FINANCIALIZATION OF THE WORLD ECONOMY, "CREDIBLE GOVERNANCE", LOPSIDED GROWTH AND VANISHING JOBS

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Increased unemployment, decline in real wage remunerations, and infiormalization are observed as the common trait of the global labor force across both the developed and the less-developed economies in general. Globalization is often portrayed as a natural and unavoidable phenomenon describing rapid technological advances and integration of economic, social and cultural values across the globe. I argue in this paper that this seemingly neutral definition actually disguises the true aim of the neoliberal ideology which seeks to consolidate capital's supremacy of labor across the globe. As the direct and unmasked ideology of the neoliberal school, the term globalization is further analyzed in the context of the strategic interests of the transnational corporations and of international finance capital. The paper also addresses the concept of development strategy under the era of globalized capital.

I: Introduction

The four key terms in title above set much of the tone of the recent wave of globalization of the world economy since the last quarter of the 20th century. Starting in the early 70s, and amidst the panic-stricken screams to "end the financial repression", there had been an abrupt shift in the economic policy realm of both the developed and the less developed economies alike. As the neoliberal orthodoxy came to dominate the North American academia within a process what Ben Fine (2003) has termed "*imperialism of the economics*", the neoliberal ideology juxtaposed a series of conditionalities as part of its hegemonic agenda on the developing world: privatization,

flexible labor markets, financial de-regulation, central bank independence, flexible exchange rate regimes, and fiscal austerity. To this end, integration of the developing nation-economies into the evolving world financial system has been achieved through a series of policies aimed at liberalizing their financial sectors and privatizing major industries. Furthermore, the state apparatus had to be transformed to facilitate the hegemony of international finance capital.

The neoliberal ideology attempted to explain the motives behind financial liberalization arguing that such measures would restore growth and stability by raising savings and improving economic efficiency. Accordingly, as the "strangulation" of the so-called financial repression is dismantled, loanable funds would expand; real cost of credit would fall; and the consequent increases in the pace of capital accumulation would generate sustained growth. This claim, referred to as the McKinnon-Shaw hypothesis, provided the theoretical backbone of the neo-liberal ideology advocating financial de-regulation and liberalization.

The real fact of life, however, has been quite a different story than such naïve and unrealistic models of *imaginary capitalism* envisaged by the neoliberal orthodoxy. Following full-fledged financial liberalization, those developing economies that underwent financial de-regulation found themselves trapped within high and persistent real interest rates. They also bore witness to a self-distorting foreign exchange market operating through attacks of speculative hot money flows into the fragile and shallow asset markets, luring the residents in an ever-ending spiral of debt accumulation, increased import dependence, and jobless growth patterns.

Furthermore, contrary to expectations, the post-liberalization episodes were inflicted with the divergence of domestic savings away from fixed capital investments towards speculative financial instruments with often erratic and volatile yields. As a result, developing economies with weak financial structures and shallow markets suffered from increased volatility of output growth, shortsightedness of investment decisions, and financial crises with severe economic and social consequences. Often the economic crises were realized hand in hand with the ensuing social and political crises. All these led to severe contraction of labor incomes and increased unemployment together with informalization of the work force.

In fact, in his widely-cited mimeograph, William Easterly (2002) offered the clearest and the most direct assessment on the globalization record over the last quarter of the past century: during the 1950-74, under the so-called are of *financially repressed* and inward-looking strategy of *import-substitution*, the average rate of per capita growth of the LDCs was 2%. In contrast, under the globalized reform race of the neoliberal era (1974-2000) the average rate of per capita growth had been virtually nil in those countries. Focusing on Africa and the Middle East, the average rate of per capita growth had been 0% for the last thirty years. If the periodization is narrowed to the last twenty years alone, that rate is reduced to *minus* 0.7%. According to Easterly's data, the poorest group of world economies had experienced an annual rate of per capita growth of 1.9% over 1960-80. Since 1980 that rate had been -0.5%. For the middle income economies as a group, these rates had been 3.6% (1960-80) and 1% (1980-2000).

These tendencies on decelerated rates of growth had a clear resonance on wages and employment. Differentials in wage earnings and employment rose sharply in both sides of the North Atlantic. In the USA real wages of males with 12 years of schooling or less fell by 20% over 1973-93. In the EU, similar processes were visible and yet with more of a "joblessness"

problem. In 1973, the average unemployment ratio was 2.9% in the EU region, in contrast to 4.8% in USA. By 2000, those figures have increased to 9.3% for the EU and 6.7% for the US.

Finally, on a different scale, with the recent attempts towards full liberalization of the capital account under pressures from the US and the IMF (the so-called *Washington consensus*)[1], governments lost their independence in designing a strategic mix of the foreign exchange rate, the rate of interest and the fiscal policy as instruments for promotion of industrialization/development targets. As open capital markets replaced regulated flows of foreign finance, governments became unable to employ their traditional policy instruments (interest rates, government expenditures, and exchange rates) unilaterally. Most often than not, the fragile democracies of the developing world had been placed under siege by the dictates of the international finance institutions (th IFIs) and the trans-national companies (TNCs). As the broad objectives of employment generation and self-sustained development were replaced by the narrow objectives of austerity and dis-inflation, the governments of the LDCs were forced to reveal a show case of "credibility", "de-regulation" and "good governance".

It is the objective of the remaining pages of this paper to address these issues in the context of the demise of the developmentalist thought under financialization of capital at a global scale. The plan of the paper is as follows: In section II, I try to de-mystify the concept of globalization, and comment on its ideological nature. Section III takes the globalization of finance with a more closer look and reflects on the conditionalities of the IFIs and the TNCs on "credible governance", austerity, and de-regulation. Section four summarizes and concludes.

II. The Matrixes of Neoliberal Globalization and Development Defined Proper

The term "globalization" stands out as the hegemonic concept of the neoliberal ideology, reflecting one of the main items in the current political economy agenda. In essence, the term itself carries a dual conceptual meaning: that of a *definition*, and also a *policy recipe*. As a *definition*, the term refers to the increased integration of the world's commodity and finance markets and its cultural and social values. Within the context of this definition, liberalization of the commodity trade and financial flows yield the narrowest economic implications of the globalization process. At a more general level, this process entails"… a programme for destroying collective structures which may impede the pure market logic" (Bourdieu, 1998). In order to sanctify the power of the markets in the name of economic efficiency, this "infernal machine" requires the elimination of administrative or political barriers which limit the owners of

[1] The term "Washington Consensus" was first coined by Williamson (1990) and then was re-formulated in his 1993 article. Accordingly, a consensus on neo-conservative economic policies emerged in the early 1980's that reflected trade liberalization, price reform, deregulation, and privatization of state parastatals.. This consensus, he argued, "…was shared by both the political Washington Congress and senior members of the administration and the technocratic Washington of the international financial institutions, the economic agencies of the US government, the Federal Reserve Board, and the think tanks" (1990: 28). The concept then was revived and re-dressed in many situations over the 1990s, and after many prodding came to be referred as "the augmented Washington Consensus" to oversee the new jargon of neoliberal orthodoxy such as financial prudential regulation, central bank independence, inflation targeting, and governance. A thorough assessment of the concept is provided in Rodrik (2003, 2002) and Broad and Cavanagh (2000).

capital in their quest for maximization of individual profit, which, in turn has been upheld as the supreme indicator of rationality (*ibid*).

Thus, the concept also covers a list of economic-political- and social actions that is regarded necessary for a country to "embrace" globalization. Brought under the term "Washington Consensus", these conditionalities are often imposed as part of the austerity programmes designed by the International Monetary Fund (IMF) and the World Bank.

Accordingly, in a market economy under capitalist competition, the profit rate (or, more generally, the rate of return to capital) is heralded as the supreme objective and the state apparatus is to be re-organized to ensure highest profitability of capital. This re-organization aims at reducing the role of the public sector in regulation of the economy, and is dressed with the rhetoric of terms such as "governance" and "market-friendly, credible governments".

The main dictum of the globalization rhetoric rests its arguments on the allegation that "globalization is the natural product of human history and as such it is unavoidable". Thus, all countries should follow the necessary policies (often termed as structural reforms) to take advantage of this magical process. Only then the bounties of globalization would follow to those countries that succeeded implementation of such reforms. Given this logic, the main responsibility of the developing countries is to open their economies to international capital and to implement the necessary reforms warranted by the transnational companies (TNCs) and international financial institutions (the so-called IFIs).

In this sense, the development strategy no longer encompasses indigenous targets on industrialization, fixed capital investments, or strategic trade policies; but is reduced to only one concept: adjust to the needs of international capital, or in the words of Dani Rodrik (1992), "be a host to the most beautiful welcome party for foreign capital". It is through this logic that the economics profession has witnessed a deep transition in its terminology. Concepts such as "under-development" or "developing countries" are replaced by "emerging markets" and "market actors".

Perceived from this angle, it is clear that the term globalization is an *ideological* concept, advocating the interest of capital, rather than a neutral concept of historical progress. As the main concept of the neoliberal ideology, the terms reflects the strategic interest of international capital. The main actors of this ideology are the TNCs, the IFIs, and the multi-national organizations such as the IMF, the World Bank and the World Trade Organization (WTO).

Under the new era of globalization of capitalism, it is observed that the 500 largest TNCs account for 30% of global production and 70% of global commodity trade (UNCTAD, 1994; Petras and Weltmeyer, 2001). On the other hand, the volume of daily trade in the foreign exchange markets accelerated from US$ 190 billion in the 1970s, to US$1.2 trillion in early 1990s, and to US$1.2 trillion currently. This number has outpaced the annual volume of global commodity trade by 70-folds. According to Petras and Weltmeyer (2001: 17) for every 1$ of transaction carried out in the real sector, the finance sector utilizes a transaction volume reaching to 25-30 dollars. As the main actor of international finance, the banking sector has diversified its international operations rapidly and increased its international credits to the developing world from US$32 billion in 1972 to $90 billion in 1981 (Strange, 1994. 112).

Thus, the term globalization reflects the main ideological concept of the TNCs and the IFIs to re-organize the global commodity and the financial markets to better serve their strategic interests, rather than a neutral term depicting miracles of technological advances as often alleged. In this sense, globalization is a cover-up phrase disguising the ideological interest of globalizing capital and entails a set of strategic policies to re-arrange the role of the developing nations in the international division of labor and to consolidate the capital's supremacy over labor.

Consequently one of the major distinguishing characteristics of the 20th century globalization regards the uneven distribution of world income upon which the consequent process of liberalization and deregulation are initiated. The current globalization wave is observed to deepen the existing/created unevenness of world income strata even further. As documented by the *1998 Trade and Development Report* of UNCTAD, the world *gini* coefficient of income distribution was 0.66 in 1965; increased to 0.68 in 1980; and to 0.74 in 1990. The average of the lowest percentile of world income was 74$ in 1965, in comparison to the average of the highest percentile which was 2,281$. This gave a ratio of 1-to-31. By 1990, the figures for the comparable percentiles were calculated to be 283$ for the lowest, and 17,056$ for the highest group. This meant a ratio of 1-to-60.

Concomitant to the intensified deterioration of the distribution of income strata, the 20th century globalization also witnessed a drastic change in the structure of the liquidity generation mechanism across the globe. While the liquidity mechanism of the 19th century was based mostly on the gold standard, the 20th century monetary systems mostly utilized *fiat* currencies. The fact that most of the major currencies of the world markets were based on nominal fiat values, which were effectively off-the gold standard after 1973 meant a system where "countries give up the exchange rate as an instrument of monetary policy up-front and must accept whatever exchange rate the global system generates" (Adelman and Yeldan, 2000b: 102). Set across a system of freely mobile international capital flows, flexible exchange rates amplify the swings in the financial markets by allowing speculation on foreign exchange markets that are excessively large; excessively liquid; excessively volatile; imperfectly informed; and subject to herd psychology.

Thus, it is this feature of the 20th century financial capital centers invited Adelman and Yeldan (2000b) to assert that "the process of economic development is at risk because the nature of global institutions for short term capital flows is robbing developing countries of their autonomy" (p. 96). To be able to better evaluate this assertion, we need to capture the essence of the concepts of financial liberalization and development strategy more closely.

III. The Rise of Finance Capital

One of the most distinguishing features of the 20th century wave of globalization is the ascendancy of finance over industry under a regime of fiat currencies. This gave rise to an immense speculation activity driven by massive capital flows led by myopic expectations.

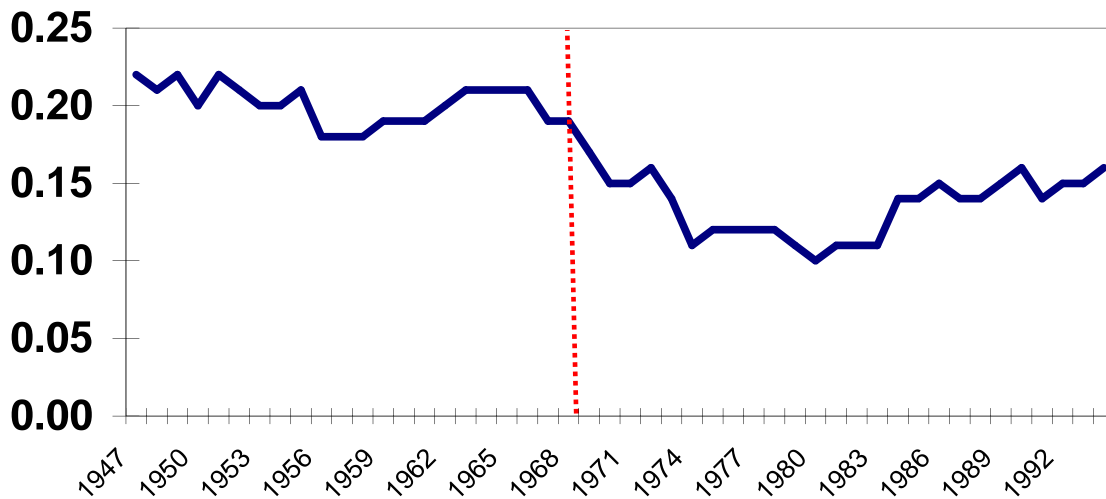
This process has been the result of the demise of the *Fordist* production technologies in sustaining profitability of capital. The Fordist model was based on mass-production for a mass-

consumption market. The need for mass-consumption has, in turn, necessitated a generally tolerant stance towards wage-labor by way of recognition of many labor rights. As a result, the strategy relied on the generation of a domestic mass consumption market based on strong wage incomes. The nature of technologies available back then enabled high productivity increases that led to sustained profitability for industrial capital.

With the advent of wide spread production facilities across the globe, however, the Fordist mass-production-mass consumption strategy reached its limits. Led by intensified competition through technological reverse-engineering, imitation and cheap labor costs, developing countries mainly of East Asia started to capture market shares which traditionally belonged to the *North.*

In Figure 1 below I depict the long run tendency of manufacturing profits in the US. The late 1960s clearly reveal the fall in rates of return to US manufacturing industry capital.

Figure 1. Profit Rates in US Manufacturing, 1947-1994



Source: Moseley, 2001.

As a response, pressures to sustain profitability surmounted. As rates of return in industry fell, the returns to finance capital were intensified. Calls for "financial liberalization" and "structural adjustment reforms" to guarantee "flexibility of labor markets" have echoed the ideological will of this transition.

In the meantime, there were further developments at work in the international financial markets. Massive surplus dollars were accumulated as a result of three phenomena:

(1) The US financed the war costs at Vietnam with rapid increases in liquidity;

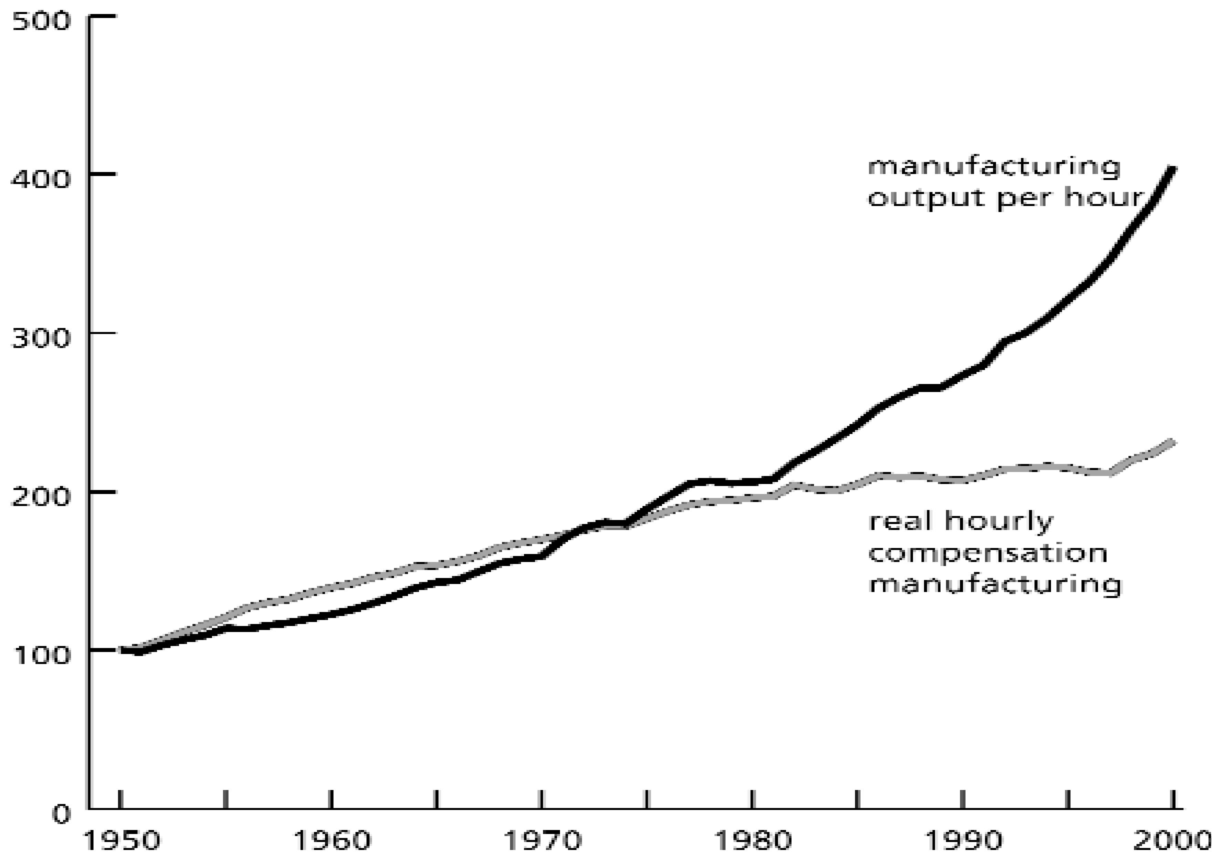
(2) Oil shocks of 1973 and 1978 have led to a massive accumulation of petro-dollars in the Western banks. This in turn necessitated a vent for "re-cycling" The excessively big liabilities of the banking system. Thus, the foundations of the *debt-trap* were laid out.

(3) Finally, the rapid population growth based on the so-called "baby-boomers" reached their retirement age. The retirement funds of the now-old baby-boomers necessitated even higher rates in the global financial markets. This led to the emergence of various financial instruments to accommodate the increased pressures in finance, such as derivatives, repos, hedge funds, etc.

These developments in the real and financial spheres have generated their own ideology, and the trinity of de-regulation, privatization and technological revolutions in banking and finance led to the supremacy of finance over industry in particular, and of capital over labor, in general. In the meantime, the economics profession witnessed the demise of the Keynesian demand management and the rise to hegemony of the neoliberal ideology. The demise of "development economics" was recognized as a welcome event, and economics as a science has been transformed to an engineering technical subject of technocrats and mathematical wizards. This opened up a whole new episode in human history, as "developing countries" came to be referred to with the seemingly neutral concept "new emerging markets", and "development policy" was replaced by "financial conditionality".

Capital's assault on labor continued with new forms of industrial organization. With intensified policy changes towards flexibility and privatization, position of wage-labor eroded everywhere. This process was most visible in the US, the hegemonic center of global capitalism. In order to depict this phenomenon Figure 2 portrays the paths of real wages and real labor productivity in US manufacturing in the second half of the 20th century. As clearly visible, the Fordist period under the Keynesian policies is associated with real wages following to a large extend the movements in labor productivity up until 1970s. The late 1970s, however, reveal the extend of capital's gains against labor. As the real wage rate stagnates, its path remains significantly below the real average product of labor. This difference yields the increased exploitation of wage labor in the last quarter of the century.

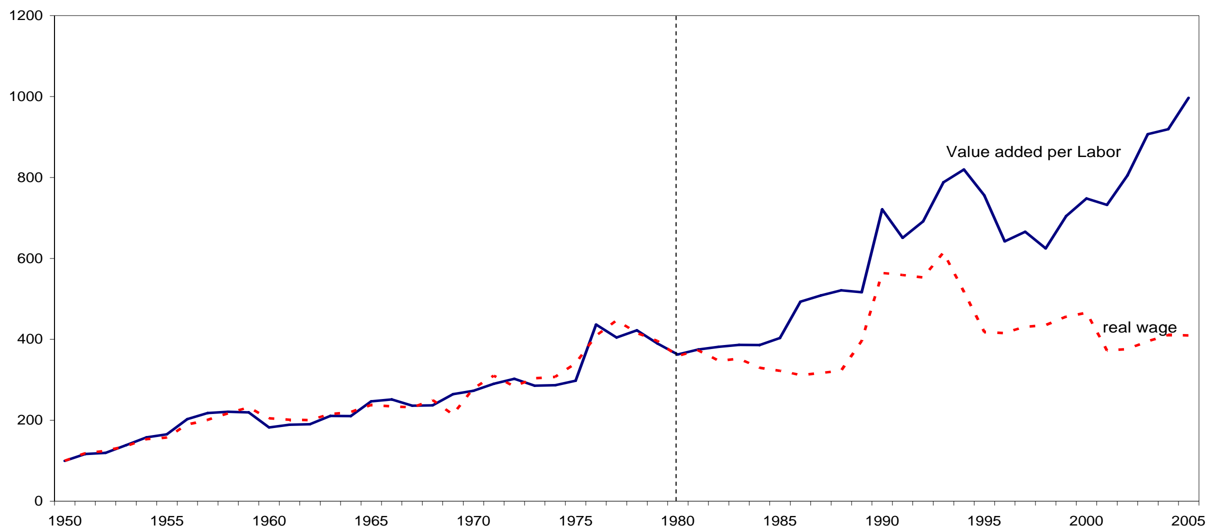
Figure 2. Labor Productivity and Hourly Real wages in US Manufacturing (1950 = 100)



Source: "The New Face of Capitalism: Slow Growth, Excess Capital and A Mountain of Debt" *Monthly Review*, editors, 2002. (*www.monthlyreview.org/0402.editr.htm*)

A different facet of this observation was at play across the Atlantic as well. Figure 3 below contrasts the US wage labor's position with that of a developing market economy, Turkey. The figure portrays comparable data and the verdict is exactly the same. Wage rates of the Turkish manufacturing labor follow the average real product until 1980, and under conditions of military dictatorship during the 1980s, a significant vedge is created among the real wage earnings and real labor productivity by way of intensified exploitation of labor.

Figure 3. Labor Productivity and Real Wages in Turkish Manufacturing (1950-1997)



Source: TURKSTAT, Annual Manufacturing Surveys.

Clearly very similar processes had been operational both at the North and South under neoliberal globalization. The end of the Fordist technological organizations led to the demise of the welfare state which enabled a comparatively tolerant attitude towards wage labor. As this delicate balance on mass production for domestic consumption eroded, capital has found a new opportunity in financial returns. Overall this process has led to the demise of the welfare state and an outright hostile attitude against the rights of labor.

As a result, share of labor in national incomes fell everywhere. According to Petras and Veltmeyer (2000) and Diwan's (1999) data, share of wage labor fell from 48% (1970) to 28% (1985) in Chile; from 41% (1970) to 25% (1989) in Argentina; from 37% (1970) to 27% (1989) in Mexico; from 40% (1970) to 17% (1986) in Peru. Similarly, according to calculations of Yeldan (2000, Chapter III) the share of wage labor in manufacturing value added was reduced from 28% in 1976 to 15% by 1987.

III-1. Deflationary Monetary and Fiscal Policy Environment: Credibility for Whom?

This abrupt shift in the distribution of income against labor coincided with the assault against indigenous strategies for economic development where employment generation and self-sustained growth were heralded among the supreme objectives of macroeconomic management. Deflationary stabilization measures for dis-inflation, fiscal austerity, de-regulation and flexibilization of the working conditions became the norm. Under the new macroeconomic management, *inflation targeting* (IT) has become the new sanctimony of the mainstream macroeconomic thought. More properly ought to be referred as "inflation forecast targeting"; the approach has now been adopted as the basis for a total of twenty four central banks' (CBs') official monetary policy to-date. After the initial adoption by New Zealand in 1990, the

conditionalities surrounding the IT regime were so powerful that the CBs of both the industrialized and the developing economies alike were compelled to declare that “maintaining price stability at a as low as possible rate of inflation is their *only* mandate”, and that “they have no other macroeconomic objective to pursue, such as employment generation or output growth”. It was generally believed that price stability is a pre-condition for sustained growth and employment, and that “high” inflation is damaging the economy in the long run.

That being asserted, however, employment creation has dropped off the direct agenda of most central banks just as the problems of global unemployment, underemployment and poverty are taking center stage as critical world issues (Heintz, 2006a, 2006b). The ILO estimates that in 2003, approximately 186 million people were jobless, the highest level ever recorded (ILO, 2004a). The employment to population ratio —a measure of unemployment– has fallen in the last decade, from 63.3% to 62.5% (ILO, 2004b). And as the quantity of jobs relative to need has fallen, there is also a significant global problem with respect to the quality of jobs. The ILO estimates that 22% of the developing world's workers earn less than $1 a day and 1.4 billion (or 57% of the developing world's workers) earn less than $2 a day. To reach the Millennium Development Goal of halving the share of working poor by 2015, sustained, robust economic growth will be required. The ILO estimates that on average, real GDP growth has to be maintained at 4.7% per year to reduce the share of $1 a day poverty by half by 2015, and significantly more than that to reduce the share of $2 a day poverty by half. According to the ILO: "…of the seven regions under consideration in this paper, only the three Asian Regions and the Middle East and North Africa region appear on track to meet the $1 target, and East Asia is the only region on track to reduce $2 working poverty by half. (Kapsos, 2004; Heintz, 2006a). In addition, the IMF economists estimate that economic growth needs to be sustained at 7% per year or more to reach the millennium development goal of reducing poverty by half by 2015 (Battini, *et. al.*, 2006, p. 8).

It is further acknowledged that with China’s and India’s opening up to the global markets and the collapse of the Soviet system together have added 1.5 billion new workers to the world’s economically active population (Freeman, 2004; 2005; Akyuz, 2006). This means almost doubling of the global labor force and a reduction of the global capital-labor ratio by half. Concomitant with the emergence of the developing countries in the global manufacturing trade, about 90% of the labor employed in world merchandise trade is low-skilled and un-skilled, suffering from marginalization and exclusion of basic worker rights at informalized markets (Akyuz, 2006; 2003).

The massive labor surplus and informalization in the developing countries have their origins in their structural bottlenecks and rigidities. Since the 1980s a large number of developing countries have suffered de-industrialization, serious informalization, and consequent worsening of the position of wage-labor, resulting with deterioration of income distribution and increased poverty. Much of these phenomena have been in tandem with the onset of neoliberal conditionalities imposing rapid liberalization of trade and premature deregulation of the indigenous financial markets.

Similarly, the deterioration of the conditions in the labor markets of the industrialized countries have its origins not on the mere expansion of developing country manufacturing exports, but originated mainly from the macroeconomic and financial policies followed under the post-1980s’

era of the so-called "Washington Consensus" (UNCTAD, 1995; Akyuz, Flassbeck and Kozul-Right, 2006).

With the ascendancy of finance over industry (UNCTAD, 1998), the globalization of finance has become the underlying source of instability and unpredictability in the world economy. The key problem is that the ongoing globalization serves primarily to redistribute shrinking investment funds and limited jobs across countries, rather than to accelerate capital accumulation across global scale (Akyuz, 2006). Simply put, the world economy is growing too slowly to generate sufficient jobs and it is allocating a smaller proportion of its income to fixed capital formation.

Under these adverse conditions, the so-called emerging market economies seek to rely on foreign direct investment (FDI) and are conditioned to adopt and maintain contractionary monetary policies in order to secure "investor confidence" and "international creditworthiness". Thus, the governments of these (emerging market) developing economies who seek to attract and maintain inflows of foreign capital have become constrained in the *ex ante* sense to adopt a series of restrictive monetary and fiscal policies (Grabel, 1995). Such efforts are restricted to a balanced budget, entrenched fiscal expenditures, and a relatively contractionary policy with an *ex ante* commitment to high real interest rates. All of this signify reduced political autonomy in the developing world in exchange for market access to industrialized North, and is itself a bad bargain as far as development is concerned (Rodrik, 2000).

IV. Conclusion: *Good-Bye Financial Repression, Hello Democracy Deficit*

The detrimental consequences of the neoliberal adjustment path on wage-labor were not limited only to the economic sphere. Labor's position was further curtailed as the developing country governments that are dependent upon foreign capital have been conditioned to adopt or maintain contractionary policies in order to secure "investor confidence" and "international creditworthiness". Such efforts are restricted to a balanced budget, entrenched fiscal expenditures, and a relatively contractionary monetary policy with an ex ante commitment to high real interest rates. In this environment portfolio investors become the ultimate arbiters of national macroeconomic policy (Cizre-Sakallioglu and Yeldan, 2000; Grabel, 1996). Public policy became synonymous to populism and waste as the democratic institutions were put under siege through endless lists of conditionalities set forth by the IMF and the World Bank, and in the meantime, the transnational companies and the international finance institutions (IFIs) have become the real governors with an implicit veto power over any economic and/or political decision that is likely to act against the interests of global capital. The IFIs' report rating scores in aligning the indigenous economies under the strategic realm of finance capital. Even direct political decisions are under scrutiny.

On conclusion, two important consequences of these transformations came to the fore as the basic problem of almost all developing countries: Speaking in broad terms, these are related to the *transfer of decisions relating to the public sphere from constitutional institutions of respective countries to "independent" supreme bodies of regulation working under global rules* and further *commercialisation* of the public sphere. This process, whose legitimisation is presented as "dissecting politics from economics" enhances the hegemony of global capital and its domestic extensions on society by keeping large sections of people and working masses afar from political

processes. Political leaders in all countries where these reforms are being implemented commonly refer to *clumsily working* "old" State and bureaucratic structures, also lamed by *corruption,* and the new model is championed by reference to its so–called efficient, strong, rule-abiding and accountable features. Any reader with further interest in a more elaborate and advanced analysis of these reforms and the *new State* in agenda as well as the *new public sphere* may refer to any website managed by IMF, WB, OECD or EU.

Reports containing mentioned policy suggestions not only define necessary measures and arrangements to be adopted, but also go as far as advising ways of securing public support in this field. The example below is from an OECD Report (2002) titled *Regulatory Reforms in Turkey: Important Support to Economic Improvement: Governance:*

> "*...It is vital to have open communication channels in order to have continued public support for the reforms. There is a need for dissemination of the targets and the advantages of the regulatory reforms. Another benefit of this approach is to eliminate the widespread public view that the reforms are imposed from abroad. For this reason, the public perception should be treated as an important issue within the communication strategy of the government.*" (page 11, underlined emphasis added).

Assessing the process which the so-called "emerging market economies" have undergone under the onset of neoliberal globalization, it becomes clearer that it is not simply a stride to "stabilize" the economic structures, but goes much beyond it to radically alter the social structures of those nations. The executing actors include political circles who shut their ears to reactions coming from different segments of society, justify their stance by repeating "*it is us who decide on policies to be adopted*" and maintain these policies at any cost whatsoever while keeping themselves content with the slogan "*firm commitment is a virtue"*. These top level bureaucrats, whom we can classify as a "global elite", often share the same mode of living and discourse worldwide. Extremely intolerant to any criticism including very innocent ones, these groups may well behave far distant from what can be given as the *sine qua non* of any democracy.

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