



Audrius Dauksa

On paradoxes, principles, and illusions

In the global free-market economy, both conservatives and social democrats are attempting the impossible. No less hopeless is the doctrine of the self-regulating market. Yet the biggest illusion of them all is "democratic capitalism" — an inherently contradictory notion. The gap between rhetoric and reality in today's politics is there for all to see, writes Audrius Dauksa: so why aren't politicians looking?

The saying: "life is full of paradoxes" is not just some colourful metaphor; it is also reality. As we look around, I am sure it isn't too difficult to realize that we are literally surrounded by them. They abound in virtually every sphere of human activity, be it science, arts, business, religion, or politics. Often, however, we neither see them nor seem to care. That is a pity, since paradoxes are not all that harmless. In general, a life full of paradoxes eventually metamorphoses into a theatre of the absurd, in which logic and common sense are often absent. Actors in this play (all of us) face bad news; the absurdity introduced makes it more difficult, if at all possible, to produce the reasonably "happy ending" that so many await.

It has to be stressed that paradoxes apparently are not distributed uniformly. There are, for instance, a lot fewer of them in science than in politics. The explanation is simple. It stems from the principles that constitute the very basis of scientific work. Without these, science would be no more than a guessing game replete with flimsy and perverse, perhaps even idiotic, hypotheses or conclusions. In other words, without guiding principles, science as we know it could simply not exist.

However, what appears to be self-evident in science is frequently absent from politics. Although certain theoretical principles are always audibly proclaimed, they are rarely observed in practice. That's why politics is never short of paradoxes, which stem from an inversion of principles.

In Set Theory, mathematicians use Russell's method of logical types in order to eliminate paradoxes; this allows them to reduce the principal of abstraction. Perhaps it would be useful to try something similar in politics, where the ability to be outspoken without saying anything of substance has come to be perceived as a kind of political wisdom, or even virtue.

Many politicians use such techniques. They appear talkative about a variety of matters, except expression of the clear and concrete principles they claim to represent. Just as in science, politics that is not based on principles remain baseless. Politicians are usually reluctant to focus on the principles that separate their parties. Such differences must exist. Otherwise, why so many

parties? Still, I can hardly remember hearing a politician actually discuss the ideology and political principles he claims to represent. How, for instance, are Social Democrats really different from Social Liberals, Liberal Democrats, Conservatives, or any other party. In Lithuania, where we have 37 of them! If such differences do indeed exist, which politicians could explain with any clarity, the methods or principles required to deal with serious chronic problems such as poverty, corruption and crime. In other words: to do what every political party keeps promising and which not one of them seems capable of delivering.

Such chronic problems without doubt affect the entire social structure making it more fractured and polarized. All of it belies the vision of a socially coherent, economically vibrant and politically stable society they claim to be building.

And after all their publicly acclaimed efforts to introduce freedom and democracy, we end up with ever-increasing social isolation and economic inequality, widespread corruption, overcrowded prisons, growing public apathy, break-ups of families as well as those of other social institutions, and so on. In effect, what politicians are really achieving is almost exactly the opposite of their avowed goals.

The important role of abstractions, which I mentioned earlier, figures among the basic reasons for such a situation. In my opinion, it has significantly affected the entire political process, rendering it abstract and farcical: "In the name of..." and "For the people..." -- this is the type of politics we have, where neither ideologies or concrete political principles nor any specific methods of their implementation are even discussed, let alone comprehended or followed through. It means that politicians in fact have very little idea of what they are setting up. It may sound preposterous, but it is true.

If the *Left*, which claims to seek the introduction of some form of social democracy in Lithuania (by social democracy I mean a combination of government-financed full employment, a comprehensive welfare state and egalitarian tax policies) would bother to look at the principles underlying such a policy, they would realize that in the current regime of global free trade and unrestricted capital movement, none of these aims are actually achievable. One of the main reasons for that lies in the fact, that all major social democratic theories of justice (such as John Rawls's Egalitarian Theory) presuppose a closed economic system, because only in such a system can implementation of those principles actually work.

The thing is, however, that in the increasingly global economic environment such systems no longer exist, either in Europe or anywhere else in the world. Their absence presents a serious and fundamental challenge to the ideas of social democracy. This cannot be overcome readily, especially since its partisans also enthusiastically support global free market capitalism. In such circumstances, ideas of social democracy have simply become obsolete.

The situation is hardly any better for the political *Right*. Those calling themselves conservatives and espousing the principles and traditional values of conservatism need, if they care to think about it, to realize that their ideals in today's world cannot be implemented either. Just like the *Left*, they are also confronted with the same regime of global free market capitalism which, by creating the ever growing global competition, enforces constant social and economic change within the society. In such conditions, any conservative

values simply cannot be preserved or sustained. Yet "conservatives" are just as enthusiastic in supporting a system that is effectively ruining their fundamental principles.

Apparently, in today's world, neither the *Left* nor the *Right* remains able to pursue their ideological objectives; somewhat ironically, both ends of the political spectrum are undermined by the same regime of global free-market capitalism.

There remain all sorts of liberal hues in the political centre. Perhaps they are also right, but only in terms of their position in the political spectrum. Liberals fully support the ideas of market capitalism advocated by economic gurus like Friedrich von Hayek and Milton Friedman, which have emerged as mainstream ideological dogmas in the contemporary world. Their ideology is founded on an assumption that the market works as some kind of self-regulating mechanism. Such conjecture is erroneous. The market never has been, is not and never will become such a mechanism. The reason is that psychological factors always play the most crucial role in human enterprise. Yet time and again such factors have escaped the majority of economic theorists, who persistently remain oblivious to the fact, as experiments have shown, that in every area of life only two types of people behave ideally: economists themselves and psychopaths. Many other examples also easily demonstrate that this assumption does not work; the dotcom market crash and the ballooning housing market of today, among others, are visible and undeniable.

And yet, as I wrote at the beginning, we choose not to look, nor do we seem to care. That unfortunately only leaves us to fight the constant battle with consequences, without really understanding the reasons behind them.

The free market is not a new invention. It was created and functioned during the late nineteenth and early twentieth centuries. After two world wars, it ceased to function. So what the free market is and its effect on society is known. Its mechanisms have been explained by prominent economic thinkers in the previous century such as Maynard Keynes and Karl Polanyi. Should politicians be interested in widening their comprehension of what it is that they are actually building, I would highly recommend the works of these thinkers, especially Polanyi's *The Great Transformation: The Political and Economic Origins of Our Time*. That would explain why their imagined systems will never achieve what is expected of them. If the "democratic capitalism" that politicians claim to seek, that will supposedly result in a free democratic and prosperous society, has anything to do with free market capitalism, one would need to stretch the imagination infinitely to come up with an even bigger illusion.

The very term "democratic capitalism" is in itself revealing. The construct is based on two words that contradict each other. Capitalism is the economic system based on private ownership dominated by private interests. Democracy is the reverse; it focuses primarily on common social interests. Such a principal difference is quite irreconcilable. Put together, the two concepts simply negate each other. The advocated mélange of market liberalism, individual freedom, and democratic values produces growing social and economic inequality, as well as political instability, rendering unsustainable the arrangement that they underpin. In the end, a collapse will come. That has already happened once before. To expect that the fate of the contemporary free market experiment could produce a different result from a century ago is political fantasy. It will be a very expensive failure. All of us will bear the cost.

I once read somewhere that the only lesson of history is that nothing ever remains understood for long. It's not a pleasant conclusion. But its truth is apparent.

Published 2007-10-24
Original in Lithuanian
Contribution by Kultūros barai
First published in Kultūros barai 2/2007
© Audrius Dauksa
© Eurozine