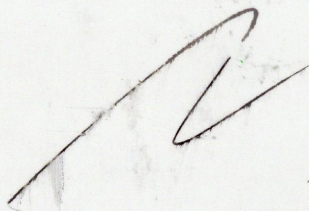


MARIAN GUZEK

THE NEW WORLD ORDER

THE COLLAPSE OF THE NATION STATE

Editor GAVIN McFARLANE



BONAMI



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Introduction

Some commentators have long been suggesting that the world is in peril from two powerful phenomena. The first is known to all humanity, because we all live in a climate where the changes have become increasingly disastrous. A major cause is the melting of polar ice, which impacts on all other regions of the world where that remote melting results in destructive floods, hurricanes and heat waves. The other phenomenon is sometimes described as a growing chaos in the political and social life within Western civilisation. Although its effects directly affect only slightly above 20% of the entire world population, it also exerts a negative impact on the remaining 6 billion people on the planet.

Thus, the fate of humanity seems to become increasingly uncertain, but those who doubt in the bright future of the human race find comfort in their conviction about 'solid traditional values' of contemporary Western civilisation developed by nations and their states as organisations furnished with supreme power to protect the populations living within their territories from external and internal hazards. According to 1933 Montevideo Convention "The state as a person of international law should possess the following qualifications: (a) a permanent population; (b) a defined territory; (c) government; and (d) capacity to enter into relations with the other states."¹

¹ Montevideo Convention on the Rights and Duties of States Signed 26 December 1933.

A permanent population in a state is constituted by a national identity, i.e. a historically created, lasting community of people that was formed on the foundation of a common history, and within it a common culture, language, territory and economic life affecting the national consciousness of its members. The key role among the members of the society is played by representatives of the nation's intellectual elites. It is elites who usually take control of the development of culture, tradition and national values, and form the social consciousness and public opinion. An interesting opinion about the elite's function in the society was expressed by Napoleon, who said: public opinion was an invisible and mysterious power that might not be resisted by anything. It might be volatile and fickle, but in fact it was much more often real, reasonable and just than it seemed to be.

Both climate change and world chaos, as well as, first of all, states and their elites are related to the new world order which is devised by the most influential part of the American establishment elites. It so happens, that both ordinary people and students or their teachers know barely anything about the new order, although it has been implemented for 40 years now in the Western world, and Professor Peter Drucker, who called the new order a great transformation, expected its implementation to be completed either in 2010 or in 2020. It is easy to conclude that there are probably too many definitions of the notion itself and no one understands it, or the order itself is too insignificant to deal with seriously.

Because the concept is different and unusual, it would be good to realise right at the beginning that the new order is being implemented under cover with the aid of a special ideology, and political correctness does not allow the use of its name either in universities or in the media. This ideology is disseminated very effectively under false names which are a shield for it. Starting in the 1980s, that shield was represented

by radical, or American, liberalism, then reformed into neoliberalism. After the eruption of the 2007 crisis, the shield changed into extreme leftist liberalism, and recently into turboliberalism. The philosophical invention the destructive power of which we are going to examine, destructive towards the previous order and introducing elements of the new order, is simply the invisibly acting libertarianism, both right- and left-wing-oriented.

A significant role in formulating the main strategic principles of that ideology was played by an American professor of sociology and economics, Immanuel Wallerstein. Already in the early stage of neoliberalism, in his paper 'Antisystemic Movements: History and Dilemmas' published in a joint publication of 1990, he expressed his conviction that 'these antisystemic [i.e. neoliberal - MG] movements - or the family of movements - reaffirm in concrete operational ways their commitments to transforming the capitalist world-economy into a world order that will be libertarian, egalitarian, fraternal.'²

In his concept of the new world order, Wallerstein is not very eager to concentrate on the target model but on the strategy of its gradual implementation. He underlines the taking over of the functions of the state and impairing its position. He writes: 'Once we recognize that in practice power is enormously diffuse, we can see that the conquest of power by the family of antisystemic movements involves far more than the conquest of state power, which, if not secondary in importance, may at least be secondary in temporal sequence. Whatever strategy we construct we must give up this blind faith that controlling the state apparatus is the key to everything else; it may well be that everything else is the key to

²I. Wallerstein, *Antisystemic Movements: History and Dilemmas*. In: S. Amin, G. Arrighi, A.G. Frank and I. Wallerstein, *Transforming the Revolution*. Monthly Review Press, New York 1990, p. 46.

controlling the state apparatus. In any case, our strategy must be truly global.’³

For nearly 40 years, the libertarian ideology has been implemented so that it emits two types of waves, let us call them “intellectual waves”, that permeate human minds. The first type crushes traditional customs and values deemed noble. The other one introduces instead manners of conduct towards others and oneself which were once deemed mundane and indecent. These invisible waves are generated mainly by the media, which affect primarily the behaviour of parts of the elites solicited for implementing the new order, and in particular those involved in governing, and then induce specific reactions that change reality. And all of this in an atmosphere in which elements of social life that used to be subject to continuous norms established by the law and accepted by society are subjected to a legal elimination from social life. Furthermore, gradually changed social consciousness accepts the new rules of political and social life introduced by means from beyond the legal spectrum. Social acceptance is also growing for the symptoms of the state growing weaker, incapable of eliminating the new, yet detrimental, forms of state operations imposed on the society. Is it possible that a powerful ideology has been exerting an impact on the regions of the world covered with Western civilisation in an invisible way for such a long time? The reality shows that it may be so, especially that the stimuli from the media may be reinforced with financial aid by non-governmental organisations supporting the principles of the new order.

So, what is the essence of the new world order (NWO)? It involves transforming the economic and socio-political life of the world population, in conformity with the libertarian philosophy, so as to decompose states and nations. The result of

³ Ibidem, pp. 46-47.

this transformation is to be the creation of libertarian local communities ruled by capitalist companies and the free market.

Our analysis of the new order has to be complex in order to include its doctrinal foundations, primarily from the areas of economics and political sciences, including elements of philosophy, law and sociology, and its strategic basis, including elements of destructive measures towards the previous system and introduction of new solutions. Both types of actions are going to be analysed as changes of theories and empirical changes consolidated in the social consciousness by the media and education and science institutions. To form some evaluations concerning the changes implemented, it will be necessary to identify such processes among numerous system-related events in the political and socio-economic life that are expressly generated by the libertarian ideology or which follow it by the indirect action of non-governmental organisations. Those processes began in the United States and its people became the first victim of that ideology.

The principal thesis of this work is that since the 1970s, systemic changes have been implemented in the Western world mainly under the influence of the implementation version of the ideological doctrine of libertarianism, which in the present decade reached the phase of 'agorism' according to the concept of Samuel Konkin. This phase involves application of additional systemic solutions expediting the process of deregulation, accepted legally in the previous decades and replaced with solutions accepted by the law but originating from beyond the legal sphere of anti-state, anti-social and anti-trade union nature. Those additional solutions, being the essence of agorism ("open market") may be characterised as grey and black markets. In practice, the grey market includes the world market of derivatives and the world market of crypto-currencies. The first one has already managed to generate the previous crisis of the world economy but is still



operative as a crisis-inducing dormant volcano. A similar potential lies in the world crypto-currency market.

Diagnostic analyses presented in this work are to a large extent based on theoretical concepts of John Keynes and Paul Samuelson. Key elements of their theories include a highly important issue of the multiplier effect in a free-market-based economic system. However, because the benefits of the multiplier effect show how significant a role in the development of the national economy and preventing crises may be played by state interventionism enhancing the multiplier effects, both authors were fiercely attacked by the Austrian school of economics which finds state interventionism harmful and constituting the primary source of economic crises. No wonder then that the Austrian and Chicago school of economics opted for the way of total negation of the multiplier mechanism. Its essence was characterised correctly by Keynes and Samuelson, but their formal-analytical models were, unfortunately, faulty, which in this work is demonstrated in Chapter 6 which presents also the mathematical modification of the multiplier model in an open economy as proposed by me. Also with regard to the other problems, one of the aims of the work is to evaluate the option of applying solutions other than the defective forms of the new order.

The theoretical elements of the work and the proposals for empirical application thereof are to a large extent based on the following concepts rejected by libertarians: the theory of money by Irving Fisher and the scenario by Joseph Schumpeter in which the risk of capitalism decline is expected to come from the main establishment 'elite' rather than from lower classes. In practice, it turned out that the decline of capitalism predicted by Schumpeter can be a long potential process caused by the NWO.

The results of theoretical and empirical analyses allow the identification of the forms of the new order and evaluate the

strategy of their implementation with an unprecedented use of unofficial ways combined with political correctness and self-censorship in academic and media milieus. Towards the end of the text, the reader will find elements of prospective analyses indicating the advancement of the new order with high probability of both coming closer to the target libertarian model called “anarcho-capitalism” and the reaction of societies against the decomposition of states and nations. A concise comparison of the end models of libertarianism and Marxism does not deny the belief, found in the social sciences, about the utopian nature of both those models, however, the analyses preceding such summary show that in practice the implementation of both those ideologies is quite advanced. We may not be facing the end of the nation state yet, but we may certainly speak about its slow erosion, which may be still stopped, if only the nations of the particular states and their elites want that.

During the writing of this work I have had an opportunity to receive numerous advices and critical remarks from a group of persons. First of all I wish to express my gratitude to Professor Joseph M. Fiszer and Professor Marek Ratajczak for the remarks in their reviews. I also appreciate opinions offered by Professor Benjamin Kostrubiec, Professor Marek Okólski, together with Joseph Biskup PhD and Jerzy Kur PhD. I am grateful to Gavin McFarlane PhD for his editorial review and comments on the results of my work. I owe thanks for frequent discussions with Zbigniew Fornal MA, and Maciej and Jennifer Tymowski, both MA as well as my sons Adam and Grzegorz together with my daughter in law Anna for her assistance and design projects. I bear sole responsibility for the content of this book.

Marian Guzek



Chapter 1

Attack on the Welfare State in the Context of Schumpeter's Prediction of the Decline of Capitalism

1.1. The Introduction of Welfare State Policy

Capitalism after the Great Depression and World War II, then at risk of collapse, was not saved spontaneously as the effect of the operation of market forces; it was due to the economic policy first based on the New Deal rules according to the doctrine of J. M. Keynes and then on the welfare state policy based on the theories of economic growth and accompanied with the concepts of open economy balance by P. Samuelson. Thus, the representatives of the elites of those days having removed the defective elements of capitalism, made an innovation by replacing them with better measures. This happened despite the fact that Schumpeter was critical about Keynesian interventionism and the New Deal policy as well as the future role of the elites. With regard to economic practice of the welfare state period, emphasis should be put on considerable achievements of the American government, such as neutralisation of two non-removable, crisis-inducing factors, i.e. the occurrence of the demand gap resulting from the paradox of thrift and lacking automatic mechanism of dividing income between labour and capital as production factors.



The treatment of the first deficiency was based on the application of interventionist measures aimed at increasing consumer demand, such as increasing public works, and on the other hand on autonomous investments of the state. They did not increase the supply of goods in the market but allowed for the multiplier effects to occur to lead the economy out of recession and stagnation due to increased growth of the national income. At that time, a difficult issue called the paradox of thrift was solved both in terms of doctrine and practice. When Keynes found a significant reason of economic crises lay in increased savings, he had to face serious criticism. Saving has been, aptly, deemed a social virtue for ever: children are taught about it by parents, and parents by economists and state authorities. Saving may be a way to grow prosperity, not only in individual but also social terms. When seen from the academic perspective, it must be treated as the main source of the investment fund which is a condition for the economic growth.

It is difficult to perceive saving as having dual effects, both good and bad, based only on the observation of monetary phenomena. When Keynes found that saving may be not only beneficial but also had bad effects, he was rarely agreed with. The difficulty in understanding that negative characteristic comes from the fact that the evil lies not merely in the increased amount of savings but in the effect of that increase, if it starts curbing the growth of demand. On the other hand, this causal relation between the drop in demand and saving may not be simply discerned in the drop in demand itself. Even the first guru of economics, Adam Smith, disapproved, claiming that the increase of savings 'turns immediately into consumption.' He could not have changed his mind under the influence of Keynes, because he died long before. His attitude may be a reason for the stubbornness of many opponents of Keynes and reinforces the impression that savings

are only the source of the investment fund. However, there are already Keynes's supporters who only see the negative effects of the policy of increased saving by cutting expenditure, and thus lose sight of the main aspect of saving as the source of funding investment. Thus, it is the more to be appreciated that the US policy was capable of neutralising to a massive extent the negative, systemic effect of increased saving as the origin of the demand gap while tackling the results of the Great Depression and preventing further crises in the following years.

An important role in healing capitalism must be also ascribed to the discovery that the market economy system lacks an economic mechanism establishing proportions in which the income effects should be allocated due to the cooperation of labour and capital in production processes. The allocation of these effects is determined by the owners of capital, who decide about the level of wages with an understandable inclination to protect their own interests. When the capitalist system functioned according to the doctrine of classical liberalism, the state focused on gaining financial means to complete its tasks and, in principle, it consented to the privileged position of capital in its relationship with the labour sector, as the result of excessive supply of labour in the market. This, of course, led to workers' protests and constituted a constant risk of social conflict and economic crises. Introduction of social contracts between employers and trade unions under the auspices of the state allowed for a significant improvement in the operation of the economic system. Those contracts were a kind of a substitute for the missing economic mechanism that could regulate the size of the shares of the capital and labour in the financial outcomes of production processes. This reduced massively the chances of social protest and political conflict that could have been a starting point for capitalism to come under threat again.

This work deals with contemporary problems of deep significance arising in a rapidly changing global reality, which is analysed by the Author in historic and comparative terms. Professor Guzek demonstrates the significance and evolution of relevant systemic doctrines, including in particular that of libertarianism.

Professor Joseph M. Fiszler

Professor Guzek's latest book is a highly original view of a problem which captures the attention of both academics and the public at large, the future prospects of Western civilisation. The Author does not shrink from clearly expressing his opinion that contemporary civilisation is threatened by the implementation of increasingly advanced stages of the libertarian ideology, both in its right-wing and the less well known populist left-wing versions.

Professor Marek Ratajczak

The editor Gavin McFarlane, PhD, is a retired London Barrister who specialised in international trade law and wrote widely on that subject.

Marian Guzek is a Polish Professor of Economics at Lazarski University. This is the fourth title in his series exposing the malign effect of libertarianism, a doctrine which has been surreptitiously undermining the existing economic and social foundations of Western societies since the 1980s, by drawing on elements from both left and right in politics to create a sinister new structure. This book presents a wake up call to us all. This is to a large extent an academic book written for the general public and it is addressed to academicians and students of social sciences as well as to politicians and political commentators.

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