The Mega Capitalism and the Contradictory Perspectives of the European Union

Nikolovska Natalija and Mamucevska Daniela

Abstract The key issue of this paper is the analysis of the perspectives of the European Union under the framework of the tendencies of mainstream economics, which leads us towards the creation of mega-capitalism (i.e. the last phase of capitalism where the business of mega corporations is the key driver). In fact, the EU has fallen into the trap of the economic reality of globalization and the application of virtual neoclassical ideology. The process of structural adjustment of the European Union into the global economy has brought to the surface two contradictions which became *differentia specifica* of a protracted systemic crisis. The first contradiction will be presented from the aspect of the core-periphery model by describing the development strategies and structural differentiations in the European economic area. The second contradiction of the systemic crisis refers to the erosion of 'the social state and national state'. Discrepancies between the promoted values for economic and social equality and the widening economic gap among the states make this process of erosion very obvious. This creates a dangerous potential for opening a new chapter in European history which will be characterized by intense processes of disintegration and fragmentation, deepening of the connection with the elite agglomerate enclaves of mega-capitalism and reducing the power of the national (social) state. Both processes have a common denominator and are products of the global market capitalism and the functional integration of mega capital. They confront the EU with the challenge to improve the competitiveness of its economy. Thus, the perspectives of the EU regarding its catching up with the global competitiveness will be analyzed from the point of view of this position, and the prospects of the Euro on the global market.

Keywords European Union • Globalization • Economic growth • Core-periphery model • Mega-corporations • Capitalism

---

N. Natalija (✉) • M. Daniela
Faculty of Economics – Skopje, University "Ss. Cyril and Methodius", Skopje, Republic of Macedonia
e-mail: natalijan@eccf.ukim.edu.mk; danielam@eccf.ukim.edu.mk

M.H. Bilgin et al. (eds.), *Eurasian Economic Perspectives*, Eurasian Studies in Business and Economics 8/2, https://doi.org/10.1007/978-3-319-67916-7_26

1 The (In)sustainability of the Mega-Capitalism

Corporate forces, which influence the fundamentals of modern mainstream economics, lead the world towards mega-capitalism, as a logical next step in the development of the capitalist society. The process is staged in an imperfect-competition surrounding (monopolies or oligopolistic markets), led by mega-corporations and alliances grouped geographically into agglomerate enclaves and is further assisted by the parallel process of gradual diminishing of the importance of the territorial sovereign states.

Heading towards its objective—concentration and centralization of capital, mega-capital will have to overcome a series of potential barriers. Perhaps most importantly, it will tend to eliminate, or at least minimize, the burden of the non-economic distortions imposed by the state. The European Union may find itself being targeted by these efforts. The EU will be challenged to test its ability to participate competitively in the globally interconnected network economy under its own conditions which enable its social and economic model of a capitalist society. Furthermore, the creation of the EURO is a process complementary with the mega-capitalistic process. One of the strategic objectives of the creation of the EU was the creation of the common currency area (EMU), thus the operation strategy aimed at the creation of a larger integrated market area which would then provide the economy of scale benefits to give the EU a better competitive position when compared to the global rivals like the USA and Japan.

The sustainability of the info-growth (i.e. growth based on the growth of the information and communication technologies) depends on the development of the sources of productivity growth in the USA, and whether this economic development can be adopted and matched by the EU and Japan as second and third pillars of the globally interconnected economy. Such dispersion of growth would balance the mono-centric model, characterized by the USA dominance, and would provide a more harmonized, poly-centric layout of the geo-economic map, which would initiate a process of gradual adjustment and integration of the peripheral regions and territories and would give a viable alternative to all developing and transitional countries.

But, the problem arises from the following: In the EU and Japan, global interconnection and technological innovation are perceived as attempts for diminishing the social state, with effects as reduction of employee rights that might cause social unrest and political reaction which would halt the innovation reforms. If this position prevails for a prolonged period of time, the growth capacity of the USA economy, which relies on the global economic performance, will be exhausted. The USA cannot limitlessly produce and consume an ever-growing portion of the global output. Domestic consumption in the US is becoming a key factor of world economic growth and US household savings are getting dangerously low. But the US economy cannot develop and grow independently from the rest of the global inter-dependent economy. That is why the US administration and the international financial institutions call for structural reforms in the EU and simultaneously try to stabilize the emerging markets to avoid the possible disruption of the global economic balance. The EU will either join the expansion, or the US machine will also stop the growth and start spiraling down. This would cause a drop in the value of the stock markets, thus eroding the market value and on-paper wealth of the companies and the households and finally the productive potentials of the new technologies will mutate into excess unutilized capacity and will diminish in the deflation caused by the lack of consumption on global level.

All put together, the sources of unsustainability of the info-growth of mega-capitalism could be grouped as: (1) danger of implosion of the global financial market; (2) stagnation caused by the inability of the global effective consumption growth to match the technology driven productivity growth; (3) social and political revolt of an increasing part of the disconnected population on the periphery of the global economy (Giddens and Hutton 2000).

Cristopher (2012) points out that, all these contradictions are a result of the pick of the cyclical and structural crisis of the Kondratieff "long term cycles" and carry the crucial aspects of the technological stagnation in the EU and the consequences—adjustment of the economic and political system in line with the strict market imperatives. Following results of the analysis of Thompson (2016), we are currently in the second half of the winter phase which had started at the beginning of year 2000 and we are moving from the recession to the depression phase, which is predicted to last until 2017–2020.

2 Structural Adjustment of the EU Framework from the Core-Periphery Theory Perspective

The crucial characteristics of the core-periphery theory[1] are in contradiction with the basic political and economic tendencies for convergence of the levels of economic development of the EU member countries. Observed in the context of the development processes in the EU, this means that the monetary strategy and the liberalized markets act together to create differences in the development perspectives of the countries with different economic and technological levels of advancement. The growth of the output in the core countries corresponds to the growth in consumption in the periphery, the trade surplus of the core results from the trade deficit of the periphery and through financial channels it is used for leveling the balance of payments on both sides (Uho et al. 2011).

[1]The Marxist economic theory gives the basis for core-periphery theory analyses. More recently the idea has been resurrected by Krugman (1991) and his concept about "New" economic geography" which unambiguously suggests formation of core-periphery development model based on the principle of increasing returns and decereasing costs. Also, Nikolovska (2000), Panic (2003), Stockhammer (2010, 2011) analyzed different models of development in the European economy from the perspective of the current crisis, and they pointed out on the relevance of the core-periphery development model.

The heterogeneity of the EU member countries is an undeniable fact, especially after the last round of enlargement of the EU which included countries from Central and Easter Europe as members. As a whole, in line with the Maastricht criteria, the European Union is export oriented, but the individual member states have different levels of previously accomplished comparative and competitive advantages, different educational structures of the labor force and thus the logical division into core countries (Germany, as a leading drive-train, France, Belgium, Holland) and periphery countries (Spain, Italy and the countries of Central and Easter Europe). This is how the capitalist development model demonstrates its contradictory structure—the core accumulates capital (surplus) while the periphery accumulates debt (the indebtedness of Spain, Greece and Portugal are just some of the examples). This trend creates real divergence within the entity which aspires to converge.

Starting with the analysis of the core economy in the EU—Germany, an export oriented country, which adopted restrictive policies aimed at controlling inflation and experienced growth of the productivity resulting with negligible increase of the per-unit labor costs of production. The austerity measures reduced private spending in Germany, and the increased profitability did not increase the investment in the physical capital in the domestic economy. On the contrary, the extra liquidity was placed in the periphery through the financial market channels, thus increasing the demand for competitive products produced in the core. German exports increased by 80% between 2007 and 1999. This is a proof of the high competitiveness of German goods and services. In the same period, the trade surplus with the other members countries of the European Monetary Union (EMU) increased by 3.3%. What is particularly distinctive of the German economy, when compared with the economies of the countries in the periphery of the EMU, is the fact that the German economy had a relatively smaller growth rate than the average growth in the Eurozone and the growth in the periphery countries (Nikolovska and Mamucevska 2015). According to Stockhammer (2011), the reason for this is the following—the growth in the countries from the periphery is based on a consumption financed by debt, unlike the German economy which financed its growth form its own accumulated wealth. The criteria dictated by the Maastricht agreement (reduction of the interest rates and stable prices) created a favorable environment for credit expansion, which stimulated economic growth through construction, creating a speculative bubble in the real-estate markets and debt-financed private consumption. The divergence trend is obvious—the common monetary policy resulted in export oriented growth for the core and consumption oriented growth for the periphery, followed by initially unbalanced current accounts on both sides.

The expansion of the trade deficits of the periphery is further assisted by the creation of the EMU and the process of financial integration. The liberalization and deregulation enabled for the accumulated finances in the core to be placed in the periphery under very favorable conditions, as loans for the private households and the public sector. The periphery became a market for goods and services as well as a market for credit portfolios and this resulted in further accumulation of finances in the core vis-à-vis the accumulation of debt in the periphery. This process became so potent that it overwhelmed the productive economic entrepreneurship. The speculative growth of the consumption fueled economy crushed during the financial crisis in the USA in 2008 and during the last pick of oil prices, which came as a shock for the production sector. The core-periphery conflict in the EU is manifested in a form of a fiscal and debt crisis. One of the more obvious examples is the case of the Greek economy. The Maastricht criteria created a favorable surrounding for the growth of a speculative economy in Greece. The bursting of the bubble manifested as a crisis of corporate and public debt in the Greek economy and opened the era of confrontation in the triangle social masses—sovereign state—international capital. The ECB and the IMF imposed a restrictive monetary and fiscal policy which resulted in a 25% reduction of GDP and a rate of youth unemployment of 60%. The state budget is now programmed to run a surplus of 3–5% of GDP by 2018. Greece is the first member of the EU to enter into an arrangement with the IMF. This scenario gives a good hint of the future: prolonged economic depression, diminishing presence of the Greek economy in the EU marketplace and social unrest. The accumulated debt and its management placed the Greek state in conflict with the interests of the core of the EU. This conflict is one of the shaky pillars of the European economy and has systematic character in its initiation. In other words, it is a result of the strategies and policies that lay down the foundation of the EU. This fact leads to the conclusion that other countries in the EU periphery may face the "Greek syndrome" as well.

3 Regional Contradictions of the European Social-Market Capitalism

European social—market capitalism favors the labor-rights and is based on the political ideology of social equality as a long-term option for regional cohesion of the EU. Due to the inherited failure of the markets to act as a mechanism for efficient allocation of resources, this role is given to the cohesion policy of the leading structures of the EU. Begg and Bergman (2002) suggest that this concept is based on the solidary willingness of the developed regions to dedicate part of their revenue for overcoming the feeling of injustice by the people of the less developed regions. The purpose is to compensate the costs associated with market and structural adjustment of the less developed member countries to the external shocks created by the adoption of the common market, and the common monetary union at the later stages. The European budget is the main instrument of this cohesion policy. It has the allocation and re-distributive function through channeling three quarters of its resources towards development, employment and sustainable growth in line with the Europe 2020 Strategy, which stipulates that all member countries should contribute for the accomplishment of the main goal—creation of jobs along with their economic development (De Grauwe 2011).

The purpose of the cohesion policy would be accomplished through investments in research and development, ICT and improvement of the competitiveness of the small and medium enterprises. This way, the regional policies are planned to adapt to the requirements of mega-capitalism without losing its main specific characteristic—the social component and reduction of the development disparity. But, the divergence trends fueled by speculative capital and creation of indebted economies in the heart of the EU do not support the scientific and technological development of the region. Instead of moving towards technological development, the financial surplus currents move towards maintenance of the territorial cohesion, which is a basic building-block of the EU structure. From this aspect, the costs of the cohesion policy manifest through the cost which has to be paid for maintaining the concept of social over-all integration at the cost of productivity in the era of mega-capitalism which ruthlessly attacks from across the Atlantic. The problem is furthermore emphasized by the fact that most European theoreticians and practitioners deny the accomplishments of the cohesion policy pointing out the opposite tendency—increasing regional disparities within the EU. According to EC (2010), the last enlargement of the EU increased its population by 20% and its GDP by only 5%, a fact which supports the core-periphery theory. However, they all agree that the implications of the cohesion policy somewhat reduce the effects of the spontaneous agglomeration tendencies, which are among the key initiators of polarized development.

Finally, the amount of the funds channeled through the cohesion policies of the EU is small when compared to the market redistribution of financial funds which follow the profit motive. Additionally, the disparities between the core and the periphery grow faster than the amount of funds dedicated to the cohesion policies.[2]

The solution of the European crisis can be found in giving a priority to the financial stabilization policy. The stabilization is the first and basic precondition for maintaining the favorable globally competitive position of the EU.[3] A crucial characteristic of the newly created stabilization instruments is that they are available only to member countries of the Euro zone and carry conditional rigid programs for economic and financial adjustments determined by the Troika (European Commission, IMF and ECB). This configuration of the financial flows from the core towards the periphery highlighted the following problematic aspects: (1) Monetary growth will be at the expense of a falling real sector; (2) Cost inflation will be replaced by unproductive deflation; (3) It will generate unemployment at the periphery; (4) the financial packages will redistribute the surplus capital from the center to the periphery, thus further revitalizing the market for speculative capital which can only reduce the effects of the cohesion policies.

The core, which was previously an exporter of capital for financing the consumption of the periphery, now becomes an exporter of capital for bailing out the

---

[2]At the moment of accession into the EU the Mediterranean countries had a disparity of 30% with the northern countries, and today the disparity of the new member states compared to EU-12 is 60%.

[3]This was the purpose for the foundation of the European financial stabilization mechanism in 2010, which was replaced by a permanent instrument for crisis management, the European stabilization mechanism (ESM) with capital funding of 700 billion EUR.

periphery. The divergence trend is very obvious. The strategies contradict the goals for "polycentric and balanced growth" of Europe 2020 and the need for "global competitiveness" of the regions. The goals are actually *contradiction in adjecto* and as a result they are not carried out in practice, thus increasing the feeling of discontent and conflict within the EU. These contradictions became obvious in the case of the United Kingdom. On the 23th of June 2016, on the basis of the European Referendum Act 2015, the United Kingdom held a referendum for reaffirming its position as member country of the Union. According to the results of the referendum 51.9% of the citizens who cast their vote, preferred the "Leave the European Union" option (Bishor and Jamison 2016). The decision is a result of the choice of the people which felt marginalized in context of the large-scale happenings in the EU (migration, subsidies for the EU periphery and erosion of sovereignty). The "winner" in the UK was the territorial, sovereign state which confronted its further integration based on the policies and strategies dictated by large-scale capital. This process is a historical tendency which will shape the future of both unions—the United Kingdom and the European Union. The contradictory processes on the British island manifested through the configuration of its internal relations, where London as a globalized metropolis preferred to act as an independent state and to stay in the EU. This position is motivated by the realistic danger of losing the comparative advantage and the current strong position on the global financial market.[4] The new initiatives in Scotland and Northern Ireland for referendums for independence and subsequent joining the EU were mainly result of their fears that they would stay the "undeveloped" parts of the United Kingdom.

The economy of scale which was foundation for the competitive advantage of the region took a serious blow by the UK exit. At the same time, the integration processes are under threat from disintegrative tendencies which might have uncalculated and unanticipated consequences on the future of the EU.[5]

4 Structural Adjustment of the EU from the Global Competitiveness Aspect

The two-decade-long functioning of the Euro, and it importance as a leading global currency, showed that the monetary interventions of the ECB are not sufficient for the Eurozone to resist the pressures from mega-capitalism and to serve the needs of info-growth. Such ambitions require structural reforms which would result in

[4]According to Taylor (2001), who analyzed the comparative business advantages of the world metropolises, London has the highest index of interconnectedness in the global economy (1,00), (cited by Dicken 2011, pp. 64).

[5]The countless waves of settlement of different nations from their original Asian lands, which have blended together over the centuries, and the modern history of expansionary migrations in the European continent thorough the open process, which we might refer to as "clash of cultures", could turn the heterogeneous Europe into a leopard skin patterned map.

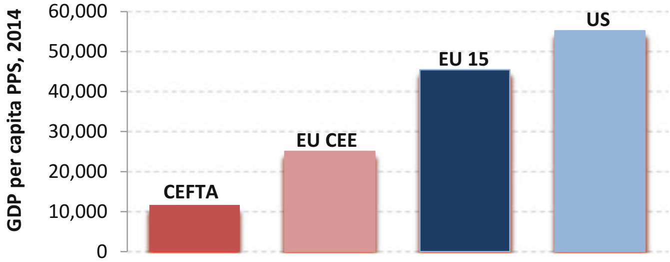

Fig. 1 GDP per capita of EU15 compared to the USA (trend of stagnation). Source: Based on EUROSTAT and Vujcic (2016)

improved productivity in the EU. The EURO must fulfill three criteria (in order to become a viable competitor of the US Dollar in a way which will represent a fundamentally more competitive economy): (1) to be a representative of a strong economy with a sustainable high level of GDP and external trade, (2) to create a developed foreign exchange and financial market with full convertibility of both current and capital transactions, and (3) to maintain long-term stability of purchasing power reflected through an economy with low inflation. The EU lacks behind the US when it comes to the first condition (see Fig. 1).

When compared for the second condition, the US is ahead of the EU, particularly because the UK, which is an important part of EU core, is not a member of the monetary union. In order to accomplish the desired global positioning of the EURO as a currency the EU must implement structural reforms. At the moment the EU lacks behind the USA in several fields: (1) business dynamics, (2) share of ICT investment in the total investments, and (3) specialization in technologically-intensive products. According to Vujcic (2016), European industry structure is dominated by the old and static firms, while industry in the USA is dominated by the new and fast growing firms. Furthermore, participation of investment in information and communication technology in the total investment is 29%, on average, in the USA and it is significantly higher than the one in the EU (see Fig. 2). Additional, the USA industry is more focused on specialization in technologically advanced and R&D incentive products in comparison with the industry of the EU The indicator for the technology specialization in innovation-based growth sectors is 1.4 for the USA and 0.9 for the EU (Vujcic 2016).

The companies which are abundant with high technological intensity prefer the USA. They follow the US business dynamics, which goes in line with technological development, which is in turn supported by the continuous investment in ICT and research and development, which finally result in high-tech specialization of products. Therefore, they prefer the Silicon Valley and not the EU which is dominated by static and inert companies. The structural differences between the economies of the USA and the EU actually demonstrate the contradictions in the relations between the core and the periphery in the global economic framework. The slow sliding towards the global periphery of the European economy is an

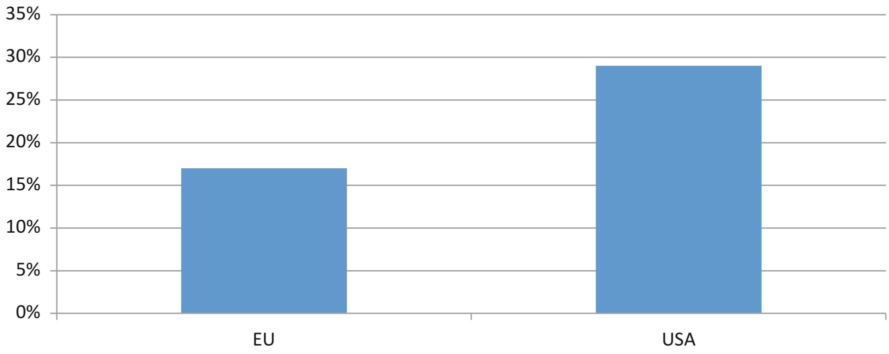

Fig. 2 Investments in ICT as percentage of total investment, average 2000–2010. Note: The Aggregate for EU investments in ICT is an average of the values for Austria, Denmark, Finland, France, Germany, Ireland, Italy, Holland, Spain, Sweden and the United Kingdom. Source: Based on EUROSTAT and OECD data

ongoing process and its reversal requires appropriate structural reforms and investment in the high-tech sectors. The productivity of the European economy would rise to the extent where the leading price in the economy (i.e. the exchange rate of the euro to the dollar) would create favorable environment for better capital effectives due to the technological advantage over the USA. Consequently, the Euro would revitalize the financial sector (money and liquidity market) within the EMU and with the stable rate of inflation and stable exchange rate it would be able to compete with the dollar as a transaction, investment and reserve currency. The stability of the financial sector is crucial from the aspect of the future role of the Euro as a reserve currency because central banks keep large portions of their portfolios in commercial papers issued in the financial markets of countries with stable currencies and developed capital market. The affirmation of the Euro as a global currency would result in quick restructuring of the banks and the financial institutions and development of the financial markets through mergers, acquisitions and joint ventures of capital and strengthening of the profitability of the banking sector. This process would create mega banking institutions which would be able to compete with the other global mega banks and would be able to respond to the needs of the international companies. This would create the pre-conditions for lower real interest rates in the Eurozone, which would further stimulate high-tech investment projects. Small and medium size companies from the Eurozone would have better real opportunities for interconnecting in the unified common financial market. The increased systematic and structural competitiveness of the economy would act in favor of the affirmation of the EURO as a global currency. This requires a large market with significant homogeneity of development of the countries. However, the EU market is heterogeneous, diverging and does not fulfill the criteria for an optimal currency area.

5 Neoliberalism as a Pillar of the Peripherisation Process Within the EU Model

The key question for the future of the EU is: Is the neoliberal model of mega-capitalism compatible or in conflict with the social—market model? The answer to this question is crucially linked to the willingness of the international financial institutions to implement radical reform of their monetary and credit policy to stimulate development instead of the imposing rigid contraction policies resulting in impotent economies. In the case of the EU, a small increase of the inflation rate, high-tech investment projects motivated by structural reforms and development based on socio-institutional engineering would increase the productivity of the economy and would create the basis for a dynamic integration of the European economy into the core of mega-capitalism.

This process would create a serious potential for selective integration of the emerging and developing markets as well. But, the complete inclusion of the entire periphery of the global economy is both theoretically and practically impossible. This process requires creation of more than two or three core centers which would create growth and development. That is a situation which is very unlikely to be achieved with the forces of the globally interconnected net economy which sources its productivity from the technological development emitted by the core of the USA and from the unconditional political support which financial capital gets from the most powerful country in the world. Even if optimistically we assume that 20% of developing economies have direct benefit from the growth of the global interconnected economy, still a large majority of humanity remains to be a victim of the ruthless mega-capitalism without being given any of its benefits. If we add to these people the large number of disconnected social groups from within the developed countries, the situation becomes ever more complicated. It is a fact that, besides the incredible economic growth of the USA as a core of mega-capitalism and as a core which emits incredible technological development, around 15% of the population of the USA lives in poverty, and a quarter of the total number of imprisoned people in the world are located in the jails in the USA. This is a criminalized structure which is by default socially disconnected (Travis et al. 2014).

The effects that information technology has on the widening of the phenomenon of polarization, inequality and exclusion though the disparities in the quality of education and the opportunities for interconnection is constantly growing. The purpose of the presented theories in not to deductively suggest that this type of capitalist structure, which sources it strongest moving force from the technological geniusness of one global center (Silicon Valley) and is assisted by the voluntarism of speculative capital and cultural individualism, is politically, socially and above all economically unsustainable. This core creates a high-tech archipelago in a sea of an impoverished periphery (in the USA, EU or anywhere) which is incapable to match the productivity needs of the archipelago on the long run and will eventually suffocate the competitiveness and the entrepreneurship which are the moving forces of economic development. The level of effective consumption of the core and periphery together cannot pair the productivity and production potential of the core. As Stiglitz (2008) notes, once the market is saturated by exhausting the consumption potential, the speculative capital, through its credit instruments, becomes the only connection between the core and the periphery. At this point, we already have favorable conditions for a speculative, criminal and militaristic economy with its eroding effects on all political and social structures worldwide, distorting the system of universal human rights. So, this approach is a main driver in the process of collapsing financial structure by exploitation and control. Population growth is identified as a threat of ability for ultimately usage of resources, and in history always such oligarchic model resulted in wars and collapse of an empire.

6 Final Conclusions: Quo Vadis EU in the Twenty-First Century?

The contradictory perspectives of the EU are part of the fundamental trend and the threats arising from it. The economic policies of the EU actually reflect the process of concentration and centralization of capital on global level. This process will lead towards more fierce competition between the USA and the EU in the future and will involve new forms of open and hidden economic and political pressures which will partially be transmitted through third-party countries which are not part of these two dominant entities of global capitalism. In such case, we can expect the strengthening of the supra-national structures of the EU along with erosion of the sovereign (territorial) state and a shift of the priority to global interconnectedness at the cost of the maintenance of the local governance. Economically, the consolidation of the EU will continue through further enlargement of the European monetary union, which would provide the benefits of the economy of scale (reduction of transaction costs, more stable aggregate demand of money, reduction of foreign exchange rate risk etc.). Schmidt (2002) pointed out that the increasing profitability of the companies will lead to a more rigorous monitoring of the neoliberal market motives and indirectly towards an increased pressure for enlargement of the corporations and of financial capital through all forms of friendly or hostile take-overs, but also through a higher level of price and cost flexibility. These processes will lead towards reduction of wages and employment and will increase the danger of social, ethnic, racial or religious conflict and destruction.

On the other hand, the reaction to this process could take another form in the retroactive preference of the territorial (sovereign) state. If this prevails over the market-oriented state it will lead to the return of various forms of "protectionism". In today world, with the current level of technological and informational development, both the economy and the entire civilization could not pass through such a retrospective process without initiating an economic, social and political earthquake with a perhaps larger magnitude than the one in 1929. This is why the answer to the "Quo Vadis EU in the XXI century?" question is becoming urgent

(Stojanov 2012). It requires urgent reforms which will protect the values of the social—market model of capitalism, as a civilization's achievement of capitalism, which respects the foundational principles of productive entrepreneurship in favor of the wellbeing of all European citizens. Therefore it is necessary to acknowledge systemic defects and act timely to correct them. This depends of the social responsibility of the European community and its ability to focus on the real issues like:

- To globalize the European efforts for reformation of the ideological pillars of trade and financial system in order to create a favorable environment for effective long-term capital investment in each nation. This approach raises the fundamental concept of 'real sector economy' as opposed to monetary concept of 'feudal ground of rent system'. Economic science can help in this process by reintroducing these topics into academic and public debates.
- To reconstruction of European architecture by establishing institutions of European society. These institutions are supposed to enhance cooperation into the EU. Involvement of European institutions in the process of resolution of transnational problems and emigration—terrorism, environmental protection, supply of public goods (health care, education, poverty, social protection, etc.), which nowadays are apparently jeopardized by market fundamentalism.
- To establish an extensive agenda for European development on the basis of active participation of all European countries in production oriented scenario. Cooperation should realize through establishing of new development arteries under which will develop Eurasian land-bridge which includes countries from EU and Balkan, and also countries from Middle East, Far East and North Africa.

References

Begg, I., & Bergman J. (2002). Introduction: EU social (exclusion) policy revisited. *Journal of European Social Policy*, *12*, 179–196.

Bishor, M. W., & Jamison A. (2016, June 24). Brexit vote: Why Britain could quit E.U. and why America cares. *NBC News* [online]. Accessed April 30, 2016, from http://www.nbcnews.com/news/world/brexit-vote-why-britain-could-quit-e-u-why-america-n526386

Cristopher, Q. (2012, February 24). Kondtartieff waves and the greater depression of (2013–2020). *Financial Sense: Applying Common Sense to the Markets* [online]. Accessed March 2015, from http://www.financialsense.com/contributors/christopher-quigley/kondratieff-waves-and-the-greater-depression-of-2013-2020

De Grauwe, P. (2011). *The convergence of a Fragile Eurozone* [pdf]. The Centre for European Policy Studies, Working Document, 346. Accessed December 2014, from https://www.ceps.eu/system/files/book/2011/05/WD%20346%20De%20Grauwe%20on%20Eurozone%20Governance.pdf

Dicken, P. (2011). *Global shift: Mapping the changing contours of the world economy* (6th ed.). London: SAGE.

European Commission. (2010). The impact of the global crisis on competitiveness and current account divergences in the Euro area. *Special Issues Quarterly Report on the Euro Area*, *9*(1), 1–42.

Giddens, A., & Hutton, W. (2000). *On the edge: Living with global capitalism*. London: Jonathan Cape.
Krugman, P. (1991). Increasing returns and economic geography. *Journal of Political Economy, 99*(3), 483–499.
Nikolovska, N. (2000). *Regionalna Ekonomija* [Regional economics]. Skopje: University “SS. Cyril and Methodius”, Faculty of Economics–Skopje.
Nikolovska, N., & Mamucevska, D. (2015). Current crisis in the light of the contradiction of the core-periphery development model. *Review of Innovation and Competitiveness. A Journal of Economic and Social Research, 1*(1), 45–62.
Panic, M. (2003). *Globalization and national economic welfare*. New York: Palgrave.
Schmidt, A. V. (2002). *The future of European capitalism*. New York: Oxford University Press.
Stiglitz, J. (2008). *The financial crisis of 2002/2008 and its macroeconomic consequences* [pdf]. Accessed May 23, 2016, from http://unpan1.un.org/intradoc/groups/public/documents/apcity/unpan033508.pdf
Stockhammer, E. (2010). *Neoliberalism, income distribution and the causes of the crisis* [pdf]. Research on Money and Finance, Discussion paper 19, Kingston University. Accessed May 20, 2016, from https://www.researchgate.net/publication/254449175_Neoliberalism_Income_Distribution_and_the_Causes_of_the_Crisis
Stockhammer, E. (2011). *Peripheral Europe’s debt and German wages. The role of wage policy in the Euro area* [pdf]. Research on Money and Finance, Discussion paper 29, Kingston University. Accessed May 20, 2016, from http://www2.euromemorandum.eu/uploads/ws1_stockhammer_peripheral_europe_s_debt_and_german_wages.pdf
Taylor, P.J. (2001). Commentary: Being economical with the geography. *Environment and Planning A*, *33*, 949–954.
Thompson, W. R. (2016). The Kondratieff wave in the world system perspective. In L. Grinin et al. (Eds.), *Economic cycles, crises, and the global periphery*, *International perspectives on social policy, administration and practice* (pp. 23–54). Cham: Springer.
Travis, J., Western, B., & Redburn, S. (Eds.). (2014). *The growth of incarceration in the United States, exploring causes and consequences* [pdf]. National Academies Press. Accessed May 15, 2016, from https://www.nap.edu/catalog/18613/the-growth-of-incarceration-in-the-united-states-exploring-causes
Uho, J., Paul, J., & Febrero, E. (2011). Current account imbalances in the monetary union and the great recession: Causes and policies. *Paneconomicus, 5*, 571–592.
Vujcic, B. (2016, April 15). *European competitiveness challenges*. Governor of the Croatian National Bank, Presentation from the honor lecture, held at the UKIM. Faculty of Economics–Skopje, Skopje.
Стојанов, Д. (2012). *Економска криза и криза економска знаности* [The economic crisis and the crisis in the economic theory]. Економски факултет Свеучилиште Ријека.