Motivation, Methodology, and Phenomenology of Institutional Nihilism in the SEE Countries

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ABSTRACT

The subject of this paper is a critical analysis of the key negative phenomena, processes, and tendencies in the crisis environment of transition countries of the South East Europe (SEE), as well as the explanation of how to form and maintain the institutionally monistic order (of neoliberal type), which is metaphorically named institutional nihilism, because it represents the synergy of many destructive elements. The aim of this paper is to point out the fundamental causes and consequences of systemic and institutional failures. It starts with the basic hypothesis that these failures derive from the dominance of politics over economy and entire society, i.e. from the unprincipled implementation of the voting machinery principles. Two auxiliary hypotheses are also being tested: a) under the influence of strong alternative institutions, institutional nihilism has been created as a degeneration institutional order, which is the main cause of the long-term threat to development (social, economic, scientific, educational, cultural, and ethical); and b) dirigisme as institutional monism does not have to derive exclusively from the state (collectivist) sources, but can also derive from private (individual) sources. In this paper, these hypotheses are verified through implementation of general methods of social and economic sciences. It is concluded that phenomenology of institutional nihilism is the main cause of unsuccessful post-socialist transition in the SEE countries.

INTRODUCTION

It is likely that in the future, the time will come when all difficult and complex problems related to the SEE countries in the past three decades will have a common name: transition. Nevertheless, some researchers may try to examine and explain the causes and consequences of such transition (long-term and crisis) as well as the methodology, phenomenology, and practice of anti-
developmental social order. In our analyses and critique, this order was named *institutional nihilism*, mainly because of the abuse of state regulation institution, hypothetically. In this sense, the paper may be useful to some people for a better and more precise understanding of these scientific and practical problems. The goal is to try to answer the question: why didn’t SEE countries adopt institutions that would have had the positive impact?

Many authors qualified the transition quasi-neoliberal "shock therapy" as rhetorical, velvet, and wrong development path to the alleged "market economy". Today it is clear how much that idea was global, staged, and abused, having at first an utopian-revolutionary character. The truth is that SEE countries are still far from the integrated market, and their partial markets operate more or less as in crisis. Not to mention the significant involvement of gray and black market. The essence of transition in SEE countries consisted in (dominantly political) establishment of a hybrid institutional system, which represented the recombination of socialist and "capitalist" elements. It enabled the priority of individual interests of a small number of privileged persons in relation to the mass interests of the people who were sacrificed. Through clan networked relationships, the system have formed strong and rigid monopoly business structures of a partiocratic type. In addition, many traditional values (cultural, moral, educational, national, economic, and other) were ruined, the living standard of the population was significantly worsened, and all economic indicators were relatively poor for a long time. That system ignored evolutionary development path, as an exemplary model of developed countries, based on pluralistic and mass interests (of the state and the nation), transparent and program-driven interests of political parties, groups, and individuals.

1. METHODOLOGY OF INSTITUTIONAL NIHILISM

The results of ownership transformation (privatization), as a basic institutional change, convincingly demonstrated that nomenclature interests, based on the principle of enrichment at all cost, dominated over national and state interests. However, implementation of that principle required an appropriate methodology. Paradoxically, the reduction of economic theory and practice has become the basic methodological tool for suppressing real institutional changes, especially in terms of institutional competition. At the beginning, the aforementioned methodology was simply and roughly formulated by applying the practical and sophisticated principle of domination of rigged and privileged elections, in all areas and at all levels of decision-making. This was the first methodological component, which, among other things, led to the assignment of several (paid) functions to same individuals, and to the resulting negative selection of personnel (Sułkowski 2012).

Alternative institutions, opportunistic behavior, and social pathology were parallelly widened and strengthened. „They have been developed from chaotic, incompetent, irresponsible, greedy, authoritarian, arbitrary, and hegemonic ways of national resources distribution and imposing choices to the people. Grounded on the past socialist times and inherited dirigisme habits, the methods of governance have been paradoxically transformed into elitist abuse of public policies, manipulation and affirmation of imposed and granted privileges. Later, all of that was legally transformed into power, institutional and other forms of violence, and affirmation of lobbying and private interests” (Draskovic, 2018, p. 16). This created an institutional vacuum, which contributed to the negation and obstruction of rational elements of institutional order (see Draskovic et al., 2016). Consequently, a mutant, dysfunctional, and anti-developmental order (of society and all its subsystems) was created, which we hypothetically labeled as institutional nihilism (V. Draskovic and M. Draskovic, 2012).

Orchestrated apologetics, neoliberal ideology, and macroeconomic policy were used as the second component of methodological matrix. They were of high interest format. Implementation of neoliberal "reform" macroeconomic policy with double standards (market rhetoric, competition, entrepreneurship, private property, and freedom, in contrast to non-market processes in practice), was motivated exclusively by self-interests of privileged individuals (Volchik, 2018). Through nu-
merous abuses of national resources and dogmas, all “reform” promises and stories have been turned into meta-phore (meta-fraud), that is, into quasi-neoliberalism (Scekic et al., 2016).

The third methodological component of maintaining the quasi-institutional status quo was the permanent degradation of sociocultural capital (see Delibasic, 2018), especially through improvisations at various levels of education (mostly in higher education), from uncritical and unselective introduction of the Bologna Process and its inconsistent application, to various palliative reforms. This process can be conditionally labeled as debilisation (stupidity) of the population, being in function of easier and longer ruling over it.

Finally, it should be noted that all three of these methodological components were characterized by institutional violence (according to D. North et al., 2009). Institutional violence is a tried-and-tested method of hindering real institutional changes as the only possible mechanism for constraining (quasi-institutional and other) violence, and transition from a “restricted order to the one with an open access to the resources” (Ibid.).

Table 1. Structure of the phenomenon of institutional nihilism

<table>
<thead>
<tr>
<th>Motivation</th>
<th>interest, strictly individual, nomenclature, and clan</th>
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<tbody>
<tr>
<td>Methodology of institutional violence</td>
<td>- reduction of economic theory and practice</td>
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<tr>
<td></td>
<td>- organized and sophisticated use of privileges,</td>
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<td></td>
<td>- application of the principle of domination of rigged and privileged elections,</td>
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<td>- dogmatic apologetics and neoliberal ideology, which through dirigisme turned into quasi (due to the misuse of state resources)</td>
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<td></td>
<td>- permanent degradation of sociocultural capital that leads to the debilisation of the population</td>
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<tr>
<td>Phenomenology of institutional vacuum</td>
<td>alternative institutions, opportunistic behavior, and social pathology</td>
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<td>INSTUTIONAL NIHILISM</td>
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Source: creation by the authors

In this way, the transition in SEE countries has proven to be a long-term, crisis, and developmentally hopeless process, with very poor results: inefficient rule of law, rapacious transformation of state resources into private property, non-market redistribution of wealth, high social stratification, decline of most economic indicators, apophaticism of the economy, enormous growth of state debt, unemployment, negative selection of personnel, party-based employment, corruption, market discipline, reduction of choice, unprotected ownership and contract, high degree of privileges, business policy control, monopoly renting, demotivation, etc. (Jovovic at al., 2017). All this has led to the disruption of three essential and broadest wrappers of the society: culture, institutions, and knowledge (Poór et al., 2018).
2. THEORETICAL BACKGROUND

The long-term application of the "neoliberal model pathology" (Mesaric, 2011, 12) in the SEE countries has led to the creation of socially irresponsible, immoral, and mutant economic and social order, the alleged "variant of capitalism", but "without a human face". A recombinant order was created, in which institutions were abused, and that is contrary to the models proposed by S. Young (2003), P. Aburdene (2005), D. North et al. (2009), and other authors. Therefore, the logical question arose: how to name a social order in which almost nothing is done to overcome the institutional deficit (and fiasco), where macroeconomic policy resembles a puppet of individual parties and persons, which serves them to keep the power and to increase their own wealth? V. Draskovic and M. Draskovic (2012, p. 195) defined the term "institutional nihilism" as follows: "The situation created after a long-term anti-institutional action, intentional blockade of realistic institutional changes, promotion of quasi-institutional and meta-institutional changes, long-term effects of vulgarized neoliberal institutional monism, and long-term reproduction of institutional vacuum." In addition, they formulated it as a linguistic compound, containing several transitional phenomena:

- wrong negation of institutional pluralism as an equal and rational action of all social, economic, political, and other institutions,
- unlimited greed of privileged individuals for enrichment, especially in the process of so-called "rapacious privatization", in which the nouveau riche have gained exactly as much as the people have lost. V. Draskovic and M. Draskovic (2012, p. 198) attempted to explain and model the method of political theft by simple equation \[ L_p + H_a + S = W_{pi} \], where the wealth of privileged individuals \( W_{pi} \) is equal to the sum of the people's loss \( L_p \), and help received from abroad \( H_a \) and various forms of smuggling \( S \).
- strengthening the subjective regulators of behavior (so-called "alternative institutions" - in the shadow), and consequent opportunistic behavior and social pathology,
- dominance of one-sided and strictly interest motives of the quasi-elite over rational economic and social choices,
- interest and other connection between the political leadership and the nouveau "businessmen",
- major systemic disorders of the social value criteria, especially in a) imposing party authorities, membership, and poltronic instead of professionalism, creativity, knowledge, and science, b) negative selection of personnel, c) economy criminalization and corruption,
- an experiment of institutional monism (neoliberalism) as a new form of dirigisme,
- ideological-political subjectivism and dogmatism in order to obscure the essence of economic reality, ignoring the proclaimed reforms and market competition and dominance of monopolistic structures,
- deficit of the "rule of law" and entrepreneurship on a sound ground,
- illogical mistrust in the institution of state regulation (its reduction to the so-called "minimal state"),
- a major gap between the formally established economic institutions and economic behavior in practice, which was far from regular,
- imposing vulgarized and reduced (privileged) individualism as a social and civilization norm, that is, the foundation of institutional monism of the neoliberal type and the later established institutional nihilism,
- deficit of many market institutions (especially integral market), market infrastructure, and market culture, with the existence of many market substitutes, mutant and primitive pseudo-market structures,
- substitution of economic institutions with various pseudo-forms (imitations and improvisations) such as: meta-institutionalization (creation of superior-institutions and institutions with total control), and quasi-institutions (paternalism, monopolism, lobbyism, log-rolling, gray and black economy, rent-oriented behavior, naturalization, street currency exchange, etc.)
Inefficient post-socialist economic policies have created a specific brake and crisis transitional model of „23 d“ (Ibid, pp. 195-196), which consists of: “deformation, deficit, deregulation, degeneration, destructivity, differentiation, deviation, disproportion, domination, differentiation, discrepancy, disproportion, domination, dictate, demagogy, dogmatism, degredation, demotivation, et al.” Using this model, a “developing country” was replaced with a “rapacious country”.

3. PHENOMENOLOGY OF INSTITUTIONAL NIHILISM

Politicization of society has become a new deity in the SEE countries, preceded by transformation of states into political machinery. Clearly, politics has institutional significance, because it creates, implements, and changes the rules that people in certain areas operate in. Therefore, its directional, regulatory, coordinating, mediatory, stimulatory, and limiting character was understood. In a synergy with idiogy, it decisively impacts the creation of an appropriate order in the society. This order always balances between democratic and totalitarian. With a note that economic policy (normative economy) is increasingly personificated, widening the gap between the differentiated economic theory and economic policy. It is paradoxical that all this happens due to efforts of the ruling nomenclature to control economic processes as much as possible, parallely with the official imposement of neoliberalism! This led to irresponsible, chaotic, greedy, arbitrary, incompetent, authoritarian, and hegemonic ways of manipulating people and national resources, transformed into elitist misuses of public policies, manipulation, and affirmation of imposed and staged privileges. Consequently and lawfully all this converted into power, into institutional and other forms of violence, and the consistent affirmation of lobbying and patronage interests - into institutional nihilism – ignoring the fact that development presupposes the dominance of institutions over politics.

Let’s recall that D. Acemoglu and J. Robinson, J. A. (2012) make a distinction between inclusive economic institutions; which create broad based economic incentives and opportunities; and extractive economic institutions, which do not. The source of these institutions is political. Poor countries have extractive economic institutions as a result of extractive political institutions. "Inclusive political institutions which have two dimensions; a broad distribution of political power and a strong (or effective or capable) state. Rich countries have the opposite combination, inclusive economic institutions underpinned by inclusive political institutions" (Ibid.).

Political decisions have decisively influenced the redistribution and allocation of resources. In a "natural way", using the logic of organized interests of the small, privileged, and lobbyst groups, the political power was given to political leaders. By activating the privilege mechanism, they eventually achieved their own economic interests, using a method of exploiting the large latent groups. There has been a phenomenon of collective (mass) alienation of individualism through violent and non-market ways. Thus, the high interest quasi-institutionalization of politics has "freed" the people from real and propagated economic freedoms. Nothing new. Let’s recall that many authors (Barro, 1973, Becker, 1983; Stigler, 1972; Earle et al., 1996) argued that political competences are not always regulated by the rule of choice, and that politicians compete for acquiring private rent. The notion of 'rent seeking' proposed by G. Tullock (1967), who later (1975) showed that rents tend to be capitalized in ways that benefit only the initial incumbents making future rent holders highly resistant to efficiency promoting reform. That is why institutional nihilism has been chosen to create rents, and to solidify the political power of elites. D. North, J. Wallis, and B. Weingast (2009) wrote that rents exist in order to control elite violence.

Obviously, "libertarianism" turned upside down Kant's injunction to "treat persons as ends, never merely as means." Politics (directly or indirectly) ideologically indoctrinates the society, because through "scientific paradigm isolates it from important social problems", as T. Kuhn (1962) wrote. However, this time it was not done by a scientific paradigm, but by an anti-scientific quasi-neoliberalism, who twisted A. Smith's statement: "In serving his own interests, the individual serves the public interest." Reduced individualism (of the privileged) soon became the basis for formal
quasi-institutional monism as a theoretical and ideological grounds of neo-liberal economic policy. A paradoxical need for public economic policy to serve private and party interests is the main cause of this phenomenon (Kirdina-Chandler, 2018).

The main result of the quasi-institutionalization process of politics is the weak and ineffective formal (the law, government regulations etc.) and informal institutions (social norms and regular patterns of interaction) and their real subordination to alternative institutions. Bad institutions are always the result of bad politics (its negative attitude towards them) and self-interests. Therefore, democracy must exist as an exemplary meta-institution and a part of sociocultural capital, that is, as a set of ethical, cultural, and civilizational values, through which a certain order in the society is realized as a social consensus. The state always has the capacity to enforce the rules and regulations. However, the problem is how to motivate the politicians to do their jobs honestly. Clearly, political abuses weaken the state and its institutions. This occurs in systems with poor democracy and deficit of power, used in a clientelistic way in order to perpetuate the power and enrich its insiders. In this way, institutional nihilism is actually a phenomenon which Acemoglu and Robinson (2012) call "reproduction of extractive equilibria" or "vicious circle".

In the practice of SEE countries, institutional nihilism brutally manifested itself through the application of dual standards towards a privileged minority (which was rapidly and permanently enriched), and the national majority (which was impoverished). Confrontation between individualism of the rare and real institutionalization turned into a quasi-institutionalization of individualism, motivated by redistribution of national resources and enormous benefits for the rare individuals, through illegitimate and non-market methods. Conflict between privileged individuality and powerless socialism introduced formalism and apologetics into transitional era as important attributes of post-modernity. Disguised in globalism, geoeconomics, and geopolitics, it leads towards modern slavery (of debt, economic, ideological, territorial, political, resource, etc.). This created a permanent and paradoxical supremacy between hedonistic-privileged individualism and disenfranchised masses.

Strictly interest and highly interest individualism has limited social and economic choices (freedom), and has devastated state and social resources. In addition, it ignored and underestimated knowledge, motivation and entrepreneurial initiative. Reducing the choice means replacing the principle of choice alternativity as a development imperative with alternative institutions (see Draskovic et al., 2017). The quasi-individualist alternative was alienated from individualism in mass proportions. It has led to a selective individualistic "creation," which had a devastating impact on the society. A compromise between individual and collective interests was diminished. There has been a specific, multilayered, diverse, and sophisticated dictatorship of collective by privileged individuals. All this took place under the abstract neoliberal slogan of "liberating individualism and economy" in order to strengthen the market, competition, private property and entrepreneurship. In practice, the opposite happened: monopolies were strengthened and formal and informal institutions were weakened. The rhetorical facade served to strengthen alternative institutions. Uncritical and interest absolutism of individualism directly contradicted institutionalism. Economic and other coercions were driven by individual sources!

Quasi-neoliberal “reforms” had many levers: apologetic, monistic, irrational rhetorics, myths, ideology, dogmatization, politicization, vulgarization, monopolization, exploitation, and quasi-institutionalization. The rhetoric of empty promises degraded the propagated reforms (transition) in the SEE countries due to poor economic and other results. Therefore, we have repeatedly stated that transition reforms need to be radically reformed, and the alleged "institutional changes" must be re instituted, based on civilization models of developed countries. The word "reform" in the SEE countries is otherwise compromised in transitional environments due to the imposition of futile process with poor results, and the suppression of creators by (bad) imitators. A group of alleged reformers even created scandals. Therefore, reforms must imply the strengthening of institutions, democracy, and education, the elimination of political monopoly and negative selection, the reduction of opportunistic behavior and violence, the emancipation of power, the relativization of collec-
CONCLUSION

Quasi-neoliberalism, as a form of quasi-institutionalism, has marked the last three decades of transitional social and economic “development”. This is a metaphor that signifies and conceptionally generates a conglomeratic complex and contradictory context, with its own doctrinal, terminological, institutional, developmental, property, strategic, interest, cognitive, redistributive, civilization, geopolitical, and ideological meaning. The “new reformers” became “new elites” using rapacious methodology (in their biggest interest) and neoliberal mythology. Thus, a failed socialist experiment turned into another failed experiment called transition!

The phenomenon we named "institutional nihilism" has many practical quasi-manifestations (paradoxes, contradictions, problems, thefts, deceits, myths, restraints and control of changes and freedom, greedy, unlimited and non-market enrichment, and strengthening of power), grounded on theoretical apologetics. Through that prism, neoliberal metaphor looks like a staged “meta-phore”, that is, the amorphous, monotonous, anti-state, anti-national, anti-developmental, and anti-civilizational fraud, which has been rooted thanks to the state’s support towards privileged individuals who insensitively abuse it in a long run.

The peoples of the SEE post-socialist countries believed in neoliberal promises and ruined everything they had worshiped for decades. Now they nostalgically bow to values they once had. Institutional nihilism can be overcome only through the establishment of democracy and the rule of law, strengthening real institutional changes and sociocultural capital, through affirmation of knowledge, ethical and civilization values, and individualism in mass proportions.

This paper proved the initial hypothesis that institutional nihilism derives from the dominance of politics over economy and entire society, and that it is the main cause of failed post-socialist transition and anti-developmental vulgarized neoliberal economic policy in the SEE countries. It explains the path and the method of its formation, from the inherited socialist institutional monism, through its recombination with the post-socialist neoliberal vulgarization of market institutional monism (fundamentalism) and various forms of quasi-institutionalization and meta-institutionalization, to the creation and decades-long reproduction of institutional vacuum, which eventually transformed into strictly controlled institutional nihilism. It also verified two auxiliary hypotheses about the crucial influence of alternative institutions and individual dirigisme on the formation of institutional nihilism.

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