavljen na slobodu izbora potrošača, ali malo je rečeno o raspodjeli kupovne moći. U staroj marshallovskoj teoriji došlo je do rasprave o 'blagostanju', te je obznanjeno kako će trenutni tijek proizvodnje roba pružiti 'zadovoljstvo' stanovništvu ukoliko će ona biti 'jednaki' raspoređena. Sam je Alfred Marshall preferirao povećanje ravnomjerne raspodjele nacionalnog dohotka. Ovo je pitanje, međutim, u potpunosti eliminirano iz analize modela ravnoteže, prvo prelazanjem preko pitanja faktora 'zadužbine'; zatim koncentriranjem na izbore pojedinog potrošača u uvjetima 'proračunskih ograni-

stubborn initial resistance from doctrinaire economists who detested any state intervention on purely ideological grounds. Keynes' thought soon displaced the ideas of his predecessors.

However, during the great debate that was broken off by the war in 1939, the arguments of Keynes had become orthodox in his turn. Keynes saw capitalism containing an essential flaw – its inherent stability and chronic failure to make full use of its potential resources – but he thought that his theory showed how this could be patched up, and in any case, as an economic system, it 'was the best in sight'.

This was not good enough for the emerging new orthodoxy in the US. Economics theory was split into 'macro' and 'micro'. Keynes was corralled in the macro economics, while the mainstream teaching of economics returned to 'equilibrium in a free market'.

Section of theory that was described as 'microeconomics', that is the study of prices of particular commodities and the behaviour of individual sellers and buyers, the setting in which the equilibrium of supply and demand is analysed has no resemblance to modern capitalism. A great point was made of the freedom of consumer's choice, but little was said about the distribution of purchasing power. In the old Marshallian theory there had been a discussion of 'welfare', and it was admitted that a given flow of production of commodities would provide 'satisfaction' to the population the more equally it is distributed. Alfred Marshall himself favoured a more equal distribution of national income. This whole question however was eliminated from the analysis of equilibrium model, first by passing lightly over the question of factor 'endowments'; second by concentrating upon the choices made by a single consumer under 'budget constraints'. When it is shown that 'tastes' and prices determine what he buys, the suggestion is that the choices of

čenja'. Kada se pokaže da 'ukus' i cijene određuju ono što će se kupiti, prijedlog je da se temeljem izbora svih potrošača određuje što treba proizvoditi. Uspostavljanjem 'suvereniteta potrošača' problem distribucije uspješno se eliminira.

U drugom se dijelu, to jest makroekonomiji, rasprava o nestabilnosti i sprečavanju krize mogla spriječiti primjenom Keynesove koncepcije upravljanja potražnjom. Ovaj potpuni prekid između dva dijela ekonomske teorije studentima onemogućava formiranje koherentnog stava o čemu je zapravo riječ. Ako postoji prirodna tendencija sustava slobodnog tržišta za uravnotežavanje sa zaposlenošću, zašto nam je potreban Keynes; a ako Keynes je bio u pravu, zašto moramo potrošiti toliko vremena u matematičkom računanju sustava ravnoteže? Takve dvojbe, međutim, bile su izglađene svođenjem kejnzijanske teorije na vrstu ravnoteže te njenom integracijom u "neoklasičnu sintezu"<sup>10</sup>.

Neoklasična je sinteza imala jednu bitnu slabost koje većina struke, čini se, kao da nije svjesna. Teorija ravnoteže na tržištu u svojoj je biti statična. Može uključivati akumulaciju i svaku promjenu donošenjem pretpostavke da kupci i prodavači imaju "ispravnu viziju" budućeg kretanja cijena. Svijet ispravnog predviđanja, međutim, nije svijet u kojem živimo. Od ove točke argument polazi u razradu matematičkih konstrukcija koje nemaju dodirnih točaka s empirijskim stvarnošću.

Keynes je sebe najvećim dijelom ograničio na kratkoročne probleme. Njegova se analiza uklapa u klasičan, povijesni pristup. Pokušaji da ga se na silu uklopi u ravnotežni

consumers in the aggregate determines what to produce. In claiming the 'consumer sovereignty' the problem of distribution is shelved out of the view.

In the other section, i.e. macro economics, the discussion is all about instability and how slumps could be prevented by applying Keynes's conception of demand management. This complete break between the two departments of economic theory makes impossible for students to form a coherent view of what it is all about. If there is a natural tendency of the free market system to equilibrium with employment, why do we need Keynes; and if Keynes was right, why do we have to spend so much time working out the mathematics of an equilibrium system? Such doubts, however, were smothered by reducing Keynesian theory to a kind of equilibrium and swallowing it up in the "neo-Neoclassical synthesis"<sup>10</sup>.

There was a serious weakness in the neo-Neoclassical synthesis to which most of the profession seems to have been oblivious. The theory of market equilibrium is essentially static. It can accommodate accumulation and any change by making the assumption that buyers and sellers have "correct foresight" of the future course of prices. A world of correct foresight is not the world in which we live. From this point, the argument takes off into an elaboration of mathematical structures which have no point of contact with empirical reality.

Keynes confined himself, for most part, to strictly short-period problems. His analysis fits into a classical, historical approach. Attempts to force him into the equilibrium mould cause a great deal of

<sup>10</sup> Druga verzija središnje teorije potekla je od Alfreda Marshalla, a razradio ju je Clark, često se u udžbenicima pobra s ravnotežom tržišta. U njoj su "faktori proizvodnje" uključeni. Stalno zaposleni dobivaju naknadu koja je u skladu s njihovim doprinosom – ovo je pitanje dovoljno nejasno u ortodoksnim učenjima, ali ni ona srednje struje nisu to ispravila.

Another version of the central theory derived from Alfred Marshall and propounded by Clark is often mixed up in the textbooks with market equilibrium. In this the "factors of production" are aggregate. When fully employed, each receives a reward according to its contribution – a question muddled enough in the orthodoxy, but mainstream teaching goes on just the same.

kalup izazivaju popriličnu zbuđenost. Priznajući kako se život živi sada i kako je sadašnjost vječno kretajuća stanka između nepovratne prošlosti i nepoznate budućnosti, poljuljao je osnovnu koncepciju ravnoteže, iako je i sam katkad osjetio nostalgичnu nevoljkost da je se odrekne.

### *Dužnička kriza 1980-ih*

Priča o svijetu ekonomije nakon Drugog svjetskog rata 'sjajna je, iako ne i u potpunosti istinita'<sup>1</sup>. Ekonomska povijest razdoblja nakon Drugog svjetskog rata, osobito do 1974. za razvijene, a do 1980. za zemlje u razvoju, bilježi rekordnu stopu rasta BDP-a u većini dijelova svijeta, dotada nezabilježenu u povijesti čovječanstva. 'Zlatne godine' Bretton Woodsa (od 1948. do 1971., kada je sustav propao) bile su golem napredak u odnosu na stanje iz 1930-ih godina - uistinu 'nevjerojatna priča' (Singer i Sharma, 1989).

Desetljeća 1950-ih i 1960-ih bila su razdoblje globalne ekspanzije proizvodnje i trgovine, pune zaposlenosti i niske inflacije u industrijskim zemljama. U zemljama u razvoju, bilo je teških i često ekskluzivnih naglasaka na fizičkoj akumulaciji kapitala, ali početna jednadžba razvoja uz akumulaciju kapitala nadopunjena stranom pomoći, kasnije je dovela do rastućih problema kako su zlatne godine prolazile. Naglasak na stvaranju fizičkog kapitala također je bio povezan s optimizmom u pogledu domaćih potencijala za iskorištavanjem 'viška rada' i 'prikrivene nezaposlenosti'. Domaća se štednja nije povećala zbog 'mobilizacije domaće radne snage', već kao rezultat iscrpljivanja poljoprivrednog sektora i nejednakog obrasca razvoja koji se pojavio. Dakle, iako je u 'zlatnim godinama' došlo do brzog ekonomskog rasta, one zasigurno nisu, naravno, 'čisto zlato' (Singer, 1988).

U 1970-ima svjedočili smo raspadu i dezintegraciji Bretton Woodsova sustava. 'Motor rasta' koji je davao potporu zemljama u razvoju za vrijeme zlatnih godina počeo je trokirati, a zatim i naglo mijenjati

confusion. By acknowledging that life is lived in time and that present is an ever-moving break between irrevocable past and unknown future, he had shattered the basic conception of equilibrium, though he some times felt nostalgic reluctance to give it up.

### *Debt-led Crisis of the 1980s*

The story of the post WWII world economics is a 'splendid story not wholly true'<sup>1</sup>. The economic history of the period since the WWII, particularly until 1974 for the developed countries, and until 1980 for the developing countries, has witnessed a record rate of growth of GNP in most parts of the world, which mankind has not registered in earlier centuries. The 'golden years' of Bretton Woods (from 1948 until 1971 when the system broke down) was an immense improvement over the situation of the 1930s - indeed a 'splendid story' (Singer and Sharma, 1989).

The decades of the 1950s and 1960s were a period of global expansion of production and trade, full employment and low inflation in the industrial countries. In the developing countries, there was a heavy and often exclusive emphasis on physical capital accumulation, but the initial equation of development with capital accumulation supplemented by foreign aid, later led them into increased problems as the golden years went by. The emphasis on physical capital formation was also linked with optimism regarding the domestic capacity to utilize 'surplus labour' and 'disguised unemployment'. The domestic savings did increase but not because of the 'mobilization of domestic manpower', but as a result of squeezing of the agricultural sector and an inegalitarian pattern of development that emerged. Thus, although the 'golden years' did show rapid economic growth, they were certainly not 'solid gold' (Singer, 1988).

The decade of the 1970s saw the breakdown and disintegration of the Bretton Woods system. The 'engine of growth'

brzine. Zemlje u razvoju nastavile su svoj rast čak i u okolnostima smanjenja rasta i ozbiljnih recesija u industrijskim zemljama.

Međutim, u 1960-ima, Milton Friedman izazvao je kejnezijansku ortodoksiju. U stvari, Friedman je djelomično rehabilitirao neoklasičnu teoriju. I on je, kao i Adam Smith, prvak u području filozofije *laissez-fairea*. Friedman je tvrdio kako je izvor većine ekonomskih ciklusa monetarni sektor, najvažnija determinanta razine cijena i zapošljavanja. Dok je Keynesu nedostatak ulaganja u odnosu na štednju katalizator recesije, za Friedmana je uzročni čimbenik promjena u ukupnoj zalihima novca zajednice čiji je rast, tvrdi, smanjen uoči bilo koje recesije. Za razliku od Keynesa, Friedman nije vjerovao u mogućnost finog podešavanja ekonomije i istovremenog zadržavanja njene stabilnosti. Po njemu, djelovanje vlada treba biti ograničeno na zaštitu imovinskih prava, tiskanje i upravljanje zalihom novca, te održavanje zakona i reda.

Godine 1979. i 1980. donijele su svijetu, posebice zemljama u razvoju, niz gospodarskih problema, što je refinanciranje njihova duga učinilo nemogućim. Zbog pogoršanja uvjeta poslovanja tih zemalja, s progresivnim padom cijena primarnih proizvoda, njihova se situacija drastično pogoršala. Platna se bilanca znatno smanjila, proizvodnja je pala i došlo je do galopirajuće inflacije. Za zemlje izvoznice nafte, rast cijena nafte (a time i akumuliranje rezervi dolara) dalo je lažni osjećaj prosperiteta, koji je u konačnici rezultirao njihovim neto zaduživanjem. Pad cijena nafte nakon 1985. učinio je njihov položaj još težim.

Neposredno prije sastanka MMF-a u Torontu u kolovozu 1982., Meksiko je šokirao svijet izjavom o nesposobnosti refinanciranja svojih dužničkih obveza. Brazil i ostale glavne zadužene zemlje Latinske Amerike ubrzo su učinile isto. Ovo je gurnulo svjetski financijski sustav gotovo na rub kolapsa. Usljedile su žurne intervencije, ali od tada je problem dužničke krize uvelike narastao. Patnje i nevolje tih zemalja povećale su se.

which had supported the developing countries during the golden years began to stutter and then violently change gear. The developing countries continued their growth even in the face of reduced growth and serious recession in industrial countries.

However, in 1960s, Milton Friedman challenged Keynesian orthodoxy. In fact, what Friedman did was that he partially rehabilitated the Neo-classical theory. He too, like Adam Smith, championed the philosophy of *laissez-faire*. Friedman argued that the source of most economic cycles is the monetary sector which is the single most important determinant of the price level and employment. While to Keynes the deficiency of investment relative to savings is the catalyst for recessions, to Friedman the causal factor is the change in community's stock of money supply, whose growth, he argues has shrunk prior to the advent of any recession. Unlike Keynes, he did not believe that it is possible to fine-tune the economy and still expect it to remain in good health. Government, to him, ought to be limited to protection of property rights, printing and managing money supply, and the maintenance of law and order.

The years 1979-80 brought the world, particularly for the developing nations, a set of economic problems, which made it impossible for them to service their debt. Due to worsening of the trading conditions of these countries, with a progressive decline in the prices of primary products, their situation drastically worsened. The balance-of-payments position deteriorated considerably, production fell and inflation became rampant. For the oil-exporting countries, the oil price hikes (and thus accumulated dollar reserves) gave a false feeling of prosperity which ultimately resulted in net borrowing by them. Falling oil-prices after 1985 made their position still more difficult.

Just before the IMF meeting in Toronto in August 1982, Mexico shocked the world by declaring its inability to service its debt obligations. Brazil and other major debt-



Kako bi se nosile sa svojim dugom, zemlje u razvoju bile su prisiljene potražiti pomoć od MMF-a i usvojiti planove deflatorne stabilizacije kao uvjete za nove kredite. Ovo je nesumnjivo rezultiralo ukupnim padom investicija, osobne potrošnje pa čak i razine BNP-a na nivo iz 1981. Razni 'kreditni za premošćivanje', kontrolirani moratoriji na refinanciranje dugova, te užurbano dogovrani ugovori o reprogramiranju otplata dugova pokazali su se nedostatnima zbog tehničkih propusta. Međutim, sve se to možda činilo rješenjem za krizu od strane MMF-a, Svjetske banke i vlada bogatih zemalja budući da se tako otklanjalo izravno neplaćanje ili odbijanje duga<sup>11</sup>.

Dakle, očito je da je priča iz 1980-ih, u usporedbi sa 'zlatnim godinama' tužna. U godinama koje su slijedile iluzorni rast temeljen na nagomilavanju dugova te njihova otplata postali su otežani. Pozornost nacionalnih vlada i međunarodnih institucija usmjerena je iz smjera rasta na podmirenje duga, stabilizaciju, prilagodbu, strukturne promjene i liberalizaciju. Godine 1980-te nisu samo 'izgubljeno desetljeće', već i razdoblje 'obrata razvoja' s alarmantnim propadanjem 'ljudskog kapitala'. Politike prilagođavanja u mnogim zemljama nisu uspjele položiti 'temelje kasnijeg održivog razvoja' (Singer i Sharma, 1988). Očito, globalno je gospodarstvo u 1990-ima ostalo krhko, ali ta je krhkost, u velikoj mjeri, izravno povezana s makroekonomskim politikama vodećih industrijaliziranih zemalja.

ridden countries of Latin America followed suit quickly. This pushed the world financial system almost to the brink of collapse. Hurred interventions followed, but since then the debt crisis has loomed large. The sufferings and the miseries of these countries have increased.

In order to cope with their debt, the developing countries have been forced to fall into the lap of the IMF and to adopt the deflationary stabilisation programmes, as a condition for fresh loans. These invariably resulted in an overall decline of investments, personal consumption and even in the level of GNP back to 1981 levels. The various 'bridge loans', controlled debt-service moratoria and hastily arranged debt payment rescheduling agreements fell just short of a technical default. However, these might have seemed a solution to the crisis by the IMF, the World Bank and the governments of rich countries since outright default or debt repudiation has been averted<sup>11</sup>.

Thus, it is evident that the story of the 1980s, compared with the 'golden years' is a sad story. In the years that followed the illusory debt-led growth, debt repayments have become difficult. Attention of the national governments and international institutions shifted from growth to debt settlement, stabilisation, adjustment, structural change, and liberalisation. The years of the 1980s are not just that of 'the lost decade' but of major 'reversal of development' with an alarming run-down of 'human capital'. The adjustment policies in many countries have failed in laying 'the foundations for subsequent

<sup>11</sup> Ima mnoštvo prijedloga za politiku strukturalne prilagodbe a koji ne slijede stereotipna rješenja MMF-a i Svjetske banke. Pomoć u hrani, kompenzacijsko financiranje izvoza i fluktuacije kamata, smanjenje kamatnih stopa, programi opraštanja dugova za zemlje s malim dohodkom, zamjene duga dionicama, financiranje usmjereno na rast, povećano državno vanjsko financiranje, olakšavanje kriterija financijskih rezultata od strane MMF-a u programima podrške, te povećana pomoć Svjetske banke i bogatijih zemalja mogu biti neke od mjera za rješavanje problema.

A plethora of suggestions have been made for the structural adjustment policies designed outside the stereotype solutions of the IMF and the World Bank. Food aid, compensatory funding for exports and interest fluctuations, reduction of interest rates, debt relief programmes for the low-income countries, debt-equity swaps, growth orientated funding, increased governmental external financing, less harsh financial performance criteria by the IMF in its support programmes, and increased assistance by the World Bank and the richer countries could be some of the measures to solve the problem.

Krah u 1970-tima se očitovao stagnacijom. Od 1974., kada se u cijelome svijetu pojavila ozbiljna recesija praćena velikom inflacijom, ekonomska znanost je ostala iznenađena. Ortdoksna, pravovjerna ekonomija nije ponudila nikakva rješenja, osim mnoštva maštovitih ideja.

### *Trenutno stanje*

Sadašnja ekonomska kriza dovela je ekonomsku znanost u delikatnu situaciju. U protekle tri godine izazvala je krizu povjerenja u ispravnost njenih teorija. Rečeno je kako je malo toga toliko neslavno propalo kao ugled ekonomije kao znanosti. Na pragu najvećeg gospodarskog potresa u zadnjih 80 godina znanost je svu krivnju preuzela na sebe. Dok je Paul Krugman tvrdio kako je velik dio makroekonomije proteklih 30 godina bio 'spektakularno beskoristan u najboljem i pozitivno štetan u najgorem svom izdanju'; Barry Eichengreen je dodao da je kriza 'bacila sumnju na većinu onoga što smo mislili da znamo o ekonomiji'.

Dva su središnja dijela discipline - makroekonomija i financijska ekonomija - sada predmet ozbiljnog preispitivanja. Napad je usmjeren na tri glavna fronta: da su makro i financijska makroekonomija pospješile krizu, da ju nisu predvidjeli i zaustavili te da ekonomisti nemaju pojma kako ju ispraviti<sup>12</sup>.

sustainable growth' (Singer and Sharma, 1988). Evidently, the global economy in 1990s remained fragile. But this fragility is, to a great extent, was directly linked with the macroeconomic policies of the leading industrialized countries.

The slump of the 1970s manifested itself in stagflation. Since 1974, the occurrence of a serious worldwide recession accompanied by increased inflation has left economics gaping. Orthodoxy had nothing to offer, and all kinds of fanciful notions had floated around.

### *The Current State*

The current economic crisis has placed economic science in a delicate situation. In past three years it has provoked a crisis of confidence in validity of its theories. It is being said that few economic bubbles have burst more spectacularly than the reputation of Economics as a science. In the wake of biggest economic shake-up in 80 years its reputation has taken the beating. While Paul Krugman argued that much of the macroeconomics of the past 30 years was 'spectacularly useless at best and positively harmful at worst'; Barry Eichengreen went on to say that crisis has 'cast in doubt much of what we thought we knew about economics'.

Two central parts of the discipline – macroeconomics and financial economics – are

<sup>12</sup> Istina je kako većina ekonomista (osim nekolicine kao što su Robert Shiller i Nouriel Roubini) nije uspjela predvidjeti nadolazeću krizu. Malo je financijskih ekonomista razmišljalo o likvidnosti i posljedičnim ili protutežnim rizicima. Malo ih je brinulo o posljedicama koje bi mogle zahvatiti istodobno sveukupno gospodarstvo tržišta za sve vrste imovina, budući da je samo manjina vjerovala kako je tako nešto moguće.

Makroekonomisti nisu bili sasvim mirni, ali nisu očekivali slom financijskog sustava. Čak i nakon sloma interbankarskog tržišta u kolovozu 2007. nisu prepoznali opasnost. (američke hipotekarne tvrtke, točnije Freddie Mac i Fannie Mae, tražile su povećanje udjela pologa u kupovnoj cijeni, a financijski je mjehur puknuo). Mnoge je uzrujano pad Lehman Brothersa u rujnu 2008.

It is true that most economists (except a few like Robert Shiller and Nouriel Roubini) failed to see the crisis coming. Few financial economists thought much about illiquidity or consequently or counterparty risk. Few worried about the effect on the overall economy of the markets for all asset classes seizing up simultaneously, since few believed that was possible.

Macroeconomists were not wholly complacent, but they did not expect the financial system to break. Even after the seizure in inter-bank markets in August 2007, macroeconomists misread the danger. (US mortgage companies, particularly Freddie Mac and Fannie Mae, demanded higher down payments as a proportion of the purchase price, and the financial bubble burst). Most were sanguine about the prospect of Lehman Brothers going under in September 2008.

Dok su ekonomisti, posebno u središnjim bankama, previše usredotočeni na obuzdavanje inflacije i previše hrabri u imovinskim pitanjima; financijski ekonomisti formalizirali su teorije o efikasnosti tržišta<sup>13</sup>, potičući ideju prema kojoj su samoregulirajuće tržište i financijske inovacije uvijek dobri<sup>14</sup>. Makroekonomisti su također imali slijepu pjegu u svom vidokrugu. Njihovi su standardni modeli pretpostavili da tržište kapitala funkcionira savršeno. Pretpostavljajući da je to tako, oni su uglavnom u stanju ignorirati ekonomske financijske potrebe. Modeli koji ignoriraju financije imali su minimalne šanse za uočavanje propasti koja proizlazi iz njega<sup>15</sup>.

Keynesov je zadatak "upravljanja potražnjom" nadživio Veliku depresiju, postajući rutinskom zadaćom vlada; uz pomoć gospodarskih savjetnika koji su konstruirali ekonomske modele vođeni izglednom zamjenom inflacije i nezaposlenosti. No, njihov kredibilitet nije preživio šok cijene nafte iz 1970-ih, te su zapadne zemlje bile gurnute u stagflaciju - situaciju koju kejnezijanski konsenzus nije sasvim razumio, niti uspio spriječiti.

now being put to serious re-examination. The attack is directed on three major fronts: that macro and financial macroeconomics helped cause the crisis, that it failed to foresee and stop it, and that economists have no idea how to fix it<sup>12</sup>.

While the economists, especially in the central banks, were too fixated on taming inflation and too brave about asset bubbles; financial economists formalised theories of the efficiency of the markets<sup>13</sup>, fuelling the notion that markets would regulate themselves and financial innovation are always good<sup>14</sup>. Macroeconomists also had their blind spot. Their standard models assumed that capital markets work perfectly. By assuming that it is so, they were largely able to ignore the economy's financial plumbing. The models that ignored finance had little chance of spotting a calamity that stemmed from it<sup>15</sup>.

The Keynesian task of 'demand management' outlived the Great Depression, becoming a routine duty of governments. They were aided by economic advisers who built economic models and were guided by apparent trade off between inflation and unemployment. But their credibility did not

<sup>13</sup> Mnogi su korisni zaključci potekli iz ideje 'hipoteze učinkovitog tržišta' (HUT) (tj. cijena financijske imovine reflektira dostupne informacije). Kad bi HUT funkcionirala, tada bi tržišta poprilično ispravno određivala cijenu financijske imovine. Devijacije od uravnoteženih vrijednosti ne bi opstale na dulji rok. Na takvim su idejama, kao i na složenoj matematici koja ih opisuje, financijski inženjeri na Wall Streetu i u londonskom Cityju, kreirali derivative i sekuritizaciju, od jednostavnih opcija kamatnih stopa do 'credit default swaps' i obveza po kolateralu.

From the idea of 'efficient market hypothesis' (EMH) (i.e. the price of financial asset reflects all available information) some powerful conclusions were drawn. If the EMH held, then markets would price financial assets broadly correctly. Deviations from equilibrium values could not last for long. On such ideas, and complex mathematics that described it, financial engineers of Wall Street and the London City, designed derivatives and securitization, from simple interest-rate options to credit default swaps and collateral debt obligations.

<sup>14</sup> Ekonomisti poput Josepha Stiglitz sve su samo ne naivno vjerovali u efikasnost tržišta. Economists like Joseph Stiglitz were hardly naïve believers in market efficiency.

<sup>15</sup> Tijekom 1990-ih makroekonomisti su smatrali da znaju što rade. Ovo se mišljenje temeljilo na novim radnim modelima 'dinamične stokastične opće ravnoteže' (DSOR). Vodili su računa o cijenama dobara i usluga istodobno zanemarujući cijene imovine. Pretpostavljali su kako su tržišta 'cjelovita'.

During the 1990s macroeconomists felt that they know what they are doing. The thinking was embodied in new working models of 'dynamic stochastic general equilibrium' (DSGE) models. They worried about the prices of goods and services but neglected the price of assets. They assumed that markets are 'complete'.

Konvencionalna makroekonomija utjelovljena u modelima DSGE pokazala se lošim vodičem u utvrđivanju uzroka financijske krize. Konvencionalni su se instrumenti monetarne politike pokazali nedostatnima. Danas, neki ekonomisti zagovaraju hrabru fiskalnu ekspanziju. Očigledno, ekonomska znanost zahtijeva oštar zaokret u pronalaženju novih metoda. Makroekonomisti bi se trebali okrenuti strpljivom empirijskom pripremnom radu, dokumentiranju kriza u prošlosti i sadašnjosti, u nadi da neka nova teorija možda kasnije uspije objasniti sve te fenomene.

Na drugom kraju, u financijskom gospodarstvu, stratezi HUT tvrdili su da je njihov pristup učinio financijski sustav zdravijim i sigurnijim. To je razlog zašto mnogi smatraju financijske krize, započete 2007./8., poražavajućim udarcem vjerodostojnosti banaka ali i akademskoj disciplini financijske ekonomije. Banke su pretpostavljale kako uvijek mogu premostiti kratkoročne dugove ili prodati hipotekarno osigurane vrijednosnice. Financijska je kriza ismijala obje pretpostavke. Fondovi su presušili a tržišta se smanjila. Uslijedila je velika potražnja za gotovinom.

Makroekonomisti su se razdijelili - na puriste i pragmatičare - formiravši dvije suprotne poruke nakon ovog događaja. Puristi su okrivili nestrpljivost i preveliki trud središnjih banaka za stagflaciju, dok su pragmatičari ustvrdili kako su tržišta zakazala, plaće se nisu uspjele prilagoditi i cijene su ostale približno nefleksibilne. Dva desetljeća nakon 1982. dvije su škole konvergirale u 'novu sintezu' koje se provlačila od sveučilišta do središnjih banaka. Ona je ponudila podlogu za doktrinu planiranja inflacije.

Krhki konsenzus monetarno-fiskalne politike sada se raspršio. Uz beskorisne kompromisne alate, obje su se strane povukle u svoje tabore. Kejnezijanci su postali nekritični prema pitanju fiskalnih poticaja; čak i s nultim kratkoročnim kamatnim sto-

survive the oil price shock of the 1970s and western economies were deposed to stagflation - a situation which the Keynesian consensus grasped poorly and failed to prevent.

The main stream macroeconomics embodied in DSGE models was a poor guide to the origins of financial crisis. The conventional instruments of monetary policy proved insufficient. Today, some economists advocate a bold fiscal expansion. Evidently, economics requires a revolution in techniques. Macroeconomists should turn to patient empirical spadework, documenting crises past and present, in the hope that a fresh theory might later make sense of it all.

On the other end, in financial economic, the EMH strategists claimed that their approach made the financial system healthier and safe. This is why many people view the financial crises that began in 2007-8 as a devastating blow to the credibility of banks but also of the academic discipline of financial economics. The banks assumed that they can always rollover their short-term debts or sell back mortgage backed securities. The financial crisis made a mockery of both these assumptions. Funds dried up and the markets thinned out. What followed was a serious rush for cash.

Macroeconomists split - into purists and pragmatists - drawing opposite messages from the episode. The purists blamed the stagflation on restless central banks trying too hard and the pragmatists that markets malfunction, wages fail to adjust and prices are sticky. For two decades after 1982 the two schools converged into the 'new synthesis' that flowed from universities to central banks. It underlay the doctrine of inflation targeting.

The fragile consensus of monetary/fiscal policies has been now been blown apart. With their compromise tools useless, both sides have retreated to their roots. Keynesians have become uncritical of fiscal stimulus; and even with zero short term interest rates and banking crisis on hand

pama i prijetećom bankarskom krizom monetarna politika više nije toliko uspješna. Naravno, očita je potreba za promjenama. Baš kao što je Velika depresija iznjedrila kejezijanizam, a stagflacija 1970-ih pokrenula monetarizam, u tijeku je kreativna destrukcija. Iako je dovela do oštih podjela među ekonomistima, mnogi vjeruju kako bi se ekonomska kriza još uvijek mogla pokazati dobrom za ekonomsku znanost.

monetary policy works less well. Naturally, there is a clear case for reinvention. Just as the Great Depression spawned Keynesianism, stagflation of 1970s fuelled monetarism, creative destruction is underway. Although the economic crisis has exposed bitter divisions among economists, many believe that it could still be good for economics.

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