

According To The Sustainability Theory, The Natural Rebalance Of Resources And Wealth May Continue In Global Scenario

Giovanni Antonio Cossiga

Presidente Collegio sindaci Policlinico Umberto,
Università Sapienza, Roma

ABSTRACT

According to the profile of the sustainability economy, the scenario of the nineteenth century, characterized by a colonial structure governed by the major powers, and the imbalance in the wealth distribution that is recorded in today's world are both phenomena dependent on the deviation of the economy from the path of sustainability with nature. Nevertheless, it is inevitable that this deviation will eventually be corrected, and the global economy should then return to the path of a constant and balanced growth. So, leaving the instability world, which today starts from the performance decline and from the general convergence towards price deflation. The fall in the instability world, however, is far from irreversible because we should admit that deflation is a message telling us that things are going wrong, and the economic situation is a tool that is starting the recession to correct the economy in order to bring it back to the balance with the nature. In the sub-world, unfortunately, there are the excesses of an incoherent distribution of resources at a global level, together with the trend towards the concentration of wealth and income within the 10% of families at a local level. A double interlocking that slows down the development potential locally and globally and alters the democracy mechanisms due to the influence that owners of wealth and large incomes undoubtedly can have on the process of selecting the leadership for the economy management. A perverse mechanism that essentially exacerbates the differences in income and resources among peoples and families. In the perspective of the sustainability economy, the movement favoring the concentration cannot continue because the natural correction mechanism comes into play, thus operating according to the times of nature which are quite different from those of our daily lives. Therefore, we can now interpret and understand the amazing work that is globally reshaping the distribution of resources and culture, where Asia is becoming protagonist together with the West of a greater equity and participation. At the moment Africa remains out of this process, though trying to reinforce its pace. The reactions to the so-called globalization are obstacles to the development of process, on which is depending not only the emergence of post-colonial Africa. Because even the development of the global economy is now linked to the continuation of the natural process of rebalancing resources and wealth, not only at a global level but also at the level of states and continents.

Keyword: Economic Instability, Rebalance Of Resource, Deflation As Message, Corrective Mechanism, Sustainability Issue

INTRODUCTION

According to the sustainability issue, the engine and the evolution of development have their deep origin inside the compatibility with our planet evolution inside the Universe. Therefore, even the human evolution throughout its history on the planet is marked by the imprinting of the natural context that has safeguarded our survival. According to this point of view, our survival through endless events and intricate troubles, since the origins of human life on this planet is strongly linked to the mutual relationship that binds human beings and the planet around us.

This is the only way to explain the survival and the outstanding growth of human beings on the planet, the meaning taken by the technological acceleration in the relationship between humanity and nature as well as the amazing desire to explore the cosmic oceans after our ancestors crossed the Earth's oceans. In other words, the human history seems just a big question point if we do not analyze it from the perspective of an essential relationship existing between living creatures and nature all around. Moreover, on the other hand the aspiration towards the knowledge about mother Nature can somehow find an explanation only if we consider that the science seems to be more and more the main tool bringing the life of living beings closer to a nature that is gradually uncovering its secrets.

According to this point of view, the scientific method is not only the parameter moving the primordial human selfishness closer to the understanding of the nature that hosts us, but it's also the right tool to get the knowledge that brought us throughout the history until here and that is even accelerating to bring new insights and perspectives.

Now, it seems evident that if we analyze from this perspective the economic issues, which are basically the leaven of the potential human achievements, then the phenomena affecting the economy should be interpreted as part of the special relationship linking the humanity to mother Earth. In the sense, by the way, that the relationship between humanity and nature can only proceed through an exchange relationship between the nature that is feeding us and the humanity that investigates the evolution of the context where we live.

Since the science of economics can be considered a sort of basic condition of the relationship between humanity and nature, it is clear that the survival relationship should be based on a balanced natural relationship. As saying that nature is feeding us on the condition that resources are not wasted but are kept and saved for future generations.

This primary and essential condition also means that the distortion of this relationship deriving from the misuse of resources and from their irreversibility, must therefore find a mechanism, also natural and irreversible, able to protect this primordial axiom. *Ergo* the distortions suffered by the economic situation must be repairable, on one hand. On the other hand, they should always have some natural mechanisms able to condition the economy – generally intended - to restore the balance of the good relationship between humanity and nature.

Therefore, if the humankind has reached this day and can look to the future with high confidence, it's unavoidable to believe that the natural relationship can be loosened, even for a long time, but it cannot be completely violated.

From these brief considerations, the consequence arises that the normal balanced relationship requires that the global economy should grow according to a constant and increasing development line, following a rhythm that is connected - we can assume - to the scientific standards. In the sense that a backward outdated science is a weak engine of the economy, while an advanced and technologically robust science could allow a more balanced and therefore more accelerated dynamics of the economy, according to the natural order.

The combination between the constant and growing development and the level of scientific and technological situation is therefore the paradigm that has conditioned the potential of human development in the past. Now, the acceleration of science and technology - which also means a greater human attention to the relationship with mother Nature - opens development profiles, and even more will do in the future, in harmony with the logic of the planet and the natural world from which we all depend.

THE BASIC PRINCIPLES OF THE SUSTAINABILITY ECONOMY AND THE DEVIATIONS FROM THE BALANCED RELATIONSHIP WITH NATURE

The repercussions on the economy due to the tensions in the relationship between humanity and nature. The natural correction

The development difference of times in the relationship between humanity and nature is drawing us to think that there must be some natural tools to control, to reduce and eventually to compensate the distortions in that relationship. In the sense that the basic selfish nature of humanity could make the predatory character of human activity to prevail, therefore causing the increase of the possible dystonia between the evolution of living beings and its relation to the more slow process of natural environment. It is now clear that the escape from the natural development path cannot be destructive, because otherwise the basic principle of preserving resources for the future generations would be compromised.

It follows that the temporary breakdown of the balanced relationship between humankind and nature must be reported in the economic world through direct or implicit messages to alert about the deviation from the correct course. So, in the economic world the main message that marks the balance breakdown is the changed pace of economic development. Thus, the line of constant and slightly rising growth characterizing the path of the economy in natural balance is transformed into the conjunctural wave and its alterations during the imbalance state.

It is not just a sort of corrugation of the otherwise straight development line. Rather, it is a complex intervention scheme changing over time with the persistence of the instability state. The profile of the conjuncture waves is almost regular and repetitive when the correction of the altered system begins. If the economic system persists in the deviation from the correct relationship with nature, the economic wave changes with a progressive narrowing of the recovery phase while at the same time is extending and deepening the recessive phase.

Therefore, the novelty encountered in the sub-world of instability, when the relationship with nature is distorted, is the presence of the recession over time becoming more aggressive. Basically, the system in the sub-world uses the recession as its main tool to curb growth. In other words, the system that derailed from the path of balance with nature slows down or reduces potentials, thus limiting the engine of the economy which exceeded the limits of compatibility with the environment. This correction mechanism is activated - without any apparent guidance - when the economy has attempted to accelerate the pace, so undermining the rule of the correct consumption of resources. This correction process, which alters the development line, is strangely felt by the community, or at least by its majority, through signals and sensations involving also common people and not only the responsible leaders. In the sense that the economy travels through the human minds and can accelerate or decelerate only on condition that individuals, companies and families, are all involved in an atmosphere permeated by optimism or, instead, by pessimism about the prospects.

Therefore, the final engine of the correction system lies inside the community that feels, without delay or distraction, the ongoing change within the economic development process. Nor could it be different, because otherwise we should think of some authority invested with this high power: absurd and inconsistent hypothesis. So, the correction process lies in the community, which must therefore be the main receptor of the sensations and of direct and implicit information that the deviated economic system is generating and reproducing.

From this point of view, we can believe that even our neighbor is generally informed about the state of the economy and has some general ideas on the reasons that led the system to derail from the path of balance with nature. Nevertheless, it is possible that the limited group of privileged people with high income and wealth may have different ideas on the state of the economy; and this group has a high conditioning power.

However, this is only an exception to the opinion about the state of the economy recognized by most of the community. Because we may assume that the majority of the community shares the orientation on the economy state. And even because the progressive gap increase in wealth possession is a non-secondary effect of the economic imbalance and of the ongoing forcing about the correct relationship between humanity and nature. And all this can therefore represent a cause for further deviation or permanence of the economy on a path derailed from the balance with nature.

Even our neighbor, therefore, has excellent references to be able to give a summary judgment on the state of the economy in a current situation. But also, to get some basic or general ideas on the reasons that led to a deviation from the balanced growth path; as well as, moreover, to signal the way forward in order to bring the altered system back to its former stable condition.

Well, how can our neighbor next door have this information, which in quite different terms and in far greater detail is available to industry experts and economic analysts? On the other hand, there is a widespread trend towards market surveys based on the consumer sentiment. A good test for this genuine gift that each member of a community shares, which is a good guidance for the spending decisions of families and companies, but also - on a more general plan - for the general orientation of the markets.

In fact, the radar that everyone seems to have when assessing the state of the economy in their workplace, refers primarily to the markets in which the family or the company are operating. These are direct and explicit messages or messages somewhat implicit or perceived in the environment. The main and basic data for the individual analysis of the market state are of course the prices and their pace.

The pace of prices originates primarily from the pace of markets. In fact, we can say that in a stable and balanced economy it is impossible to imagine a growth of prices that be zero. In an economy that is growing, with a moderate but steady increase, prices cannot stop at zero. In other words, they cannot give the image of a paralyzed economy, because the markets are expression of a dynamism that is then transmitted to prices, according to a minimum but measurable scale. Because the price scale is nothing but the synthesis, as "in the mirror", of the huge and general dynamism of markets. Basically, it is the market background noise, recorded by prices when the economy is stable.

This base value - or base inflation - is nothing but the value close to 2%, but not coincident, that the Central Banks have indicated as the key value to measure a healthy and balanced growth in the economy.

Well, this is a completely ideal value, because it could only be found in economies that long remained firmly on the path of stability and balance. An ideal condition unavailable inside the global economic scenario. For this reason, in the case of an unstable economy, the possible compression of prices at these levels close to 2% could only indicate that we are in a condition of tendential price deflation, which therefore takes us away from the possibility of a good balance of the market. In fact, is missing the basic premise to give a rewarding meaning to the price rate close to 2%, because the economy is running through an unstable territory as reported by the price deflation trend. (*Cossiga, 2008*)

The price indicator provides a summary of the economic condition through an explicit and clear signal, immediately spread and with the same immediacy received by families and companies. Obviously, there are variations deriving from the escalating prices of the main raw materials, oil first. Prices that may interfere generally with the values of goods, though temporarily. In this case, the message coming from prices, although broad and widespread, relates to the dynamics of the economy.

Otherwise, if the price gauge becomes independent from the economic context, so moving under the pressure of a natural force inside the instability malaise, then we are faced with an explicit message from the economic system. The economic system is reporting, with a price movement or even run (inflation), that there is a deviation of the development process from the correct relationship with nature. Likewise, if prices tend to fall and then fall below the base value close to 2% becoming even negative. The deflation is a message from the deviated system, informing us about the opportunity to intervene to return to the natural and balanced condition.

The natural correction and the messages of the economic system deviated from the balanced relationship

Hence, the corrective system activated by the deviation from the balanced development path is basically based on the transformation of the growth line, steady and slowly rising, into the

conjuncture motion as a tangled snake that obviously penalizes the economy potential. Therefore, the corrective system turns into a degrading sinusoid because the recession must go into action. In other words, the temporary slowdown of the system through recession is the natural tool to reduce the damage caused by the breakdown of the balanced relationship with nature.

Well, if the development deviated mechanism is protracted over time, the correction becomes more intense through a progressive alteration of the conjunctural wave. In the sense that during the initial phase of the corrective process, the recovery phase is quite pronounced, while the recession is short. As the economic environment gets worse, the recovery phase is reduced and weak while the recession time is extended. Finally, with an extended alteration of the economic system and the greater distance from the correct relationship with nature (according to the rule of preservation of natural resources), the development line becomes only recessive, while the push towards recovery completely disappears.

So, the conjuncture is basically the scenario on which is consumed and developed the attempt to bring the system, deviated from the natural development relationship, into its natural channel. The natural corrective mechanism is the cause of the progressive exhaustion of the economy potentials, which decrease until to become negative, to progressively reduce the damage that the improper use of resources can produce over the natural system.

Nevertheless, the defenses of the natural system in the event of development deviation do not act promptly. That is, the natural reaction can also follow the times of the environment around us; times that are not compatible with those of human life. Therefore, it is unlikely that a system deviated from the natural development line could be promptly affected by the corrective reaction. Also, because it is legitimate to argue that the natural system has a certain degree of elasticity in its response, which may depend on the relative capability of the natural system to self-repair the overuse of natural resources.

The temporal gap in natural response, therefore, creates a discontinuity between the cause that started the natural deviation and the corrective event that is following but at a different time. A discontinuity that shelters or could shelter the leaders responsible for the economy management, who caused the deviation of the economic system from the natural path.

The probability that those responsible for a bad governance could be protected from the collectivity's judgment, due to the time shift of natural response, however, is partially reduced. We are helped in the consideration of this real possibility by the attitude of community that acts in relation to the environment as a sort of great perceiver of the symptoms, even minor, affecting the unstable economy. In the sense that the fall into the instability sub-world does not lead immediately to an immediate impact on the efficiency of the system's growth. However, although the signs of the new suffering condition are not so near, anyway the perception of the community, which is a fine receiver of any change in the state of the economy, may have already acquired the awareness on pace change.

This is to say that a dangerous political action aimed at accelerating the growth potential for mere partisan interests and to increase consensus, could achieve the opposite effect. In the sense that the community, perceiving the risk of a slow sliding towards the growing indebtedness of the system,

could at least in its majority contain and not increase the consensus for a government, which is judged to be unscrupulous and unreliable. In this sense, the most promising option for a ruling class and its economic governance should be to seek and maintain the natural balance road, which may allow us to magnify the potential and to prospect a steady period of constant and slightly rising growth.

This optimal direction does not expect future recessions because there is no need for corrections on the path made by the balance with nature. Furthermore, the prospect of "a tomorrow equal to today", therefore without any possible reversal in the near future of the economic process, must be considered rewarding for the community, or at least for its majority, which is the instrument of the privileged relationship between humankind and nature.

Only in this way we can interpret the longevity of those political classes that invested in programs able to maintain the growing and cautious trend of the economy. While on the contrary we can see the dynamism of continuously changing management classes in countries affected by the shock of an uncertain future, due to choices that favor the short run leaving out those interventions aimed at the long run and then at the balance with natural evolution.

In fact, we should think that the irrevocable relationship between community and nature implies the presence in the common DNA of the expectation for a "tomorrow not different from today" at the economic level. A widespread feeling, indeed, based on the natural evolution of economic systems inside a balanced and stable contest, in which the growth of the economy follows a steady, slightly increasing trend. In a context of balance between the economy and nature, we can admit that there is no opposition to the linear motion of the economy, which therefore should grow according to a constant path of moderate development.

So, unlike what happens in the instability sub-world, where the opposition arises from the gap between the balanced path to development and the deviation undertaken either intentionally or by error. It follows that the alteration of the linear growth process is a serious disturbing factor compared to the expectations of the community, according to the natural order. Therefore, the community will seek to restore the natural condition without disturbances, thus placing the responsibility for the altered path of the economy on the political class guiding the country.

Ergo, to avoid the loss of consensus, the ruling class will try to restore the blocked path of linear development. In this contingency, the short-term effect is often pursued through measures that can have some social impact, though limited. This response is not only partial and improbable about the expected effects, but also contradictory with the community's position aiming to restore confidence in a future without cyclical troubles.

It is not improbable that the first reason for the system deviation from natural motion could be found in a somewhat distant past, while responsibilities may fall on the current leadership governing the economy. Despite this delay, it is anyway evident that the persistence of an economic system inside the sub-world is obviously a serious responsibility, which consequently lies with the current government. Just because of the "nonchalance" in treating the distortion symptoms in development and persevering in the current *status quo* without taking corrective measures.

Once entered the tunnel of weak or blocked development, there is then a lack of trust within the community towards the political classes that succeed each other in the government of the country, pretending to restore trust by measures of modest social value or openly clientelistic. We are thus in a context unable to find a way for the linear growth recovery, because of the recurrent misunderstanding between the community and the ruling political class.

In other words, the community that claims to return to the natural growth condition without cyclical troubles, may also be willing to accept a corrective recessive episode, if this sacrifice would be followed by a return to the economic balance. Thus, until the emergence of some political personalities able to gather this latent need of the community, the risk is to remain in the tunnel of sub-world economic and social.

Inflation and deflation are messages coming from the monetary system and originated by the alteration of the economy

Staying on the issue of the economy in the instability sub-world, the main tool available to the natural corrective mechanism is the recession. A possibility unavailable instead in the world of stability; in fact, the cyclical economic wave appears only to set stagnation and recession to work. These events are unavailable, simply because they are not necessary within an economy which is traveling from a long time along the path of natural development.

There are no other natural corrective mechanisms apart from the recession, which is accompanied however by *shadows* and by *ghosts* evoked by the instability: these have no action power on the conditions of the economy, because they are a sort of mirror representation, just images of the deviated state of the economy. Despite their essential feature, that is though unable to interfere with the state of the economy as mere images of it, anyway they have a fundamental importance in promoting the restoration of economic stability.

In fact, they are the primary messengers informing the community and each one of us that we have lost the perspective of a linear and constant growth, the perspective of a "tomorrow the same as today", creating a climate of attention about the state of the economy government and the programs in progress. They are therefore explicit messengers that the altered system produces - without any guidance and in a repetitive form over time and space - to mark, also quite ahead of the conjuncture time, that the good moments are behind and therefore it's necessary to rethink the forms of the economy management.

So, defined in its form somehow unfocused, the phenomenon of the nominal rush or regression of prices is powered by a mechanism related to the condition of the economic system but never involved in the sinusoidal evolution of the economy. These are shadows of the conjuncture phenomenon and as such - as in a mirror - they follow its movements. This is why, as the economic climate worsens due to an extended permanence in the instability, the natural engine feeding the price movement also changes its pace.

Thus, at the initial stage of instability, just like the conjuncture that alternates recovery and short recessions of the economic system, the inflation remains weak and easy to control with monetary policy instruments. The worsening of the economic situation consequently leads to a change also in its effect on the price movements, which increase the acceleration of the nominal run. This

phenomenon is accentuated with the progressive worsening of the conjuncture, whose effects still convey a message to the community about the urgency to change the economy's direction.

Likewise, the economic system becomes troubled by the attempts to force the potentials that anchor its run towards liquidity availability and easy credit, which are inconsistent with the actual state of the economy. In response, the system shows a constant trend to falling prices. Even in the case of deflation, prices follow a natural engine that reproduces the economic trend, but without interfering in any way with the conjuncture. This situation of unstable state shows a slowdown in the economic potential but is somewhat doped due to the presence inside the market of great liquidity availability and anomalous credit growth.

Deflation and inflation are therefore both messengers, shadows created by the instability of economic systems, which are expressions of different unstable economic situations. Exactly for this reason, to believe that deflation may be the opposite of inflation is an error in substance and method. Even worse would be to believe that deflation could be corrected by a "measure" of inflation, because in this way we would state that we can pretend to move from one monetary expression to another, as if they were comparable to a real economic management program.

Because both inflation and deflation are mechanisms with a natural engine and as such, they certainly cannot emerge through a normal economic management model, which by the way may be responsible for the fall and permanence of the economic system into the instability sub-world.

This perspective, which perceives the nominal price movements linked to the unstable economy as messengers that are essentially warning about the system deviated situation, introduces some new points of view in the fight against the deviation of the economic system. In fact, talking about fight against inflation or deflation control may no longer make sense. Because fighting the signs of malaise could mean that we are going against the mirror represented by money, which is just a handmaid of the economic scenario.

In other words, the struggle against the symbols of the instability within economic systems, represented by inflation or deflation, in this way becomes a sort of battle against windmills. The system fever, that is the nominal alteration of the prices dragged by an autonomous engine which is somehow transferring over the money the conjuncture trouble gradually increasing, is to be compared to the fever of a living organism. That is, a sign of malaise and not the malaise itself, which is essentially the untreated instability of the economy.

The inflation fever obviously cannot be treated by placing limits on the main prices, with a sort of straight jacket on prices. Because in this way the market becomes frozen and the basic problem certainly remains unsolved. The classic attack to the inflation rising through monetary policy is the maneuver of interest rates, which thus will follow the price adventure. Basically, there is not a real action against the reasons that caused the deviation of the economy from the natural route. The increased cost of money is widely reflected on the prices, so affecting the behavior of companies and families that reduce consumption and investments. Therefore, the delegation of the fight against inflation to the monetary policy is the waiver from the economy government of the right action to attack the actual reasons that led to instability.

In any case, the function performed by monetary policy through the interest rate maneuver affects the economic situation and only indirectly the price direction. In other words, with the rate maneuver in the case of inflation, the cost increases, this time due to the rising interest rates, will affect and slow down the growth of the economy. The following freeze or recession of the economy has an impact, though only by reflection, on the fate of prices which thus tend to decrease. In fact, the recession in the economy is generally followed by consequent falling in nominal prices.

It should be noted that the inflation driven by the natural engine, follows its rhythm dependent on the acceleration imposed by the instability degree of the economic system. The speed reduction of prices due to the ongoing recession is of a different nature, which is obviously unrelated to the natural engine of nominal inflation. In this regard, it is worth to note that deflation (so to say an economic recession in fieri) normally acts in subtraction from the underlying phenomenon of nominal inflation. It can be deduced that prices would begin to fall, under the pressure of the economic downturn, but only if the downward push operated by the recession would be stronger than the acceleration of nominal inflation driven by instability.

In the case of a fight against inflation through monetary policy, the target are not the nominal prices but the economic situation, which through its decline transmits a downward impulse to the run of nominal prices. Therefore, the monetary policy takes the place of the natural engine that usually is activating the recession to mitigate the gap between the natural path and the deviated course of the unstable system.

Talking now about the case of deflation inside an unstable system, also in this case the monetary policy acts by delegation of the economy government, on which lies the task to control the excesses of an economy running out of the natural path. In this case, however, the scenario is different. In fact, to mitigate the price decline it would be necessary, also in this case, to let the natural system to push the economy down to allow thus the economy recession. A maneuver that, blocking the tendency to speculative rush of the altered system, in reasonable times can reduce the economy instability and consequently would therefore mitigate the downward trend of prices.

If the monetary policy hopes to mitigate the price run with the progressive decline of interest rates, and therefore of the cost of money, we can witness a basic misunderstanding. Deflation may decline, perhaps maintaining a value lower than the base inflation rate, so lower than that value close to 2% assumed by the central banks as a potential indicator of a good economy. To mitigate the economic downturn and the growing dangers of economic default series, the central banks, as now, are feeding the market with new and growing liquidity system. Thus, the reduction in interest rates supports the economy while increasing liquidity added to the system keeps the price deflation in the balance.

The misunderstanding lies in the fact that under the influence of these two different actions, the conjuncture seems to hold, although it is weak, while deflation remains a latent and unresolved danger. Apparently, there is no way out! And in fact, we must admit that in this case we are unable to find a way out and we seriously risk that the scenario would act in unexpected and overly critical way. In short, in this hypothesis the monetary policy plays a substitute role for the government, which remains 'at the window' just to see what would happen. However, the buffer function carried

out by monetary policy seem to be in opposition to the natural correction, which instead requires an economic recession to restore the correct course as soon as possible.

ACCORDING TO THE SUSTAINABILITY THEORY, THE GLOBAL ECONOMY IS SUFFERING Some preliminary observations

We can state that the fate of the economy seems to be entrusted to monetary policy, which at the global level essentially moves in line with the position taken by the Federal Reserve, at least regarding the continental areas. In summary, according to the FED, the warning signal represented by the chronic price weakness is partially neglected; and this phenomenon is confirmed even though the US economy is apparently healthy, at least in the years 2018-2019. Therefore, remains somewhat unspoken the basic thesis confirming the choice to finance the economy with increasing liquidity in the belief that the chronic trend towards economic deflation can be overcome, although in an indefinite time (On a 12-month basis, overall inflation and inflation for items other than food and energy are running below 2 percent. Market-based measures of inflation compensation remain low; survey-based measures of longer-term inflation expectations are little changed. - Federal Reserve issues FOMC statement December 11, 2019.) The changing global scenario for the storm imposed by COVID 19 do not seem to change in deep the strategy of central banks, at least on the theme of the envisaged price path, when in the end it will be passed the pandemic disease.

However, maximum attention had been paid to the economic trend, essentially looking at the indicator of the economy state (The Committee decided to maintain the target range for the federal funds rate at 1-1/2 to 1-3/4 percent. The Committee judges that the current stance of monetary policy is appropriate to support sustained expansion of economic activity, strong labor market conditions, and inflation near the Committee's symmetric 2 percent objective. - Federal Reserve issues FOMC statement December 11, 2019). On the assumption that as long as the economy holds and remains positive, sooner or later prices should follow the same upward pace. This uncertain hypothesis sees - before the outbreak of the pandemic - a conjuncture that holds (even with a decreasing growth) and weak prices, far from the base inflation value close to 2%. An anomalous condition that cannot in any case be considered as like the condition of natural, linear and constant growth, with the inflation close to the base value.

Therefore, it seems possible to deduce that the Fed's effort is aimed - before the pandemic but in perspective also after - at keeping a good economic growth, and that the good economic factor is valid to expect a recovery in prices. The US central bank is therefore acting as a substantial support to the action of the economy management, relying on the doubtful assumption that the economy is dragging with it also the fate of prices. An unfounded axiom, indeed.

It can be observed that the conjuncture is the expression of the economic situation, while nominal prices (inflation and deflation) fully follow the economic situation without contributing to the economy's fate. The relationship between the conjuncture and the nominal prices implies that during the recovery phase the inflation is pushed upwards, while during the recession the prices are pushed downwards. We must consider that this upward or downward push imposed by the conjuncture, is algebraically added to the accelerated underlying motion of the nominal price movement, which in turn depends on the instability state.

Therefore, during the recession there will be a downward adjustment of the price nominal trend, or an upward push in the event of a recovering conjuncture. Just to say that, inside an unstable system subject to deflation, a moderate cycle expansion brings with it an upward push to depressed prices, while in the case of recession an additional downward fall in prices would occur. Downward and upward tensions that, as we said, are algebraically added *to the accelerated underlying motion*. In the case of the US economy, the cautious expansion of the cycle in the years 2018-2019 objectively contributes to the increase of price pressure, which however remains low. We are therefore faced with a mechanical - how to say - effect according to which the good conjuncture provides a modest upward push at weak prices.

So, if we eliminate this mechanical component of price support, it is clear that the economic system has an underlying tendency towards deflation. Which we should consider incompatible with the economic system recovering phase. Therefore, does not seem sustainable the underlying thesis that a supposed continuation of the US economy expansion may represent the driving force for a recovery of price strength. Indeed, it could be thought that the progressive exhaustion of the economic push may lead to a slightly declining path for nominal prices.

As saying that the economic pressure is partially hiding the chronic price weakness that obviously occurs when the cycle strength is exhausted. From this point of view, may seem correct the position taken by the Central Bank, which relies on the resilience of the recovering economy as a support instrument also for the price holding. Now, firstly it is to be excluded that a value near to base inflation close to 2% may announce that a balanced situation could have finally been reached together with a linear and constant growth. Even if this would occur, it would be just a simple overlap with an ideal value, which instead postulates an extended season of balanced economy, not found in the recent experience of cyclical trouble doped by the tax return and the permissive monetary policy. (Cossiga, no. X, 2018)

In short, an economy working with the 'crutches' of fiscal policy, which creates an embarrassing public debt, and a monetary policy that seems to have no other chance than to follow the market hungry for liquidity. These are not certainly the ideal conditions to maintain the structure of an enduring natural balance. The problem can get complicated when we observe that the scenario in North America is not so different from what is outlined inside the European Union. With the exception, anyway, of the fragmentation of fiscal policies within the Europe of 19, which sees together the countries willing to support the cycle by deficit support policies and some core countries, Germany first, more likely instead to stop the public debt. A duplicity in the management of the public budget and deficit that persists also in post-coronavirus Europe, even if faced with a different prodigality of fiscal policy to support the economy between the north and south of the continent. It does not seem singular therefore that the European Central Bank, before the spread of the epidemic that is changing the economy of the continent, insisted on a very permissive monetary policy, anticipating this time the position of the FED (Pending the activation of the Recovery Fund at European level, the burden of the support to the conjuncture cycle, carried out in a fragmented way by the Union countries, seems then to find a sort of unity through the monetary policy). Regarding fiscal policies, the euro area fiscal stance is expected to continue to provide some support to economic activity. In view of the weak economic outlook, the Governing Council welcomes the Eurogroup's call in December for differentiated fiscal responses and its readiness to coordinate. Governments with fiscal space should be ready to act in an effective and timely manner.

In countries where public debt is high, governments need to pursue prudent policies and meet structural balance targets, which will create the conditions for automatic stabilizers to operate freely. All countries should intensify their efforts to achieve a more growth-friendly composition of public finances. Christine Lagarde, President of the ECB, Frankfurt am Main, 23 January 2020)

The picture does not change if we move on to the Asian countries which, before the shock caused by the pandemic, envisaged a slightly rising price profile given a supposed slow rise in the economy. According to ante-Covid 19 position of the Reserve Bank of India, the price trend towards standard 2% base inflation would be possible provided that growth continues at a rapid pace. Finally, China provides a framework which reflects the resolute monetary easing due to coronavirus(The People's Bank of China (PboC) announced on Sunday that 1,200 billion yuan (equal to over 156 billion euros) will be injected into the country's financial system through reverse repo transactions, on the eve of the reopening of the Shanghai and Shenzhen markets, closed for the Lunar New Year holidays from January 24th. Subsequently, the PboC also announced that the interest rates on the 14-day reverse repo had been cut from 2.65% to 2.55% (after the reductions of five basis points in October and December) and from 2.50% to 2.40% the rates on the seven-day ones.)

The fearsome unexpected storm of the pandemic suddenly changed the picture of the global economy at worst. The outlook for 2020 has changed ex abrupto, with a generalized drop in GDP in all industrialized countries and a rapid decline in employment. The response of the financial market to the lockdown has been uncertain. After a rapid drop in stock prices to the global level, in the face of the progress of the threat and the consequent uncertainty, there has been a non-marginal recovery especially in the US stock exchanges (Figure 1). A sign of uncertain understanding, given the expectation of a profound cut in the GDP and, I would say above all, the unprecedented increase in unemployment with a worsening of the classes less favoring and an increase in poverty.

The gap between the world of finance, in relative recovery, and the economy deeply wounded by the pandemic, highlights a probable different recovery capacity of the two fronts. The first that is already moving to partially regain the fall in values (though few win and many lose), although they represent structures of the economy which is destined to redesign itself in minus, at least for the next one or two years. The other (real economy) who must prove his ability to recover after the sudden braking and decline. It seems to be able to say that the two images of the economy, financial market and the real economy, are giving a plastic appearance of the degree of recovery. Slow for the economy and therefore for the community of the labor, much more rapid and uninhibited for wealth, always concentrated upward in society. Not only.

Because the different recovery capacity of the financial market in the various industrialized countries seems to mark not so much the effective capacity of each economic system to recover after the pandemic, but rather the recovery potential that individual economies can bring into play, essentially on the front of the financial market. A potential that comes not from the real economy and its virtues, but rather from the financial market itself and its instinct - so to speak - to the increase in financial wealth. (Roubini, 2011)

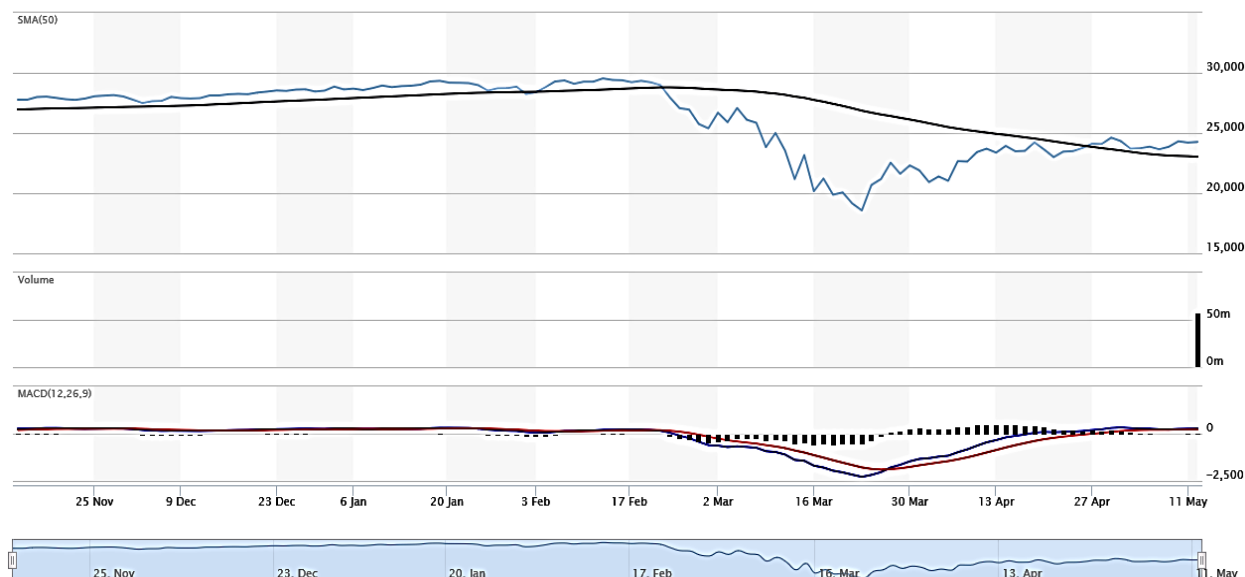


Figure 1 – Trend of Dow Jones Industrial in recent six months from November 2019 to May 2020

Source: From MarketWatch

Now, if the recovery of financial market surpasses the real economy, it often may happen to the detriment of the same production activity, which in some way remains in a weak position on the credit market and therefore sees its possibility of recovery diminishing. It follows that the financial market thus ceases to be predominantly the mechanism capable of oiling the wheels of the economy and, instead, assumes the characteristics of an entity with its own purposes. That is, above all to maintain the ability to centralize wealth for the limited members of the community favored by fate. It follows that it becomes necessary at this point to set limits on the accentuation of this phenomenon, because it occurs in contrast to the objectives of recovery in the real economy facing the pandemic crisis. But this requires a separate discussion on the rhythms of finance and its possible cycles, even adverse ones.

With the emergence of the pandemic on a global level, the main central banks have - how to say - adjusted the monetary policy settings to the evolution of the economic scenario. Keeping the reference rate at a level close to zero and, above all expanding the measures to give all the liquidity necessary for the economic systems, which suddenly entered a severe recession. In any case, the main decisions adopted in the first months of 2020 are reported in the note (In connection with these plans, the Committee voted unanimously to authorize and direct the Federal Reserve Bank of New York, until instructed otherwise, to execute transactions in the System Open Market Account in accordance with the following domestic policy directive: - The Committee also directs the Desk to continue conducting term and overnight repurchase agreement operations to ensure that the supply of reserves remains ample and to support the smooth functioning of short-term U.S. dollar funding markets. In addition, the Committee directs the Desk to conduct overnight reverse repurchase operations (and reverse repurchase operations with maturities of more than one day when necessary to accommodate weekend, holiday, or similar trading conventions) at an offering rate of 0.00 percent, in amounts limited only by the value of Treasury securities held outright in the System Open Market Account that are available for such operations and by a per-counterparty limit of \$30 billion per day. Federal Reserve issues FOMC statement. - March 23, 2020), (Additional

longer-term refinancing operations (LTROs) will be conducted, temporarily, to provide immediate liquidity support to the euro area financial system. Although the Governing Council does not see material signs of strains in money markets or liquidity shortages in the banking system, these operations will provide an effective backstop in case of need. They will be carried out through a fixed rate tender procedure with full allotment, with an interest rate that is equal to the average rate on the deposit facility. The LTROs will provide liquidity at favorable terms to bridge the period until the TLTRO III operation in June 2020. ECB Monetary policy decisions - 12 March 2020 – A new series of non-targeted pandemic emergency longer-term refinancing operations (PELTROs) will be conducted to support liquidity conditions in the euro area financial system and contribute to preserving the smooth functioning of money markets by providing an effective liquidity backstop. The PELTROs consist of seven additional refinancing operations commencing in May 2020 and maturing in a staggered sequence between July and September 2021 in line with the duration of the collateral easing measures. They will be carried out as fixed rate tender procedures with full allotment, with an interest rate that is 25 basis points below the average rate on the main refinancing operations prevailing over the life of each PELTRO. ECB Monetary policy decisions 30 April 2020).

Apart from the succession of interventions and the undoubtedly unusual size adopted by central banks to counter the consequences of the pandemic infection on the economy, some consideration is offered by the singular reaction of the markets to the wave of monetary policy adjustments. In summary, there seems to be some connection between the reaction of the financial markets, ready to awaken, and the unusual breadth of monetary policy.

We must also consider that the reaction of the real economy to the ultra-Keynesian actions implemented by the governments of the main countries for the protection of productive activities and of the wage bill, have not had - at least for now - a clear answer; if not perhaps a less reactivity and a widespread sense of expectation about the response of the economy. We are still unable to draw any conclusions. However, the opaque response of the economy so far to the possibilities promised by fiscal policy does not offer at least reasons of comfort for now, perhaps because we are partially at least faced with proposals and potentiality.

On the other hand, a different response from the financial markets and the real economy to the mix offered by fiscal and monetary policy proposes a series of questions on the prospect of epochal phenomena in progress, such as the natural balance of riches and resources among the various areas of the world. Not only. We must also ask ourselves about the phenomenon, which does not retreat, about the concentration of wealth and incomes among some fortunate groups, to the detriment of the fairer distribution in the community. Both problems of great importance that will certainly be subject to a redefinition due to the unexpected impact of the pandemic.

The theme of natural balance of resources and wealth between continents and large countries will be the subject of some reflection in the following pages. Then, the argument of the centralization of wealth and incomes in limited family groups will perhaps be even more accentuated by the serious fall in the economic cycle and by the indolence of this group to take note of the ethical contrast that emerges. The last subject for his great importance requires anyway a separate consideration.

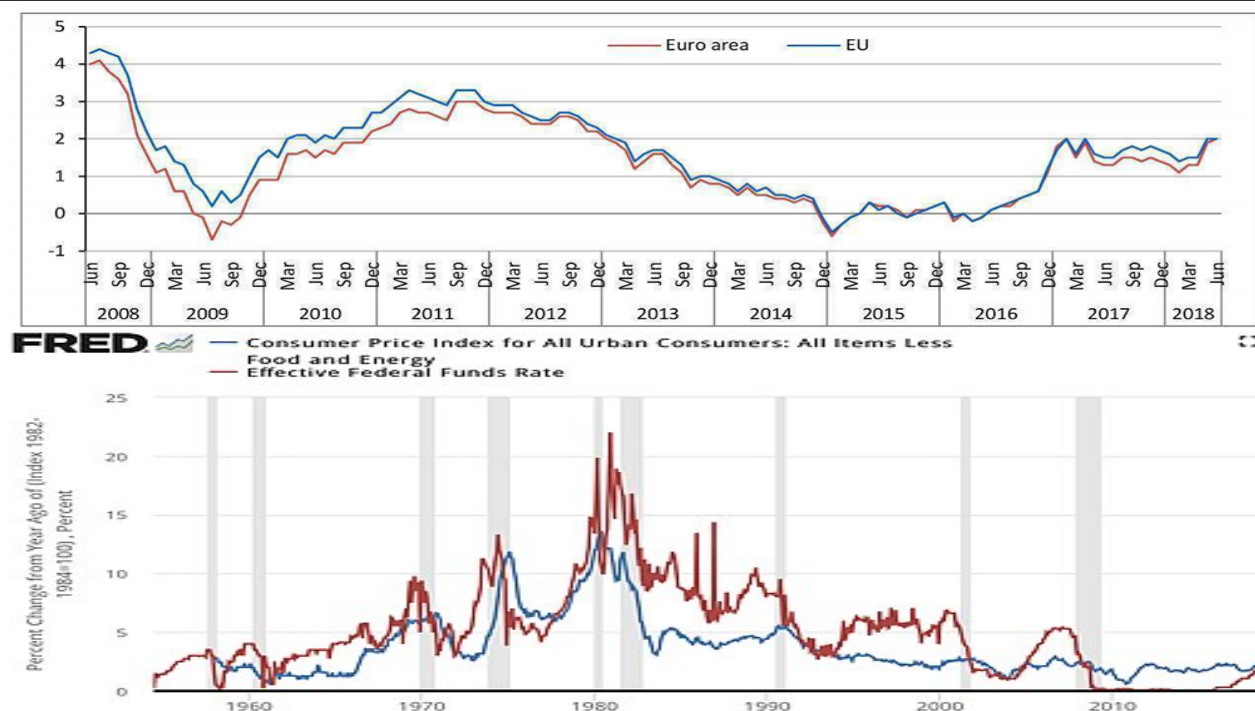


Figure 2 – Trend of inflation in two great countries in the previous decade

The powerful action of the homogenization of cultural and economic conditions at a global level

The outlined global framework leads to a reflection. The world is gliding towards a condition of low or very low inflation, already fully evident in the western world and seems to be still more accentuated by the heavy repercussions on the real economy of the pandemic. In Asia, the downward trend in inflation is confirmed by the analyzes of Central Banks, with the prospect that in a few years (two or three) will be reached the level now characterizing the West. Well, this general and global trend towards deflation of economic systems must mean something else. And this even in addition to the observation that the whole global economy is inside an unstable condition, which it is the state that predisposes the fall in prices up to deflation.

I mean that the unstable condition is certainly the characteristic driving the economy towards the deflation trend. But this condition has become or is becoming universal. And certainly, this is not fully explained by the unbalanced basic state of economic systems.

It should be considered that on the Asian front, the two economic giants traveled for many years on development trends that would be unimaginable for a traveler of the last century for whom a large part of the Far East world was just a colony of the main European states. With the violent confrontation of the different worlds between the 'civilized' West and the colonized Far East considered underdeveloped on a cultural and economic level.

Hence, time seems to perform the function of rebalancing the peoples at a global level and in all areas of human civilization. And this great and unexpected awakening of Asia is not just a movement originated within those countries. Instead, we see the unexpected result of collaboration between the communities of both the industrialized West and the Far East. By the way, there is no way to

identify a sort of leading manager who orchestrated such a powerful design of great historical significance that is bringing closer economy and culture of the different continents and especially North America, Europe and Asia.

The phenomenon, which has taken the name of globalization, in its superficiality can lead to an excessive simplification. Not only about the underlying reasons behind the universal redistribution of the resources offered by our Mother Earth, but also and maybe above all about the dynamics of the phenomenon. (Roach, 2009)

A phenomenon, that of the redistribution of resources at a global level, which seems far from exhausted and which is now moving with the experienced dynamics towards Africa. Now, it should be clear that our planet's capability to create resources is far from unlimited, in the respect for the historical rules of preservation of natural resources for the future generations. It could be deduced that a powerful process like the one we have witnessed during the recent years, must have losers and winners. In the sense that we can imagine that the development strength experienced by the Asian countries would have as a conditional consequence, the progressive slowdown in the growth of Western countries.

With various consequences, indeed. Nevertheless, in the meantime, the global redistribution issue must anyway have an engine, something that has been activated over time until to produce the unexpected effects that we are observing. In the sense that even the distorted redistribution of wealth and culture, and therefore the exclusion of large communities, can have inside a natural force capable, in times maybe not consistent with those of a single generation, to start the action for a redistributive strong effort.

Now, it should be clear that scientific and general knowledge is not only the basis of human civilization but also the ideal bridge linking humanity's path throughout history with the evolution of mother nature. In the sense that the relationship between humankind and environment around us, can be strengthened and harmonized only thanks to the mediation offered by culture. So, the more widespread would be the culture, without time and space limitations among the communities living on our planet, the more it could carry out an effective task as the ideal humankind-nature mediator.

According to this paradigm, we can believe that an altered redistribution function of the earth's resources, and therefore an unbalance of the relative civilization levels, are symptoms of an incorrect development for a balanced relationship with Nature. The phenomenon of globalization can therefore be ascribed within a natural process that is trying to rearrange the access-to-resources issue, according to principles of greater equity between the communities. In the assumption that this greater coherence in the use of natural resources has the consequence of an acceleration of scientific and general research. Which, in turn, is synonymous with a more coherent approach between humankind and nature.

On this basis we can believe that the gap of the wealth and resources between the different world areas, as in the nineteenth century, cannot go on endlessly but there must be a point beyond which the inconsistent development mechanism can stop, precisely because of the widening gap. It follows

that, to avoid this eventuality by the way not yet occurred, a phase of progressive, though slow, reduction of all macroscopic differences must be started.

The start of this phase narrowing the differences is a necessary process for several reasons. First, the turning point that enables the start of a redistribution of resources at a global level cannot be defined. On the other hand, it is impossible to identify any direction or management of the phenomenon, which will proceed once started with a relative rapidity and acceleration. On a general level and only for an analysis purpose, it could be thought that the slow start of the process may be found in the second post-world war. The reconstruction effort that took place in Europe during the second post-war period, after the terrible war destruction, can be considered possible even because finally was unlocked the strict separation between the backward and colonized Asia and the industrialized and dominating Europe.

In fact, we should somehow think that a development affecting only a part of the global economies would find its limit in the inconsistency due to the irrationality of this partial progress. Therefore, the further development path can only be possible with the start of the progressive, albeit slow, phase of overall improvement at a global level. In fact, this could be the factor that after the Second World War began, together with the acceleration of western development, the progressive approach of the process of cultural and economic development in Asia.

This is to say that whatever action the advanced countries intend to take to repress the development acceleration of Asia, essentially, they move in contrast to the general principle of economic stability. A long-term stability thus irrevocably imposes a progressive and inevitable approximation of the quality of relative development in a global context.

Hence, the strong *rhythm* of cultural and economic development that affected the global condition was made possible by this process of bringing the conditions of the West and Asia closer together, promoted by the natural mechanism of greater balance of resources at the global level. A drift that not only allowed the Asian continent to reach levels not different from those of the West, but it was the sequence that allowed the acceleration of development in the after Second World War.

According to this approach which sees the balance of development a necessary mechanism, it can be considered that at this stage - apart from the strong but temporary effects of the pandemic - the slow deterioration of the economic phase in Europe and to follow in North America, should and can be interpreted as a consequence of the potential exhaustion of this evolution. In other words, the instability of the economies that is now generalized not only in the West but also in the major Asian countries, may be the result of the progressive incompatibility of the development pace starting from the second half of the twentieth century. All that, given the completion of the approach phase for the conditions of the West and Asia.

An interpretation certainly for large numbers, but nevertheless suitable to give a synthetic picture of the current evolutionary framework. This is because the natural approaching process of economies should not allow, due to its nature of homogenizer, a further great progress - diverging, this time - of the great Asian countries, as so these have reached already the Western level. A stasis, therefore, that can involve not only Europe and therefore North America, but even China, which tends to maintain the development pace that was natural during the homogenization phase of the

global economies, but at this point is taking the form of a forced and undue pressure. It is then inevitable that despite the pressure exerted through the monetary policy and the strength of public investment, the process should stop or almost regress, even apart from the repercussions of the pandemic on the scenario of the global economy.

The exhaustion of the current homogenization process and the global consequences

An interpretation of the global situation, which would have exhausted its approaching role between the great countries regarding the cultural and economic development level, could shed light on the underlying reasons that are somehow cooling the pressure of global development. In some ways it can be argued that the instability, which leads today almost the entire global context to a backward march of prices and to an escalation of price deflation, can also be connected to the changed global scenario. A context that sees only a partial restoring in the process of more equitable distribution of culture and resources in the global context. Obviously, there are those excluded from this revolution in the general economic framework

At this point, we could believe that if the development mechanism of the global economy is stopping, perhaps this could depend on the fact that the adjustment of the Asian economies is running out, with the relative equality of the great Asian countries and the West. As also shown by the progressive process, though still weak, of the reallocation of production activities within the European less developed areas and in part by the return to the home countries of the Western area. Now, this return process, if it can prove that the homogenization phase is exhausted at least in some great Asian area, does not appear capable of reactivating the mechanism of global development, which therefore tends to decline. In other words, the post-homogenization adjustments in Asia do not seem to be able to revive even a moderate run toward a more equitable global development. For the simple reason that evidently the route to an acceptable homogenization of culture and resources at a global level is still incomplete and therefore the natural process must go on.

This is to say that it must be fully understood and interiorized at the level of large countries that the launch of new economic colonization processes, see Africa, are inconceivable. And that on the other hand, the idea supported by some conservative sectors in the USA to call back home the production activities located mainly in Asia, would be a limit imposed on the country's economic growth. And, obviously, also on global development, which remains entangled in this revenge which is a losing strategy from many points of view.

The current condition shows that a relative stasis of the global homogenization process is now prevailing, and at the same time, thus, there is a decline in global development potential. We cannot believe, however, that outbreaks of improper nationalism are worsening the scenario, because otherwise we should believe that the leadership of some countries, the USA and China first of all, would be able to condition the long and inexorable tendency towards a greater balance between the continents.

Instead, we can now believe that this strange lethargy currently taking the economy – even for the pandemic disease - is justified by the timing of the mechanism which is incomparable with the human times. On the other hand, the long run of Asia, and China in particular, started from far away and only during the 2000s achieved a level that is now remarkably close to that of the West. It is

therefore not surprising that a new phase of homogenization of the development profiles by time can resume its corrective movement, starting from the African continent as I was saying before. The symptoms are quite evident. Much news is no longer coming from Asia but are produced in Africa, although this change is still mitigated. Or rather underestimated, because the presence of the new giants of the economy in Asia still arouses wonder and above all I would say the probably erroneous feeling that the phenomenon in the Far East, far from being exhausted, can continue.

Table 1 – Wealth distribution for continents and great nations

Position	Country	Total wealth (billion USD)	Position	Country	Total wealth (billion USD)
—	World	280,289	1	<u>USA</u>	93,560
—	North America	101,005	2	<u>China</u>	29,000
—	Asia	80,548	3	<u>Japan</u>	23,682
—	Europe	79,639	4	<u>United Kingdom</u>	14,073
—	South America	8,107	5	<u>Germany</u>	13,714
—	Africa	2,499	6	<u>France</u>	12,969
			7	<u>Italy</u>	10,853

Source: Elaborations on general data

All this to say that we will face a pause in the global development, waiting that the process of reallocation and redistribution of resources can be resumed, with the probable extension of the continental area affected by an accentuated development phase. We can already note the prodrome with the relaunch of important areas in sub-Saharan Africa, which are already showing growth rates not different from those recorded in China and in Southeast Asian countries during the 1980s and 1990s.

Of course, we cannot know when the stasis phase that is now outlined could be overcome. According to this approach, the solution of this problem will not be soon, due to the accentuated pressure released on the ongoing process that has seen Asia becoming a leading subject in the world development. This concentration of the homogenization process on the major Asian countries has essentially neglected a slower but more balanced paradigm, which may be extended therefore also to the countries and continents that for now remained behind on the path of coordinated development.

Now it must be thought that this lived phase of accentuation in a direction of the homogenization process would not anyway exhaust the natural motion. However, a sort of new imbalance in the

global development process has been created, which is again excluding Africa and some large Latin American countries.

An imbalance in the global development process that seems to have been somewhat forced by the pressure exerted by countries such as China and India, which – as to say - have become accustomed to completely improper development rates for countries that have reached levels comparable to the West. As saying that maintaining or trying to maintain the high growth rates of the economy (with economic and cultural standards now competing with the West) is certainly increasingly difficult, also due to the probable exhaustion of the widely used tools of fiscal and monetary policy.

A difficulty for the new countries, which have reached globally now the top levels, that does not end within these economies but has repercussions over the entire global system, which therefore suffers a marked slowdown and inevitable stasis. Almost as if, after the great run characterizing the first phase of homogenization in the 2000s, the natural paradigm - aiming at a more general balance on a global level - was taking a break just to resume then its run.

It follows that the forced development being postulated by countries like China and India, together with the Trump's America who are “fanning the flame” with the public budget by reducing taxation for the three-year period 2108-2020, cannot be able to give the expected effects. And even if they mark some advantages, these are temporary and could essentially accelerate the stasis that is now progressively affecting the global economy.

As saying that it does not seem in the powers of governments or Central Banks the possibility or the burden of contrasting the current natural order. Which seems to be looking for a new way to resume its march towards a more widespread and balanced homogenization levels of development among large countries and continents.

The concentration of wealth and income at a local level is a vortex from which it is difficult to escape

In summary, we can say that Europe is the continent that is somewhat following the process of relative stagnation of economic development, while the USA and China show they want to resist the declining trend of economic growth imposed by the deflationary horizon. With the massive implementation of the instruments specific to monetary policy and above all to fiscal policy. A behavior dictated by internal power issues but reverberating outside until to invest and contrast the homogenization sequence at a global level.

Just to say that the forces globally acting to reduce the imbalances of the economy between the continents, should also act at the level of the Western and Far Eastern great protagonists. Within which the wealth levels between the various social categories are constantly changing for the worse, in the sense that is increasing mostly the wealth possessed by the first decile of families. In the USA, the gap in household wealth and income is very unbalanced and this gap is widening even after the great financial crisis of the years 2008-2010. (see **Figure 3**)

According to this approach, the natural mechanism continues to monitor the global distribution of resources, with times that cannot be listed according to normal daily values; therefore, over time, it must necessarily act also at the level of single major players, the USA and China firstly. The trend

towards deflation, which is now the common scenario of the major countries, finds therefore its justification not only for the unbalance level of the global scenario, but also and perhaps mostly, for the inappropriate distribution of wealth within the large countries in Europe, North America and China. Large countries showing a growing uncontested tendency of wealth and income to expand at the expense of many families, who in the lower deciles' present levels of widespread poverty. (Cardoso, 1992)

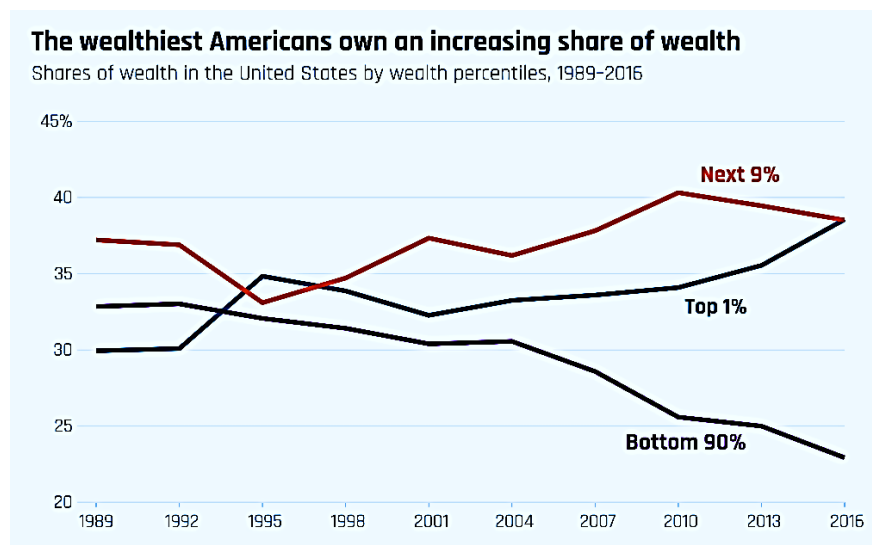


Figure 3 – Profile of the wealth distribution in the United States from 1989 to 2016

Source: Federal Reserve Board “Survey of consumer finances”

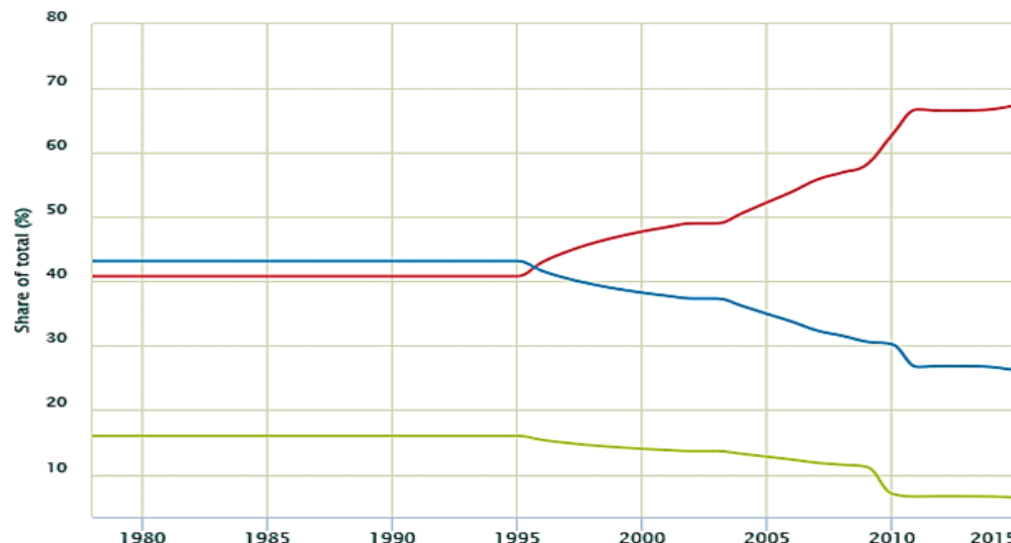


Figure 4 - Wealth inequality in China, 1978-2015

= Net personal wealth - Top 10% = Net personal wealth - Middle 40% = Net personal wealth - Bottom 50%

Source: World Inequality Database

Now, how is working the natural homogenization mechanism of natural resources at the level of single large economies? It is evident that the same phenomenon of the centralization of wealth and income represents a progressive tool to stop development and to slow down natural potentials. Therefore, we could say that this imbalance mechanism is already at the basis of the development

capacity contraction found in the Western countries. However, the path of falling potential does not seem suitable to make the distribution process more balanced and reasonable to be able to restore natural growth and constant and moderately increasing development at global level.

It should be added that the choice to implement a weak growth through the energies of fiscal policy, can only temporarily achieve some results, but with a poisoned tail. In fact, the increase in public expenditure and the financial weakness that follows shows that unfortunately it acts by creating the conditions for a permissive environment for the centralization of resources and the imbalance of wealth and incomes upwards. So basically, in opposition to the natural rule and to the balance of economic systems which is based on a greater equity of social distribution.

On the other hand, also the action of monetary policy, which played a supporting role during the great financial crisis of the 2000s and back in action in times of pandemic, seems to act in contrast with the equality principle, which is essential for a constant and moderate development of the economy in natural balance. Now, there is no doubt that the maneuver of the money cost and the creation of new liquidity have mitigated the serious recessionary involution during the 2008-2010 financial crisis, and so will be for the acting pandemic crisis. However, it cannot be denied that this profusion of new liquidity, which avoided the worst during the crisis, has, however, ended up benefiting the most favored classes, though for the majority of community the safeguard of jobs was anyway an important social factor.

There is no question about the effectiveness, with few exceptions, of the interventions during the storm investing the global economy, but this maneuver to support the seriously declining economy unfortunately has a dark side. That is, it accentuates the deviation that the economic system undergoes when leaving the stability path, with the consequence that the natural tendency towards a balanced growth is transformed into the swaying and changing cycle of the economy, which brings with it the corrective procedure of the recession and now the trend towards price deflation .

The conjuncture is not only a factor of uncertainty and especially social imbalance, which feeds a recurring cycle of cyclical reversals that accelerate when the instability of the systems increases. But it also has serious social consequences because it is essentially causing the loss of jobs of the unprotected part of the community. Thus, becoming a discriminating factor that widens the distance with the most favored part of collectivity in terms of wealth and income; a distance only partly reduced with welfare policy.

Therefore, even the cyclical sinuosity may induce the perverse effect of widening the social divide in favor of the advantaged classes; a perverse effect added to that exercised in the same direction by financial fragility and increasing public debt. It's now clear that the exit from this vortex, tending to widen the social divide in terms of income and wealth, cannot be found if there is a stubborn opposition against the recession and no attempt is made to control the economic imbalance, which is the cause of economic and social malaise.

There is no doubt that support operations through fiscal and monetary policy have given to the economy some breath in a phase of serious disturbance and general concern. Of course, within the crisis vortex of the same size that we experienced during the first decade of the year 2000s and

expected due to the pandemic, there seems to be no other resource than to use all the tools available to limit the damage.

Nevertheless, it should be clear that these reactions made to avoid greater damage are somewhat leaving an aftermath even heavier. That is, they have unbalanced effects on the distribution of wealth and incomes, because they ultimately contribute to subtracting the capital and wealth of the privileged classes from a partial destruction while only mitigating the damage that unemployment - even if lessened - produces to the majority of the community. Therefore, a mechanism that once again acts to safeguard wealth at the top and instead widens the gap of an unequal social distribution.

Then, the problem would not be that of avoiding the use of tutors to support the conjuncture, when it is seriously declining, but rather that we must feel obliged to prevent the economic system from reaching this extreme and powerful measure of the speculation-crisis paradigm, in order to contain the instability that is not redressed.

Because it's always necessary to keep in mind that the conjuncture is not an absolute evil, rather it's a cure assumed by the system in a natural way to correct, through periodic incisive recessions, the deviations from the natural development path. Of course, in accordance with the obligation to keep resources preserved for the future generations. Therefore, attacking the conjuncture and trying to restore it - that is, returning to the normal growing and constant development curve - through the fiscal and economic policies as tutors, may not make any sense. Or rather, this would mean to give an apparent advantage but to keep the system for a long time essentially inside the instability sub-world, then without a real possibility over time to leave the instability path.

As saying that the battle against the recession or worse against the serious financial crisis, such as that of 2000 and now due to the viral epidemic that affects humanity, seems to be a battle against windmills, because perhaps the expected result does not occur and, above all, we cannot get out of the deflation trap at global level. (Cossiga, 2018)

I should like to reiterate that the advantages obtained from the antagonism to the conjuncture are only limited and unable to resolve the Gordian knot of the situation, which does not lie in the instrumentation that the unstable world creates as sort of ghosts (conjuncture, deflation, distorted distribution of wealth, change of social status, unemployment increase). All these aspects created by the instability scenario are messages to the community so that with the democratic tools we could remove those leaders responsible for incorrect policies and would start a generational change of leadership. In fact, the community - at least its majority - should be understood as a receptor of social problems and economic troubles, which is entrusted with the task of selecting the best leadership suitable for the mission of restoring the balance of altered systems.

Let us never *forget* that the relationship binding humanity to the nature around us, follows long times that are not certainly as fast as those of our everyday life. It is therefore impossible to believe that the natural corrective system could have a reactivity somehow comparable to what we live daily. It follows that the relationship between humankind and nature has a temporal flexibility which allows, even for long times according to the human parameter, the deviation of the economic system from the natural path.

This flexibility allowed in the relationship with nature is not certainly left to chance or irrationality, because in this case the human life wouldn't have its long season of presence on our planet, overcoming a multitude of difficulties and dangers (natural or originated by humanity itself). The instability sub-world is essentially a sort of hospital in which natural therapies are applied (the conjuncture) and a messaging is generated to inform the community directly (inflation or deflation) or implicitly about the abnormal state of the economy.

RESULT

The altered distribution of family income may be considered a important core issue for the natural correction system

The sub-world of instability is therefore a lazaretto that helps us to exit, with a path not without penalty, from the sub-world itself to return to constant growth and moderate increase in balance with nature. Unfortunately, the indiscriminate use of fiscal and monetary policy instruments could counteract normal convalescence while in the sub-world, to the extent of blocking the healing process. In the meantime, while all this occurs even in contrast to the tendency to return to the natural development of economic systems, the altered mechanism can cause damage to social relations, with the upward shift of wealth and income, so that the poorest population part is increasing even in the most advanced and developed countries.

An excess that cannot continue indefinitely, because it affects inevitably the growth capacity of the economy, which thus tends to slow down and stop; moreover, the social tension created by this unnatural state involves a damages increasing with the growth of the poor or very poor community. A dangerous social condition, indeed, especially because it can be tarnishing or attenuating the community's ability to select and choose a political ruling class able to solve the controversial aspects in the economy management.

The solution to these problems arising from the breakdown of the balance of resources would be to transfer a share of the wealth and income excess from the higher social class to the less privileged families, to recompose the social relations on a more balanced basis. Unfortunately, this is only a theoretical study hypothesis!

Governments therefore tend to choose the simplest, yet only apparently, way. That is to ease the tension, by placing on the public fiscal system the burden of a weak correction with the distribution of a modest or very modest social income. A somehow coward kind of action, that essentially aggravates the initial condition because the increase in public debt, when it is reaching and exceeding 80% of GDP, becomes an additional factor of income shift from low-income families to the dominant class.

Now it is clear that any action with just a short-term vision not only does not reward but also loses the consent of the citizens. The community will react then, starting the dynamics of a frequent succession of governments and leadership, which are getting shorter as they do not respond to the natural demands proposed by the natural correction mechanism in the instability sub-world. On the other hand, we cannot believe that this alteration would continue without end, because we do not know when, but we know that there will be soon or late an irremovable and unavoidable natural correction.

The centralization of wealth and incomes is reproduced, globally, between states and, locally, between families. It can therefore be thought that the natural mechanism for a more equitable distribution of natural resources acts in all directions, locally or at a general level. What we have experienced since the post-war period to date with the race of Asia and the two main countries, China and India, obviously move on the path of greater homogenization of resources globally.

Moreover, the homogenization process will continue, despite the stubborn opposition shown by some Western leaders and the stubborn hypothesis that the return home of the activities previously located elsewhere could give new impetus to local development. Wrong hypothesis, because a brake anyway placed on the path of a greater homogeneity in the distribution of natural resources can have the opposite result of slowing down the global development, so making any nationalistic hope disappear.

Now the phenomenon that has evolved and is ongoing at a global level, certainly cannot in turn avoid the transfer, through a parallel corrective mechanism, within all those states and continents showing from the social point of view the same form of alteration in the wealth distribution at household level. Hence, we can argue that the corrective phenomenon takes even extreme forms when the ordinary path, represented by the conjuncture and the alternation of recessions, is altered or even blocked through the usual economic support tools. Just to dissimulate, in this way, the linear and constant trend of the natural economic growth.

The extended absence of recessions and at the same time the irremediable tendency of prices to deflation, even in the presence of speculative alterations in the price of raw materials, primarily oil, is the scenario that we can define characteristic of the countries and continents, which have long deviated from the correct path of natural growth.

The expansion of this scenario is certainly significant. In fact, it is notifying us that not only there is not any remedy with traditional defense mechanisms, but also that the natural corrective mechanism is in action, then overcoming the limitations imposed on the recurrent conjuncture game. As saying that the possibility of solutions through the classic economic control methods is not enough to contrast the irrevocable tendency of economic systems to develop according to the natural law.

Because if that were the case - that is, if we were able to bring the unstable economy back on the right path of balance with nature - then we would already be in a balanced scenario with constant growth. This is inadmissible because it's now widening the scenario of the global economy affected by the tendency to deflation; scenario that we can feel as an explicit message, though not involved in the real economy movement, which underlines the deviation of the economy.

Now, this message too could be rearranged because of the pressure exerted on the economy by the classical tools. In the sense that a temporary but assessable success on the economic situation, as in the US case of 2008-2009 (with the cycle performance forced through a tax cut and a simultaneous public debt increase beyond 100%), has also the effect to mitigate the grip of deflation, which thus shows a slight decline, albeit temporary.

But the *result* will be the spreading of the incorrect idea that we can, with hyper-Keynesian instruments, also manage the course of deflation. This is doubly incorrect, firstly because deflation is a message, not an instrument of natural correction policy and then because it is a war against a rubber wall, bouncing and returning to the starting point.

Be careful, because the real enemy is not the deflation, which is just a monetary shadow, a ghost that appears to give once again to the community a warning that we're swimming against the tide and therefore sooner or later a solution will come. Unfortunately, as unexpected as it is violent and very costly economically and socially, as we are unfortunately verifying with the impact of an unexpected severity of the pandemic.

Returning to the topic under consideration, that is the natural correction of the gradual and serious imbalance in the income distribution among families, we can believe that it is a further symptom of instability within the economy. A particular aspect, however, that in the current phase could be the focus of attention and manifestation of the natural correction system.

This is not of course the only nor the main topic now brought to the attention of the corrective system. But certainly, once established the fact that we are experiencing a powerful action of homogenization of resources at a global level, it cannot seem strange that this revision can also occur at the level of individual states and continents. This time to correct the anomaly of wealth that is moving in favor of higher classes while the popular classes are left behind.

Therefore, we have no difficulty in believing that also the phenomenon that we experienced in the years 2008-2010 at its maximum violence, should be categorized as a correction directed in a non-marginal way to put a remedy to the distorted distribution and to balance the fate in favor of the popular classes.

It can be added that the unexpected economic crisis caused by the pandemic also has consequences that are not different from the experience of the speculation-crisis combination. Although with quite different reasons, it can be expected that the consequences will not be so different on both the real economy and the financial market. It can also be assumed that the natural phenomenon of the pandemic could anticipate the conclusion of an ongoing speculation-crisis paradigm. With the summation - albeit partial - of the two phenomena, the unexpected pandemic, and the paradigm in formation and prematurely éclaté.

The failed reduction of imbalances in the distribution of resources within the community

The great financial crisis of the 2000s cannot be seen only from the point of view of the primary need to accommodate the macroscopic problem of wealth concentration, which however must be considered a serious anomaly. Also, because the natural purpose that we can indicate as prevalent – the safeguard of resources for future generations – apparently does not have any logical link with the unnatural and illogical accumulation of wealth by a few privileged people.

That said, it should be added that the bubble bursting of the 2000s and the following serious financial crisis must be interpreted as an exceptional event, which occurs only in the presence of an abnormal situations. Such as, for example, the ongoing long battle against deflation with limited

results, depending rather, as already mentioned, on the attempt to support the economy, which otherwise would tend to decline. (Reinhart, 2009)

It would therefore be the stainless desire of the leadership to see their government action confirmed by the community, one of the causes that contributes to maintaining essentially the deflationary scenario that is saturating the global economy. Surprisingly just because of the increasingly pressing pressure to the classic policy of economic support. In other words, opposition to the economic turnaround can essentially undermine and block over time the proper manifestation of the natural corrective action. Action that relies on the conjuncture, with its repeated recessionary turns to bring the economic system back on the path of necessary balance with nature.

If this recurrent mechanism is blocked and the natural correction is stopped or limited, the scenario of speculation and its corollary of “narcosis state” of operators and families may arise. Everyone is drawn into the speculation vortex and attracted by the siren song of a limitless growth. A general numbness that cannot be interpreted except as a supine appeasement to a phenomenon that becomes inevitable, to overcome the impasse which blocked the natural correction path.

Well, we should understand that the exceptional and anomalous phenomenon occurs also and perhaps inter alias to mitigate the process that is bringing the wealth and incomes upwards, with distorting effects and falling in the economic potential that leads to decline. Left to act, in fact, the financial crisis will attack capital and wealth; so mainly the rentier class, holder of the great wealth would be affected, inter alia by blocking the creation mechanism through the cheap credit availability.

Obviously, being a strategy of last resort, it’s essentially destructive and affecting the whole society, cutting off power and wealth of the elite, but consequently also the rest of population due to the cascade loss of jobs and the progressive unemployment increase. As we have already said, in this circumstance, under the hard blows of financial crisis it is inevitable to try to fight off the attacks through interventions of support policies and public replacement interventions. The problem at this point is the direction of these interventions.

Recent experience shows that the necessary and mandatory interventions to rescue large companies and to partially convert from private to public those activities affected by the sudden lack of liquidity and credit, might be useful to reduce as far as possible the social stress deriving from the crisis. By reasoning in terms of the trend towards a greater homogenization, the substitution of private capital with public capital could essentially mean a redistribution of wealth from the great rentiers and shareholders to the community, generally considered.

In this sense, it is then an obligation to maintain a virtuous public budget, provided with the necessary resources to carry out these support actions during the great financial crises. Similarly, the safeguarding of the major banks affected by the financial crisis and otherwise failed, stands as an obligation that moreover allows us to replace private capital with public capital, always with a view to a more equitable redistribution of resources at a social level. We must therefore never forget that the goal of speculative degeneration and financial crisis is, among other things, to restore meaning and order to the resource distribution within the society.

Well, this objective of the speculation-financial crisis paradigm, that is the reduction of imbalances in the distribution of resources, a few years after the disruptive wind that marked the global economies with few exceptions, seems to have been missed. Billionaire fortunes increased by 12 percent last year – or \$2.5 billion a day - while the 3.8 billion people who make up the poorest half of humanity saw their wealth decline by 11 percent, reveals a new report from Oxfam today.

The report 'Public Good or Private Wealth' reveals that the number of billionaires has almost doubled since the financial crisis, with a new billionaire created every two days between 2017 and 2018, yet wealthy individuals and corporations are paying lower rates of tax than they have in decades. Getting the richest one percent to pay just 0.5 percent extra tax on their wealth could raise more money than it would cost to educate the 262 million children out of school and provide healthcare that would save the lives of 3.3 million people. Just four cents in every dollar of tax revenue collected globally came from taxes on wealth such as inheritance or property in 2015. These types of tax have been reduced or eliminated in many rich countries and are barely implemented in the developing world. Tax rates for wealthy individuals and corporations have also been cut dramatically. For example, the top rate of personal income tax in rich countries fell from 62 percent in 1970 to just 38 percent in 2013. The average rate in poor countries is just 28 percent. In Some Countries, Such As Brazil, The Poorest 10 Percent Of Society Are Now Paying A Higher Proportion Of Their Incomes In Tax Than The Richest 10 Percent.

At the same time, public services are suffering from chronic underfunding or being outsourced to private companies that exclude the poorest people. In many countries a decent education or quality healthcare has become a luxury only the rich can afford. Every day 10,000 people die because they lack access to affordable healthcare. In developing countries, a child from a poor family is twice as likely to die before the age of five than a child from a rich family. In countries like Kenya a child from a rich family will spend twice as long in education as one from a poor family. OXFAM International "The power of people against poverty" In other words, after a decade from the hard experience of the financial crisis of the year 2000, we had witness in the eve of coronavirus crisis a stagnation and now a deep accentuation of the phenomenon.

It seems legitimate to believe that the measures taken or shall be taken to correct the sudden downturn in the economy have in the recent experience partially or totally missed the objective of a more equitable distribution of wealth and income. Now, there is no question that the crisis has produced a negative wave among the great owners of wealth and income, but we can say that basically there has been a redistribution at the top rather than a balance involving the entire range of community. Then it is clear that if this rebalancing goal was failed, we can believe that it would be possible to repeat a similar phenomenon in order to start anyway the attempted path of a greater homogenization.

With the doubt that even a new re-edition of the fearsome speculation-crisis paradigm cannot give the expected results but would just 'remix cards' without any progress in the desired direction. Now, we can really rule out that the powerful global action, which is giving some undeniable results in the global redistribution work, can't have also a *parallel local action* to give more order and balance to the distribution of natural resources.

Therefore, we can believe that the ultra-Keynesian instruments, put in action to somehow mitigate the negative wave of the serious financial crisis, can also have this effect of stifling the rebalancing tension. Tension which, at least in part, should be considered the natural objective of the speculative wave before and of the financial crisis afterwards.

On the other hand, it's highly probable that the ultra-accommodative monetary policy with the money cost close to zero and with the creation of liquidity through the Quantitative Easing (QE), may have the power to re-emphasize and recreate the accumulation of capital within upper classes. A sort of substitution game made for those who are able to take advantage of money at a near zero cost to recompose the wealth that the financial crisis aimed to disrupt in order to start again over time in a more balanced way.

Faced with the disturbing prospect of a renewed financial crisis and the possible frustrating result, we must work to avoid the repetition of the speculation-crisis paradigm. Primarily, the community should act to ensure that the ongoing global process proceeds naturally.

This means that the selection of the new ruling classes for the governance of the economy should reward the long-term programs, which are therefore guided by a general overview of the global economy. With the non-marginal goal to tolerate the ongoing global resource rebalancing natural scheme, which on the other hand we are unable to contain.

Regarding the way to rebalance the distribution of resources within the communities, the problem becomes more difficult because it is affecting the core profiles of fiscal and monetary policies.

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