

**“WORLD CIVILIZATION AND ECONOMIC CICLES”**

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**ARTICLE / PRESENTATION**

**Towards understanding the impact of structural changes  
and build a better future for our societies**

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The comparative historical research project "*World Civilization and Economic Cicles*" and its first Part "*Concept and determinants of the world history*" is presented by the Author Mamikon Airapetian in a period of exceptional change that is affecting the contemporary world, and not only because of the serious Covid 19 pandemic that practically involved all humanity. It is a change that certainly the pandemic crisis contributes to accelerating strongly but that has been underway for long time with the processes of economic globalization and the impulse of a large and widespread scientific and technological advance with very few precedents in history. The sudden appearance of the Covid-19, still ongoing in this 2020, in a short period of a few months, together with the tragic loss of many human lives, has further changed the scenario of world economic development, highlighting, among other things, the shortcomings of the forecasting capabilities of numerous, important analysts who, with a fervent creative imagination, hastened to define the new unexpected factor of change with an effective term: the pandemic as a major strategic surprise.

In essence, the pandemic has acted in depth on our system, as we have known it so far: on the one hand, it highlighted the importance as well as the extent of integrations between states, peoples and the main geographical areas of the world promoted in recent decades by the globalization process but, on the other hand, has also highlighted the fragility of this process. A fragility, it must be added, that has been well present for a long time in the documents approved by the main international institutions, starting with the United Nations 2030 Agenda for a sustainable future "*Transforming our world*" (2015), with which the governments of all the world have repeatedly taken on and reaffirmed their commitment to building "a new world order" (UN, 2019). Widespread and shared is the awareness that without this correction of the traditional way of development – the "*great reset*" according to the World Economic Forum (WEF,2019) - the damage caused by human activities to our planet is likely to be irreversible, as the latest report by the United Nations (2019) on the implementation of the commitments made by states on the matter of sustainable development openly stated. The reference is made to the "*Global Sustainable Development Report. The Future is now: Science for achieving the SDGs-*" (GSDR 2019) presented and discussed in the High Level Political Forum organized in New York on 11 September 2019.

The research project "*World Civilization and Economic Cicles*", on the relationship between the trend of economic cycles and the formation of new cultures and civilization systems offers an important contribution to scholars and decision-makers to insert themselves in this transition process that is hoped for, shared and promoted internationally by the states as well as by the main public and private economic players with the aim to correct and overcome the evident fragility of

our system, operate on the structural factors of development and build, in fact, a new world order. "We cannot solve our problems - Albert Einstein stated - with the same way of thinking that we had in creating them". The transformation phase we are experiencing requires precisely a different way of thinking as well as a different approach to the problems of growth and progress.

An important first step in this direction is precisely in the main proposal of this study: the need to deepen the knowledge of the main theories on the evolution of economic cycles - with reference to the short, medium and long term - that have accompanied and supported since the XVII century the birth of the modern economy; theories which, on the basis of constant updating and verification, are the main tool for designing future prospects and guiding the basic choices of public and private players. The works of economists like *J.A. Schumpeter*, *N. D. Kondratev*, *J.M. Keynes*, *P.A. Samuelson*; *F. Hayek*, *M. Friedman*, just to name a few by way of example, with their enormous knowledge and methodological heritage they help us to build a future worth living and not only on an economic level.

A further step to be considered with great attention concerns the fact that all the theories relating to the evolution of economic cycles have compared and offered proposals for possible interventions - guiding and / or corrective interventions - both on cyclical and structural change factors. In particular the analysis of the structural factors required the use of methodological approaches of an interdisciplinary and systemic type, to understand the interrelationship existing in the evolution of the development cycles between economic and extra- economic factors. Precisely on this last aspect it is necessary to deepen and extend the range of reflection and put a basic question: what is the real meaning of the expressions like structural crisis, structural change?

As a preliminary reflection, let's consider the real meaning of the word "crisis". According to the ancient Greek language, the meaning is the following: "decision" from the verb "krino", "to select - to judge - to decide". In modern times, the classic economy interpreted this word as "change" (the change of an economic cycle). Having this in mind, we can put the following question: facing the new, unexpected global crisis, what kind of decisions are we able to take? Two quotations from literary culture can help us by finding a proper answer: the German poet *Friedrich Hoelderlin*: *Where is the danger there is also salvation*; and the British writer *Aldous Huxley*: *Reality is not what happens to us but what we do with what happens to us*.

Always, the economic-financial crisis affecting the states and regional areas evolved later as productive, employment and social crisis, and finally as political and institutional crisis. With that, also with the current pandemic crisis we are dealing with a process that has come to invest many areas of our society: the economy, the level of income and consumption of the citizens, social conditions, life style and life projects of people, public confidence in the institutions as well as in the development players, the basis of political consensus.

Repeatedly, in many international documents, reference is made to the crisis that the world has experienced after World War II and even up since to the Great Depression on 1929.

Surely, when structural crisis happen, it may be possible to have a proper interpretation of the causes that led to such type of event. But it is not clear at all, indeed it is nearly impossible, to get an idea of the way out; and this because when the crisis are structural, the various systems come into a new situation, influenced by many imponderables and heterogeneous variables, of the most different nature. Consequently, it is also very difficult to make sound and valid predictions about the future; it is virtually impossible to imagine what will be the final outcome of this new situation.

One thing is certain: history teaches us that all systems involved in this type of crisis come out deeply transformed in comparison to the initial conditions. Always, structural crises led to the emergence of completely new and unexpected situations, indeed very different from the starting conditions. Structural crisis, in short, are always characterized by a *discontinuity* that deeply changes the previous order as well as the balance of a society.

That's why it is important, as this research project does, to connect the evaluation of economic cycles with the evolution of the idea of civilization; because the discontinuity caused in our

societies by structural changes, due to the complexity of the factors they involve, end up opening new scenarios of further progress or, in alternative, of civil involution and regression.

In this situation, only the recovery of an interdisciplinary and systemic approach, only the coordinated contribution of the most different scientific disciplines may help in having at least a proper understanding and assessment of such evolutionary processes; in fact, even if this kind of crisis are caused by purely economic factors, the contribution of the great economic science is no longer sufficient to indicate the possible solutions and should do as a step backwards because the re-regulation of a system involves the reconstruction of a new order of relationships between factors, interests, subjects who express complex needs, old and new, and especially of a very different nature. Only politics can acknowledge, represent and try to reassemble into a new balance all these elements, on the basis of a different and more appropriate interpretation of the values and rules that govern the civil coexistence of a society. A quotation by an authoritative representative of the economic liberalism, *Wilhelm Röpke*, may help us to make more clear this assumption: *The fate of the market economy, with its admirable mechanism of supply and demand, it will be decided beyond supply and demand.*

Economic cycle theories are not mere descriptive and interpretative tools; but something more. By highlighting and analyzing structural crises, based on a logical and consequential process, they essentially lead us to reflect also on the aims of economic action and therefore on the threshold of another dimension, which concerns the nature of human progress; and to properly evaluate the latter the contribution of other scientific disciplines becomes indispensable: the humanities - such as philosophy, history, political science, sociology, psychology - or the disciplines operating in other non-economic scientific fields, such as medical science and science of materials. More and more economists are currently facing this underlying problem related to the real goals of the economy. For a long time I was thinking, wrote one of the most important representatives of Italian liberal economic school, *Luigi Einaudi* (1942), that the economist's task should take care of the means, not of goals; but today I believe "*that the study of the goals is part of - economic - science, on the same basis of the study of the means*".

But the study of the ultimate goals of the economy is in fact the study of the human path that should lead us to incorporating the trinomial Information, Communication, Knowledge with which we define contemporary society with a fourth fundamental factor: that of Wisdom. This in order to try to give a valid answer even the basic questions: where are we going? Where can we go? What is the real meaning of things we're doing? The things we are doing make any sense? It is in the face of these questions that the problem of civilizations enters forcefully, because each civilization has expressed its wisdom, has been characterized by the answer given to such fundamental questions. What has always been in the past, so it is currently and will also be in the future.

In other words: building the future means expressing the capability to outline in its fundamental aspects a precise idea of civilization, recovering for example the culture of the so-called long history, a history that makes changes in the depths, outside the short-term contingencies. Such an idea of civilization is an essential requirement also to build a better and sustainable economic development. In this sense, the decisively anticipatory words of one of the leading promoters of strategic planning, the Turkish-American scientist *Hazan Ozbekhan*, (1968), still have value. *Ozbekhan*, (1968), co-founder and first director of the famous Club of Rome, invites us to reflect on the fact that "*planning a truly sustainable economic and social progress is not to project the present into a future that we wish to build, but, conversely, to trigger in the present time an idea of the future that we imagine as possible and worth living ... the main subject of planning is the willed future*".

The challenge posed by the "*World Civilization and Economic Cycles*" study is, in the final analysis, precisely on this question: what is our idea of the future?

## References

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