Warrant's Neoliberalism: The Silent Face of State Levered Twenty-First Century Capitalism

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Abstract

In this article, we elaborate on the anatomy and the evolving apparatuses of the neoliberal, highly globalised monopoly-finance mode of resource allocation and price utility and, crucially, on the synergistic role of a transformed state, subordinated to a twisted market logic. Our main thesis is that, despite the liberal-democratic rhetoric praising the merits of unfettered competition and inclusive growth, the contemporary market system has gradually consolidated in what we term Warrants' Neoliberalism for the Free-Market Aristocracy, a power structure of upper echelon insiders' capitalism. We argue that through an intricate cobweb of state-granted policy Call-Put options that constitute the enduring and mutating protective coating of the hard core, the neoliberal juggernaut silently and voraciously profiteers not through laissez-faire, but by a reconfigured, state-levered, private ownership and utilisation of resources and production processes. As a result, the conditions of 21st century capitalism are those of epochal economic, social and ecological crises accompanied by levels of income and wealth inequality not seen since the 1920s.

JEL Classifications: E66, G01, G10.

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1. Introduction

Although neoliberalism[1] is recognized as the central geoeconomic, political and ideological project of twenty-first century capitalism, it is a term seldom narrated by the ruling elites; it reminisces the hidden elephant in the decision-making room of the neoconservative consensus. Why is so, we ponder. Mises, the founder in early 1920s of the neoliberal paradigm, and Hayek, a follower of Mises and arguably its most influential exponent, were particularly explicit and thorough about the neoliberal ideals. So, why does the modern neoliberal nobility avoid the limelight for their perception of capitalism and world economic order? Why at the same time the neoliberal landscape in all its representations is so enduring, surviving unscathed the seismic Great Recession of 2008/09 and the subsequent Eurozone crisis[2], defying protestations, frustrating leftist challenges for its legitimacy, shutting out progression beyond it? These are the focal questions that we address in this paper. In the process, our main objective is to pigeonhole contemporary neoliberalism, providing a compendious and novel account of the inner and multi-faceted tools used in its assembly line.

In the most part of the last two centuries, despite several acute geoeconomic crises, classical meritocratic liberalism was trumpeted by the majority of capitalists and political personnel as the most balanced and resilient philosophy of social development, economic growth and prosperity. Keynesianism dominated the period between the end of the Second World War and the beginning of the 1970s, the Golden Age of capitalism as it is often called. The economic stagnation and stagflation of the mid 1970s marked the end of the era of Keynesianism; the economic orthodoxy was in turn shaped by monetarists and new classical economists. Despite deep methodological flaws and half-baked intellectual foundations, the latter openly enforced a pseudo-positivist demarcation criterion about what is acceptable as scientific economic theory and what is not: a priori micro foundations equals "theory"; all competing analyses of the economy and accounts of its institutional, social and historical aspects are synonymous to "story telling". In the name of a narrow and strict conception of rationality as individual rationality, new classical economics bracketed the economic and social conditions of rational orientations and the economic and social structures that are the condition of their application. As a result, this de-socialised and de-historicised intellectual monoculture embarked in an ideological cleansing of mainstream economics from its multi-facet heritage and holistic alternatives. It thus provided the necessary authority for the onslaught of neoliberalism in the early 1980s.

In short, neoliberalism is a totalitarian programme for destroying collective structures that may impede the market logic. A representative agent in a neoliberal society is merely a rational "homo economicus", conditioned to think that a capitalist market-based order will provide them ample (even equal) opportunities for bettering their human capital,

[1] The term neoliberalism was coined in 1921 by the Austrian Marxist Max Adler in his critique of Ludwig von Mise's *Nation, State, and Economy* ([1919] 1983) and *Socialism: An Economic and Sociological Analysis* ([1922] 1981). In these works, Mises was adamant that the "old liberalism" had to be "relaid" in such a way as to defeat socialism. In the process, he equated socialism with "destructionism", claimed that monopoly was consistent with capitalist free competition, defended profound inequality, and argued that consumers exercised "democracy" through their purchases, which were equivalent to ballots. He strongly condemned labour legislation, compulsory social insurance, trade unions, unemployment benefits, taxation, inflation and socialization/nationalization as the enemies of his refurbished liberalism. See Magness (2018) for the origins of the term neoliberalism.

[2] See Hatgioannides et al. (2018) for a comprehensive account of the flawed neoliberal economics behind the Eurozone's architecture and the acute geoeconomic impact of a series of fierce austerity programmes imposed upon member states, predominantly Greece.

well-being and self-worth. Since competition is so central in its utterance, neoliberalism holds that all decisions about how society is run should be left to the workings of a marketplace, the most efficient mechanism for allowing competitors to maximise their own welfare/profits. As Foucault (2008) has expounded, the role of the state is no longer to protect property as in Adam Smith, or even to be an executive for the common interests of the capitalist class, as in Karl Marx. Under neoliberalism, the state is supervised and regulated by the "free" market rather than, as in the initial formula of liberalism, a market supervised and regulated by the state.

Neoliberalism redefines parliamentarian democracy beyond the narrow confines of elections as a kind of market rationality: the new definitive criterion to judge our political class is by how successful they are in "marketizing" human relationships and the commons (e.g., pasture land, woodland, water supply). It is also evident that neoliberalism is undermining the very institutions with which the capitalist establishment has traditionally been identified: the legal and prison systems, the police and the local government. Under the earlier forms of liberal democracy these could be counted on to play a moderately autonomous role in tempering capitalism. Under neoliberalism they are increasingly shaped so that they will not be obstacles to twisted market priorities.

"The cleverest ruse of the Devil is to persuade you he does not exist", wrote the French poet Charles Baudelaire (1864). Our main argument is that the actual modus operandi of neoliberalism, which we call Warrants' Neoliberalism- a state fortified, perversely subsidized and levered monopoly-finance capital and upper moneyed class power structure- is at odds with the rhetoric of neoliberalism which preaches a competitive marketplace. Unfettered competition and "just" reward are the Alice in Wonderland fairy tales of the neoliberal antics.[3]

The Devil's ruse of the neoliberal consensus is to pretend that Warrants' Neoliberalism does not exist. In the last four decades of their rule, neoliberals are deliberately reticent regarding the details of their programme prompting Brenner et al. (2009) to regard neoliberalism as "a rascal concept -promiscuously pervasive, yet inconsistently defined, empirically imprecise and frequently contested" (p.184). As we attest in this work, behind this particular Devil's ruse lies a deeply disturbing reality, which precipitates monopolistic corporate capture, under-investment, unbalanced and non-inclusive growth, economic and spatial inequality, casualization of the labour force and ecological destructiveness. In politics and social governance, by insulating markets and transnational investors from public scrutiny and popular demands, neoliberalism severely curtails democratic possibilities. The alarming ascendancy (namely in advanced economies) of populism, xenophobia and demagogy is also firmly rooted in the practice of Warrants' Neoliberalism, especially its levered Income effect that accentuates extreme wealth/income inequality. An iron law of modern history runs thus: extreme economics leads to extremist politics. In his critical review, Hendrikse (2018) correctly argues that "...a mounting fusion of neoliberalism and radical-right populism exercising government power, thereby sketching the contours of a mutating transatlantic neoliberalism- an emergent *neo-illiberalism*" (p.169) and continues "...neo-illiberalism is by definition an

[3] The first historical footprint of the deliberate concealment of the true neoliberal identity can be traced back in 1947 with the formation of the Mont Pelerin Society. Its founding members, Mises, Hayek, Robbins, Friedman, Stigler deviously referred to themselves as classical liberals and neoliberalism was not presented as a separate political ideology, but as an extension of classical liberalism. More importantly, they eschewed the label neoliberal, which Mises himself adopted in 1927. Central to their political-economic strategy was the cannibalisation of classical liberal values and the defence of concentrated corporate capital and moneyed class dynasties. Crucially, the latter two, were portrayed as representing the "natural" outcomes of free-market competition and entrepreneurship.

amalgam of neoliberal and illiberal operating systems, producing *variegated neo-illiberalization* across space" (ibid., p.170).

Inspired by what Sweezy "used to call the 'financialization' of the capital accumulation process" (cf. Foster, 2013, p.4), we borrow from the finance lexicon the terms Warrants, Call and Put Options and use them as the primal instruments to peruse the material basis of contemporary global capitalism. Our central theme is that neoliberalism is based on the systematic use of state artillery to impose, under the spurious ideological veil and rhetoric of non-intervention, a hegemonic project of recomposition of the rule of capital in each area of economic and social life.

We reinterpret Warrants[4] to denote options (i.e., rights) on a sovereign's current, and, most importantly, future wealth, implicitly issued by the neoliberal state itself. Warrants' Neoliberalism unwinds by creating notional Call-Put policy options that are virtually transferred by a strong and interventionist state to FIRE (finance, insurance and real estate) and to big corporations and multinationals for a minimal premium, the cost of their lobbying (See Appendix 1 for technical details). Holders of the Call option capture rampant profits over and above the exercise price when the market rallies (or the economy grows); on the other hand, in a slump the strike (or exercise) price of the Put option secures their holders from a potentially large loss or even extinction. Warrants' Neoliberalism has also created an income/wealth-concentrating dynamics of accumulation for the world economy that has decimated "autonomous" economic and social policies at a national level as well as reformist and redistributive interventions.

Our choice for (policy) options as the means to understand the modalities of neoliberalism is dictated by the highly levered nature of such financial instruments. The potential payoff to their privileged holders over and above the "deal", strike or exercise, price is exponential compared to the cost (of lobbying). Warren Buffett -the billionaire business magnate, chairman and CEO of Berkshire Hataway, and one of the most successful investors of all time- has famously labelled options as "financial weapons of mass destruction". As we shall demonstrate later on, both the substitution and income effects of the polymorphous set of Tangible and Intangible Call-Put institutional options elucidate the main levers of the neoliberal kernel of capitalist accumulation.

In a nutshell, the silent face of Warrants' Neoliberalism is a highly globalised monopoly-finance system of capitalist reproduction coupled with the modernistic feudalism of the ultra-rich, the latter dubbed in this work as the Free-Market Aristocracy. Both tenets are ringfenced and sponsored by Warrants underwritten by a "predator state" (Galbraith 2008) which runs under the supervision and regulation of an insiders' market. It is a parasitic scheme that favours business concentration and rentiers of the FIRE kind. It rewards more value extraction than value creation, misidentifies corporate taking with making.

It is commonly and wisely said that the Devil lies in the details: Whilst the poster case of neoliberalism is unfettered capitalism, institutional Warrants act as the hidden neoliberal "fetters" of a competitive and inclusive market economy.

Neoliberalism is omnipotent and omnipresent in the last four decades, showing an insidious ability to mutate, shifting its boundaries and exploiting threats to its survival as opportunities for further expansion, mainly because state-underwritten policy Warrants perpetuate, acting as the flexible and evolving "protective belt" (Lakatos, 1978) surrounding the silent and rigid "hard core" (ibid) of the neoliberal authoritarian programme of "methodical destruction of the collectives" (Foucault, 2008).

[4] The textbook definition of a Warrant is an option on the firm's stock issued by the firm to its managers and stockholders.

The remainder of this paper is organised as follows. Section 2 discusses how state Warrants shape the opaque and fluid architecture of the neoliberal global market edifice and outlines the response of the neoliberal vortex to surging existential menaces. Section 3 scrutinizes the role of private issued fiat money, the emblem of Warrants' Neoliberalism, and the dominance of finance in the capital accumulation process. The curious case of *capitalists without capital thriving under neoliberal capitalism* since the Great Recession is also duly assessed. Finally, Section 4 concludes.

2. Neoliberalism Cloaked in State Warrants

Hayek (1960) was categorical about the neoliberal order: "the neoliberal state is an interventionist, not laissez-faire, state precisely because it becomes the embodiment of a rule-governed, market-dictated economic order and is concerned with perpetuating and extending that order to the whole of the society" (p. 221). The restructured state is the embodiment of the market and is supreme only insofar as it represents the law of market value, which in Hayek's terms is synonymous to the "rule of law" (ibid, pp. 232-233).

Our central concerns are to unravel the precise nature of state interventionism, to explain how monopoly-finance capital is cocooned and geared in a network of state-issued Warrants and, to codify the apparatuses used to actively expand distorted and dysfunctional neoliberal market principles: that of plutocracy and plutonomy as in Amin (2019) and Chomsky (2017)[5], respectively.

In line with textbook economics, we discuss first the substitution effects of Call and Put policy options. Later in this section, we will turn our attention to the concomitant income effects.

We define as Tangible Call policy options those Warrants that carry an explicitly quantifiable exercise (or strike) price. The latter is associated with the typically deflated value of an asset that a bidder pays when she acquires it from the state coffers. Examples are: [E1] the privatization of utilities and natural resources, and [E2] the privatization of public or quasi public goods like health services, social care, education, transport (mainly, railways and bus services) and the communications (such as telephone landlines). Patents, mainly for pharmaceuticals, are also strains of Tangible Call policy options; here, the strike price is associated with the cost of developing a drug. Yet the biggest single funder of medical innovation remains the state. In 2017, the U.S. National Institutes of Health spent more than \$32bn on research, compared with an estimated \$71bn from all the members of PhRMA, the major pharmaceutical industry lobbying association. The grotesque profits though (3 global pharmaceutical companies reported \$14.5bn in combined net profit in 2018) from the soaring market prices of many drugs are solely appropriated by the big pharma cartel.

Tangible Call policy options erect what R. Lucas, Nobel Laureate and a leading Chicago School luminary of neoliberal economics, emphatically described as private "natural" monopolies[6]. It is worth emphasizing the switch from the principles of liberalism to the practice of neoliberalism gradually made by the Chicago School of Economics and its shifting attitude towards the role of the state and concentration of business power. Simons ([1934]1948, p.42), the "crown prince" of the 1930s liberal Chicago school, noted: "The representation of laissez faire as a merely do-nothing policy is unfortunate and misleading. It is an obvious responsibility of the state under this policy to maintain the kind of legal and institutional framework within which competition can

[5] Interviewed by Evan Davies, BBC Newsnight 10/05/2017.

[6] For the role of the "natural" in the dubious and suspect epistemology of new classical economics see the blog section "Economics as a Dismal Science: Episode 1" at hatgioannides.com and/or karanassou.com .

function effectively as an agency of control". As of the role of monopoly (ibid, p.43) he castigated it: "...Thus, the great enemy of democracy is monopoly...", and argued for the "Elimination of private monopoly in all its forms (...) by 1: Through drastic measures for establishing and maintaining effectively competitive conditions in all industries where competition can function as a regulative agency (...), and 2: Through gradual transition to direct government ownership and operation in the case of all industries where competition cannot be made to function effectively as an agency of control" (ibid., p.57).

We define in turn as Intangible Call policy options those Warrants that do not carry a generic exercise price. Such policy options act as massive, positive externalities for their private sector holders stemming from the execution of specific policies and interventions by the state. Cases in point are: [C1] freeing of capital movements, deregulation of global capital markets and openness of the financial sectors of emerging and developing economies, [C2] regressive taxation, [C3] exploitation of regulatory/tax arbitrage for the big multinationals and the existence of tax havens (most of them operating under the British Crown's jurisdiction), [C4] flexible and mobile labour markets that lead to outsourcing and herald the dominance of the "worst employer" in the most profitable "social haven", [C5] unchecked CO2 emissions and environmental dumping, [C6] the regulatory 'Big Bang' of 1986 in the U.K. and the repeal in 1999 of the Glass-Steagall Act in the U.S. that allowed financial conglomerates to formally engage into both retail/commercial and investment activities, thus becoming aggressive in wholesale markets and securities trading, and facilitated the extreme proliferation of off-balance sheet financial derivatives and the explosion of the shadow banking system, and [C7] the bulging balance sheet, in the aftermath of the Great Recession of 2008/09, of central banks (US Federal Reserve, European Central Bank, Bank of England, Bank of Japan and others) through corporate bond purchases and the various quantitative easing (QE) programmes, which together with the nourishment of easy "fiat" money not only kept driving up asset prices and the wealth of the very top percentiles of the income distribution but, critically, limited bouts of further market tremors.

In their direct form, Put policy options[7] are Tangible and offer limited downside loss, predominantly for systemically important financial institutions (SIFIs). The strike price is the inflated worth of a distressed/insolvent or substantially undercapitalised institution and covers as a minimum the rights of creditors (bondholders etc.). The payoff to the holders of the Put is typically the cost to the taxpayer of state funded rescue or bail-out plan(s). Tangible Put policy options also include: [P1] deposit guarantees which, for financial conglomerates, fund the overleverage of their investing arms, and [P2] periodic capital injections, or even the purchase by the state of 'bad assets', as we saw in the aftermath of the Great Recession, at strike prices well above market values.

Put policy options (and Intangible Call policy options like C7, i.e., the swollen balance sheet of central banks), brace Peck, Theodore, and Brenner's (2012) understanding of neoliberalism as a market disciplinary regulatory restructuring which has led to the expansion of big government finance and of the sovereign balance sheet under the auspices of small-government ideology in an escalating cycle of crisis and crisis interventions.

There is a deeper, more enduring and destabilising Intangible function of Put policy options. The notional possession of state-issued insurance rights by SIFIs and the certainty for future bail-outs, instead of bail-ins, rewards their malfeasance, incompetence, reckless risk taking and lending that paved the way to the Great Recession

[7] We do not claim originality of the term. "Greenspan's Put" refers to the salvation plans of the U.S. Fed's Chairman after the collapse of the giant hedge fund Long Term Capital Management in 1998, and the cushioning of bankers from the fatal excesses of their practices ever since.

and roar undisturbed ever since. Not only Tangible Put policy options condone the popular motto "Too-big-to-fail, too-powerful-to-jail" but the moral hazard, Intangible Put element recast it as "*Too-big-to-drastically regulate, too-powerful-to-thoroughly reform*".

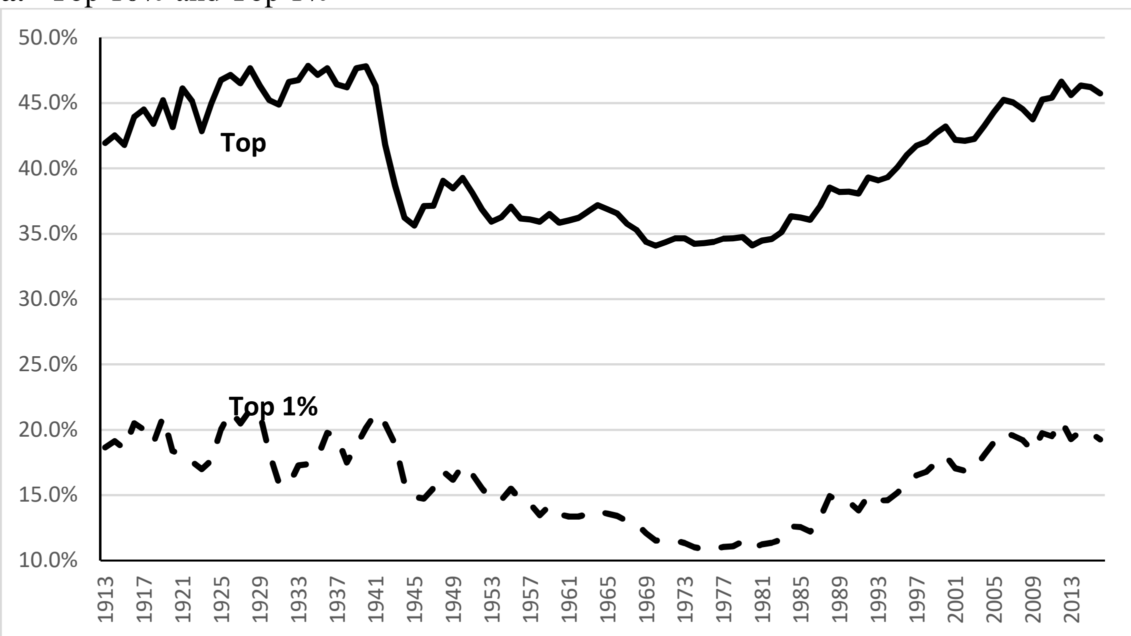
For all types of policy options, the assigned premium is related to the cost of lobbying and of political donations; as it is standard in the valuation of options, the premium is small compared to the strike price and to the highly levered benefits. The political role of mega corporations is generally interpreted as that of lobbyists, seeking to influence government policy. In neoliberal reality though, they belong in the "inside". They are part of the nexus of power that creates policy, facing no significant opposition as their interests have been woven into the fabric of neoconservative political administrators.

Mises ([1927]2005, p.9) distinguished between "the older liberalism and neoliberalism", penning for the first time Adler's neoliberalism term (see footnote 1), on the basis of the "former's commitment, at some level, to equality, as opposed to the complete rejection of equality, other than equality of opportunity, by the latter". The escalating costs of higher education and the erosion of social and welfare support networks for the poorer and deprived population groups in the modern era of a highly skilled labour force that information/technology monopolies are demanding, cast serious doubts on the legitimacy of the neoliberal notion of equality of opportunity.[8]

There is no scintilla of doubt that the income distribution effect of Warrants' Neoliberalism favour overwhelmingly the top groups. As an illustration, using the database of Piketty, Saez and Zucman (2018), Figure 1 plots the evolution of the U.S. top income shares between 1913-2016. A U-shaped pattern is noticeable for all groups.

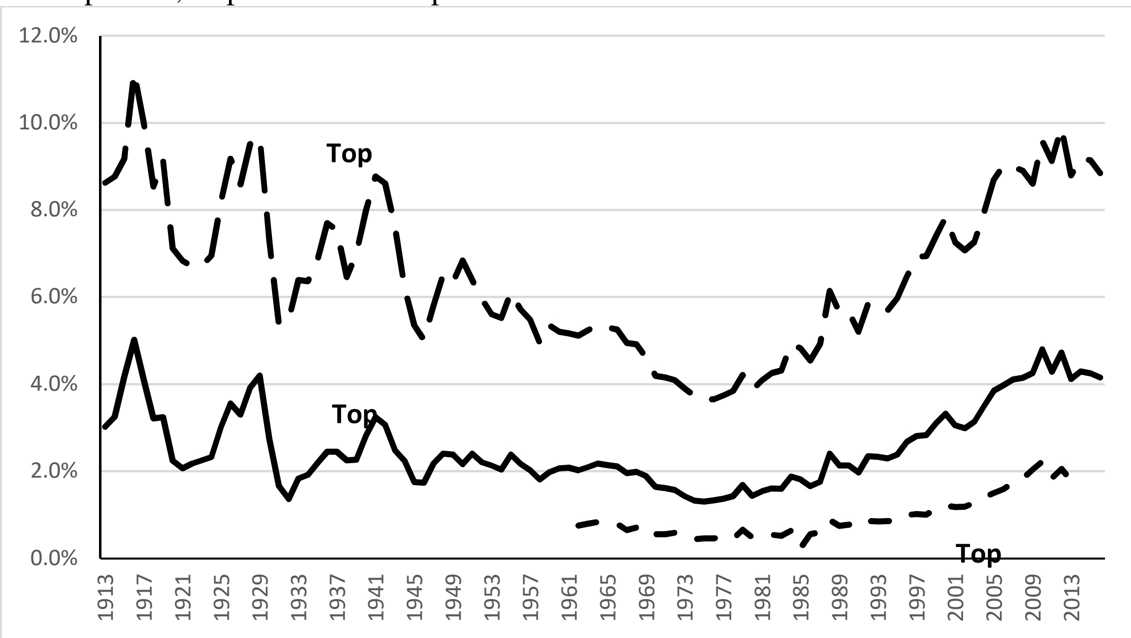
Figure 1. US Top Income Shares. 1912-2016

a. Top 10% and Top 1%



[8] See Hatgioannides, Karanassou and Sala (2019) for championing inequality as the missing fourth economic statistic -together with growth, unemployment and inflation- in mainstream economics.

b. Top 0.1%, Top 0.01% and Top 0.001%



Source: Piketty, Saez and Zucman (2018)

Table 1 presents a birds' eye view of our own calculations for the inequality factor. Using the same dataset, we express the U.S. top income shares (for ease of exposition, per 10,000 units or earners rather than the conventional 100 units) as a ratio of the corresponding shares of a uniform distribution for the years 1928, 1970, and 2010. We have chosen year 1928, at the eve of the Wall Street crash in 1929 and the ensuing Great Depression, as the pinacle of the 'Gilded Age' of the 1920s that gave rise to unprecedented great Gatsby-style attitudes of incomes at the very top; year 1970 epitomises the cumulative effects of Keynesianism and of a more inclusive mode of capitalism (the Golden Age of capitalism as it is often called) that were in place after the end of WW2; year 2010 stands as the apex of the legacy of Warrants' Neoliberalism that was firmly footed in the U.S. since the beginning of the 1980s and led to the Great Recession of 2008/09. In the ideal scenario of perfect equality, there is a one-to-one relationship between a given group of income earners and units of the income pie, resulting in an inequality factor of 1.00.

Table 1. US Top income shares as a ratio of the corresponding uniform share.

Distribution	$top\ 10\% \rightarrow y\%$	$top\ 1\% \rightarrow y\%$	$top\ 0.1\% \rightarrow y\%$	$top\ 0.01\% \rightarrow y\%$
	$\frac{1{,}000}{10{,}000} \rightarrow \frac{y \times 100}{10{,}000}$	$\frac{100}{10{,}000} \rightarrow \frac{y \times 100}{10{,}000}$	$\frac{10}{10{,}000} \rightarrow \frac{y \times 100}{10{,}000}$	$\frac{1}{10{,}000} \rightarrow \frac{y \times 100}{10{,}000}$
Inequality Factor "high-end" income as a multiple of an equal share				
1928	4.77	21.5	95	390
1970	3.41	11.5	42	160
2010	4.53	19.8	96	480

Note: inequality factor $\left(\frac{y \times 100}{10{,}000}\right) / \left(\frac{x}{10{,}000}\right)$, x is 1000, 100, 10, 1 for the top 10%, 1%, 0.1%, 0.01%

Source: author's calculation based on data from Piketty, Saez and Zucman (2018)

It is evident from Table 1 that in 2010, the top 10% income share was 45.3%; the associated inequality factor is recorded as: $\left(\frac{45.3\times100}{10,000}\right)/\left(\frac{1,000}{10,000}\right) = 4.53$. Under a uniform distribution, the top 1,000 earners would only take in 1,000 units of the income pie. Instead, the top 10% took in 4,530 units, i.e. 4.53 times more; the top 1% acquired 19.8 more; and the top 0.1% got 96 more. Clearly, along the higher end of the income distribution, inequality worsens dramatically: the top 0.01% (the highest earner out of a 10,000 cohort) took in 480! times more than the uniform share, a value even larger than that of 1928 (390). Unsurprisingly, in 1970 the top 0.01% took in 160 times more, while the top 1% was appropriating a modest in comparison, 11.5% of the pie.

Ultimately, and in line with the Gramscian ([1926-1937]1994) notion of hegemony,[9] within the Warrants' neoliberal contours there is a dominant socioeconomic block, which we call the Free-Market Aristocracy. It is the main beneficiary of the multi-facet substitution and income effects of Call-Put policy options outlined above. Despite long-term tensions and contradictions (both within production and finance), contemporary free-market aristocrats are awash with state warrants that sustain and ringfence their power and confine rivalry within the insiders of upper echelon capitalism. This regressive configuration seriously challenges the classical marginal productivity theory, according to which the distribution of income and wealth mirrors an individual's incremental contribution to the value of goods and services. It breaks with the principle of a "just reward" in a truly competitive economy, where remuneration is based predominantly upon effort, talent, entrepreneurship, innovation and risk taking.

The shackles imposed on the wider society by the plutonomy of the free-market aristocracy together with the dwindling role of the neoliberal state as a guarantor of democratic sovereignty and of social protection, have led to an unprecedented attack on the prevailing capitalist consensus which, since the Great Recession, is left with its legitimacy at historic lows. Warrants' neoliberalism's backlash to the mounting discontent and prospect for incumbent paradigm shift has been mainly twofold:

1) Rapprochement between the status quo and the swinging middle, reactionary lower-middle and less educated working-poor classes through populism, xenophobia, the demonization of economic immigrants as well as of the deprived/disabled, and the recasting of people in need of social care and the benefits system as worthless scroungers. Such a strategy, aiming at large to demise traditional liberal-democratic core values and practices, was referred by Harvey (2019) to as a developing alliance between neoliberalism and neofascism. Almost a century ago, Mises (1927, p.10)) openly declared: It cannot be denied that Fascism and similar movements [on the right] aiming at the establishment of dictatorships are full of best intentions, and that their intervention, has, for the moment, saved European civilization. The merit that Fascism has thereby won for itself will live on eternally in history. More recently and at the historical point that neoliberal politicians took hold of the government in U.S. and the

[9] The Gramscian notion of hegemony, scattered through the *Prison Notebooks* (Gramsci, [1926-1937]1994) is a concept that helps to explain, on the one hand, how state apparatuses, or political society (supported by and supporting a specific economic group) can coerce, via its institutions the various strata of society into consenting the status quo. On the other hand, and more importantly, hegemony is a concept that helps us to understand (i) the ways in which a predominant economic group coercively uses the state apparatuses of political society (Call-Put policy options in our work) in the preservation of the status quo, and (ii) how and where political society and, above all, civil society, with its institutions (ranging from education, religion to the microstructures of the practices of everyday life) contribute to the production of meaning and values which, in turn, nourish, direct and maintain the "spontaneous" consent of the various strata to that same status quo. In this case, hegemony in the Gramscian sense is related to both civil and political society and ultimately to the economic sphere.

U.K., Hayek (1981) stated[10] that "a dictatorship...may be more liberal in its policies than a democratic assembly". During the last decade in particular, the rise of the nationalistic and nativist "radical right" (euphemism for neofascism) in the West is a symptom of the authoritarian and absolutist evolution of the neoliberal mindset. A fervid willingness to use coercive methods, punitive traits and public shaming to shut down democratic debate and censor criticism threatens also to "illiberalize", as noted by Peck and Tickell (2002) the neo-liberalized Western extreme right-wing heartlands.

2) Rally around a comforting narrative that has come to be known as New Optimism. Its compelling storyline, proliferated by advocates known as Rational (New) Optimists, is that doom and gloom is all wrong as it lacks scientific evidence; human progress is in fact accelerating, particularly quickly since the 1980s that neoliberalism consolidated its dominance in the global geoeconomic sphere. Moreover, there have been dramatic improvements in indicators such as life expectancy and infant mortality; impressive reductions in the prevalence of disease; most importantly, global poverty is disappearing at a rapid rate, poor countries are catching up with rich ones. Pinker (2018), a leading intellectual of this (pseudo) ideological movement, summed up the grand euphoria: Industrial capitalism launched the Great Escape from universal poverty in the 19th century and is rescuing the rest of humankind in a Great Convergence in the 21st.

It should come to little surprise that the New Optimism propaganda has attracted generous funding and publicity, most prominently from Bill Gates, the mega billionaire co-founder of the tech giant Microsoft and lately a celebrity philanthropist, and from the Koch brothers, the oil tycoons known for promoting climate denialism and extreme market deregulation. Our World in Data, a prestigious electronic platform which condenses historical data trends, all moving impressively in the right direction, into simple colourful images for easy circulation on social media, is funded by the Gates foundation. Gapminder, a Swedish data platform that "fights misconceptions about global development", which created the slick presentations of the controversial academic and renowned Rational New Optimist Hans Rosling, lists Gates as one of its biggest donors. The online platforms Vox and Buzzfeed show Gates as a major investor; both companies became major conduits for feelgood infographics, pumping out countless articles with headlines such as "23 charts and maps that show the world is getting much, much better", and "9 reasons the world is getting better all the time". The Koch brothers are bankrolling media sites like Reason and Human Progress, a project of the Cato Institute, whose influential writers promote New Optimism as part of a fervently neoconservative agenda.

As Hickel (2017) brilliantly observes, despite their insistence on "scientific reason", New Optimists are strikingly uninterested in the nuances of the historical evidence they invoke. In their hands, the facts behind human progress have been distorted into a cartoonish simple narrative wherein capitalism, especially the neoliberal mode of the late 20th and early 21st centuries, is responsible for virtually everything socially beneficial that has been recorded in modern history. The fact that the most important gains in human welfare have been won by labour unions and social movements, have been enabled by publicly funded research and secured by public healthcare and education systems, almost always in the face of determined and frequently violent resistance from the upper capitalist class, is never acknowledged. Egregious disparities in social indicators between classes and nations are papered over in favour of aggregate trends. Climate change and ecological breakdown are either downplayed or completely

[10] Hayek quoted in Cristi (1998), p.9.

side-lined.

Perhaps even more damning is the fabricated rosy picture regarding the unfolding golden (rather nickel, if one sticks to the facts) age of poverty reduction. Bill Gates, in order to pre-empt the escalating critiques of inequality that frequently surface since the Great Recession at the annual World Economic Forum in Davos, tweeted to his 46 million followers just before the summit in February 2019 an extraordinary graph of the trajectory of global poverty developed by his own funded Our World In Data platform. The graph tells that global poverty has fallen dramatically over the past 200 years, from 94% of humanity in 1820 down to 10% today-about 730 million people- with particularly rapid improvements since neoliberal globalization began in the 1980s.

However telling is the storyline regarding the reduction of global poverty, repeated ad nauseum by Rational (New) Optimists, evidence shows that it lacks scientific credibility as it suffers from a number of crippling flaws. For one, the comforting narrative relies on an extremely low poverty line of $1.90 per day. It is an arbitrary and meaningless threshold as there is no sound research available supporting the $1.90 level in terms of its ability to achieve basic nutrition and sustain elementary human activity. In fact, the World Bank has warned that the $1.90 cut-off point is too low to be used in any but the very poorest countries and should not be referenced to inform policy. In 2016, the authoritative Atkinson Report on Global Poverty delivered a trenchant critique of the $1.90 line. As a consequence, the World Bank was forced to create new thresholds for lower-middle income countries at $3.20 per day and upper-middle income countries at $5.50 per day. At these more realistic benchmarks, almost 2.4 billion people are in poverty today, more than three times higher than the New Optimists would have people believe. More striking is the observation that if one measures global poverty using an evidence-based line at $7.40 per day which is needed as a minimum to achieve normal human life expectancy (see Hickel, 2017, for a critical survey of the relevant voluminous literature), the absolute number of people in poverty -based on the World Bank Global Poverty Index- has in fact grown since the onslaught of neoliberalism, climbing from 3.2 billion in 1981 to 4.2 billion in 2018. In percentage terms, 71% of the world population were under the $7.40 per day threshold in 1981 and 58% in 2018, a seemingly positive step. However, if one takes just China out of the equation, World Bank data show that the proportion of people in poverty in 2018 is almost exactly the same as it was in 1981, with no net progress at all. This is an alarming figure since the enduring success of the mixed command/capitalist Chinese economic model is primarily based on a state-led industrial development monitored by hefty subsidies, capital controls and trade protectionism as well as tight regulation; policies that can hardly square with the Neoliberal dictums responsible for the end-of-poverty miracle in the New Optimists' "Great Convergence" mythology.

Pogge (2008) correctly argues that when it comes to global poverty and extreme inequality, the morally relevant metric of progress is neither absolute numbers nor proportions, nor even the trajectory of poor people's incomes, but rather the extent of poverty compared to the capacity to end it. By this yardstick, he shows that we are doing worse than at any time in history. Under Neoliberalism cloaked-in state Warrants and turbocharged by accommodating geopolitical power imbalances, the mounting world economic surplus- the capacity in Pogge's terms- is locked up at the very top. For the Free-Market Aristocrats though, the exorbitantly inequitable distribution of income and wealth, both within a nation and across the globe, is considered even optimal in a Paretian sense as long as the less privileged are constantly bettering their nominal income by a tiny, in comparison, amount in a trickle down configuration.

3. The Emblem of Warrant's Neoliberalism: Privately-issued Fiat Money

The substitution and income effects of Tangible and Intangible Call-Put policy options discussed above are in line of what Harvey (2005) terms as 'accumulation by dispossession': "By [accumulation of dispossession] I mean the continuation and proliferation of accumulation practices which Marx had treated of as 'primitive' or 'original' during the rise of capitalism. These include ...colonial, neocolonial, and imperial processes of appropriation of assets (including natural resources)... and usury, the national debt and, most devastating of all the use of the credit system as a radical means of accumulation by dispossession" (p.159). Following on to Harvey's last remark for the devastating function of the credit system, we consider as the emblem of the Call-Put nexus of policy options, focal in the understanding of the architecture of monetary policy as well as of the modern imperialism of globalized finance capital, the unique Tangible Warrant of privately issued debt-based *fiat* ("let-it-be" in Latin) money acquired by the banking system, and the concomitant control of monetary and credit functions of the economy.

Money as an abstract legal power or legal *fiat* was firmly established after the collapse of the Gold Standard in 1971. The Bretton Woods Agreement in 1944 initiated a fixed exchange rate system and obligated member countries to back up, at fixed par values, the worth of their currencies to Gold, whose price was set at $35 per ounce. As the United States held most of the world's physical gold, most countries simply pegged the value of their currency to the dollar making in the process the U.S. dollar the de facto world currency held in each country's official reserves (together with gold). On 15 August 1971, U.S. President Nixon changed the dollar/gold parity to $38 per ounce and stopped allowing the Federal Reserve to redeem dollars with gold. That made the Gold Standard meaningless. The U.S. government repriced gold to $42 per ounce in 1973 and decoupled the value of the dollar from gold altogether in 1976 when, as all the advanced economies, began printing *fiat,* uncollateralised, money in a flexible exchange rate system.

Our main argument, not adequately explored in the literature, is that state institutions like central banks and treasuries have privileged a deeply entrenched, oligopolistic, and private industry (i.e. the banking/holding companies) with enormous power and financial gearing of their balance sheets stemming from the provision of three public or quasi public goods: (a) the supply of money, (b) the payments system, and (c) the supply of credit.

In the present monetary system with miniscule fractional reserve backing of deposits and with government-issued cash having a very small standing relative to bank deposits, the creation of a nation's broad money aggregates depends almost entirely on the banks' willingness to supply deposits. As additional bank deposits can only be created through additional bank loans and leverage, the banking system can increase or contract credit at will. Such a prerogative, crucially not driven by economic fundamentals, becomes a major source of business cycle fluctuations, not only leading to credit booms or busts, but also to an instant excess or shortage of money and therefore of nominal aggregate demand.

The post 1990s era of persistently low long-term real interest rates together with a global savings glut,[11] which can also be labelled as an investment dearth (more savings searching for productive investments than productive investments being available to

[11] An indication of the savings glut in the 2000s is the global imbalances: the huge current account surpluses (net capital exports) of East Asian emerging economies (particularly China), oil exporting economies, and several high-income countries (notably Germany). These economies became net suppliers of savings to the rest of the world. This was true before the 2007/08 crisis and it remains true today.

employ it) eroded the profits from the traditional usury[12] of the retail/commercial functions of the banking sector. U.S. financials and the big European banks absorbed much of the global excess savings glut but, despite easy access to cheap credit by corporates, the highly leveraged liability side of a bank's balance sheet (mainly made of deposits) was not directed towards the funding of real investment. In general, the glut of savings becomes a constraint on current demand. But since it is connected to weak investment, it suggests a structural weakness that is, slow growth of prospective supply and weak surplus absorption. The main countervailing factor to stipulate surplus absorption became the financialization of the capital accumulation process. Financialization manifests itself by: (i) the growth in the size of finance (the credit-debt structure) relative to production, (ii) an increased share of financial profits in overall corporate profits, and (iii) the rise of financial returns even in the operations of non-financial firms. Monopoly-finance becomes thus dominant imposing its logic on capital-labour relations, corporate governance, welfare systems and the configuration of policymaking.

During the largely unregulated credit expansion of the "roaring" 1990s, the rise in income inequality was enticing lower income households to borrow more than they can afford. In the new millennium, the means of inequality exploitation have traversed beyond the familiar avenues of the wage-productivity gap and the existence of a global reserve army of labour found in monopoly capital, to the "securitisation of inequality" as we call it, engineered by finance. Equipped with as good as cash structural collateral (Tangible Warrant of privately issued fiat money, Tangible Put of bail-out, Intangible Put of moral hazard), banking and finance industries levered up their stake in the society by securitising illiquid assets (subprime mortgages, distressed loans, etc.) via innovative, yet opaque forms of the over-the-counter credit derivatives (swaps, collateralised debt/loan obligations, asset/mortgage-backed securities).

Since neoliberalism took hold of the public office at the beginning of the 1980s, the key institutional change (Intangible Call option C6) that facilitated the extreme proliferation of off-balance sheet financial derivatives and the explosion of the shadow banking system was the successive relaxation and final repeal of the Glass-Steagall Act[13] in 1999 under the auspices of the U.S. Financial Modernization Act (i.e. the Gramm-Leach-Bliley Act). In effect, banking behemoths with retail/commercial and investment arms have been free to use retail deposits, which are (up to a limit) explicitly guaranteed by the government (see Put policy option P2), as collateral for speculative trading and toxic financial engineering to create extremely profitable internal hedge funds with stratospheric leverage of the balance sheet relative to their capital base number. For the U.S. alone, the after tax profits of financial companies jumped from below 5% of total corporate profits in 1982 to a staggering 41% at the eve of the Great Recession in 2007,

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[12] We adopt Aristotle's (2010) Ethics, Book V ([Sidenote: 1113a], p.97) definition of usury (see also Zarlenga, 2002, p.186); not only as the commonly mentioned charging of excessive interest on loans, but rather as 'taking something for nothing' through the calculated misuse of a nation's money system for private gain. This may be called 'macro-usury', because it operates on the entire money system,...if not fought brings society to a form of economic slavery (Zarlenga, 2002, p.336).

[13] Senators' Glass and Steagall Act of 1933 put forward the separation of commercial and investment banking for financial conglomerates. History repeats itself; the excesses of the finance industry in the pre Glass-Steagall Act era, which led to the Great Crash and the depression of the 1930s, have been rejuvenated by the 1999 formal "diversification" of financial conglomerates into commercial and investment activities. In the U.K., restrictions on the activities of financial institutions were substantially weakened as a result of market liberalisation and the regulatory 'Big Bang' of 1986. Although in other European Union countries universal banks were already present, they became aggressive in wholesale markets and securities trading only since the new millennium in imitation of the Anglo-American model.

even though their share of corporate value added only rose from 8% to 16%. The U.K. case was even more pronounced, with banking assets jumping form 50% of GDP to more than 550% over the same period. The combination of state insurance (which protects creditors) with limited liability (which protects shareholders) created a financial doomsday machine as evidenced in the Great Recession.

A decade on since the Great Recession, largely cosmetic regulatory firewalls are erected to monitor the transmission to the wider society of the inherent instability of a rampant financial system and to tame its capacity to generate systemic crises (as originally explored by Minsky (1977)). Multiple regulatory reforms (such as Basel III requirements at a global level; Capital Requirements Directive IV in Europe; Dodd-Frank act in the U.S.; Vickers Commission report in the U.K.; Solvency II rules for the European Insurance Industry) are still uncoordinated, thus open to regulatory arbitrage when eventually implemented. Structural reform of the universal banking model to ringfence (a feeble compromise on the necessity for a complete break-up) the retail and commercial services from the systemically risky investment banking arm, together with enhanced capital and liquidity requirements, are being cynically contested by coordinated lobbyists. Seizing on a fragile and oscillating global economic environment and most importantly, exercising the power of the state Warrants acquired at a miniscule premium, that of their lobbying, this self-interested group delivers bloodcurdling warnings about the consequences of a socially valuable overhaul of the banking and finance industries. We are told that: First, lending to businesses for productive investment and lending to consumers will be choked-off; in reality, this is a small component of their balance sheet compared with the huge portion directed to the interbank market. Second, the regulatory reforms will increase the cost of capital to investment banking, and reduce leverage and profits - in our opinion, a positive outcome that will halt excessive risk taking, curb short-term rewards such as mind-boggling bonuses and redistribute funds to SMEs that create jobs for the wider economy and contribute to socially beneficial and inclusive growth. Third, the new environment will potentially shift the risk of lending from banks to unregulated shadow banking institutions, such as hedge funds, private equity and industrial firms' finance branches. Without understating the need to place "shadow" entities under close supervision and strict capital rules, it defies logic to claim that the risks of internal shadow banking operations of universal banks were adequately assessed and managed by their risk management systems up to the onslaught of the Great Recession.

At the same time, one has to highlight the increasing subordination of a pivotal state institution such as the central bank to the sway of financial capital. Since the neoliberal drive, central banks of the advanced countries/currency blocks gradually became "independent", outside effective government control. Their principal mandate was the stability of a public good, namely *fiat* money that as discussed above, is neither backed by any precious metal (like gold) nor is necessarily redeemable in coin (i.e. unsecured money base). Inflation targeting (at around 2%) became the be-all and end-all modus operandi of a central bank (with the exception of the U.S. Federal Reserve that has a dual mandate that includes the monitoring of unemployment); interest rate management and forward guidance for the insiders of capitalism were deemed as the flagship central bankers' policy vehicles.

By definition, inflation depreciates rentier income and accumulated wealth held in the form of monetary assets. As such, it pauses a much greater threat to the Free-Market Aristocracy than is economic stagnation, a position that is reversed for the less privileged working classes. Joan Robinson (1976), in her praise of Kalecki's pioneering work, reiterated an illuminating dimension of the function of inflation: "Kalecki, diagnosed inflation as an expression of class warfare". The main victims of a wage-price inflationary spiral in a capitalist economy characterized by oligopolistic pricing and excess capacity would not be workers or real-economy capitalists but rentiers of the FIRE kind, hence the dominance in a central banker's remit of low inflation. For Kalecki, the power of labour to increase money wages was not a significant economic threat to capital of the real economy even at full employment due primarily to the pricing power of firms. Hence, if the incumbent economic system neglected consistently to promote full-employment through the stimulation of government spending this was not to be attributed to economic reasons per se, but rather to the political threat that permanent full employment would represent to the capitalist class. The "rise in wage rates resulting from stronger bargaining power of the workers" he observed, "is less likely to reduce profits than to increase prices and thus affects adversely only the rentier interests". It was in this context that Kalecki (1943) introduced his famous notion of the "political business cycle", whereby the capitalist state would alternate between promoting full employment and balanced-budget austerity, generating a "controlled under-employment".

Dealing with the existential threat, since the Great Recession, to the incumbent financial architecture, central bankers in unison decided to sail in unchartered waters. Quantitative easing (C6 in the line up of Intangible Call policy options) in the form of bond purchases funded by freshly printed money and channelled directly to the banking system becomes the controversial sine-qua-non instrument for rescuing the ailing finance industry. However inconclusive is the evidence for the benefits of quantitative easing on the real economy in the US, Eurozone, UK, Japan and its knock-on effects in the global economy, it is beyond dispute that asset prices, in particular sovereign bonds, have soared without any firm link to conventional asset-specific valuation fundamentals. Thompson Reuters estimates that as of November 2019 almost $12tn worth (at par value) of bonds trade at prices so high that the yields on them are negative. Besides institutional investors, asset-rich wealthy elites have clearly benefited from this unconventional stimuli whereas small savers and ordinary pensioners have been badly hurt by the historically low, even negative, interest rates.

Notably, in May 2015 the governor of ECB Mario Draghi alerted the financial community about prospective pathogens of quantitative easing. Speaking at the International Monetary Fund, he said: "Because the use of these new instruments can have different consequences than conventional monetary policy, in particular to the distribution of wealth and the allocation of resources, it has become more important that those consequences are identified, weighted and where necessary mitigated". Income inequality and financial instability appear on a powerful neoliberal technocrat's uttering. Nevertheless, a "people's" quantitative easing, in the form of free, "helicopter" money for the working poor to boost aggregate demand and the direct funding of a state-owned investment bank (sponsoring green projects and energy from renewables, modernising infrastructure, building eco-friendly public transport and offering low cost lending to SMEs) are vehemently rejected out of ideological conviction by central bankers and treasuries alike. Instead, a fresh round of *deja-vu* is on sight: a "banker's" quantitative easing, worth in excess of 2.5 trillion Euros over the coming years, was announced in September 2019 by the ECB, arguably to avert another Eurozone slowdown, which looks imminent. In late October 2019, renewed pressure in the short-term U.S. funding market forced the Federal Reserve to renege on its normalising policy by start buying $60bn worth of Treasury bills each month and by raising once more the size of its short-term cash injections into an already rickety financial system. Interestingly, and in fragrant defiance of the Darwinian, survival of the fittest, working principles of competitive stock markets asset managers such as Larry Fink, Chairman and Chief Executive Officer of

Black Rock[14] are recently lobbying central bankers to include the purchase of equities in the revamped QE programmes, artificially inflating in the process share prices, the value of equity funds/investment trusts and in effect bankrolling with newly printed public money performance bonuses for the industry's elite insiders.

Finally, the combination of ultra low interest rates, quantitative easing (Intangible Call Policy option C6) and regulatory reform (Intangible Call Policy option C7) have all contributed to a pernicious novelty in the brave new world of Warrants' neoliberalism: Capitalists without capital are thriving in the post-Great Recession capitalism.

Using data from Bloomberg and Thompson Reuters, our research shows that as of the beginning of December 2019 almost 40% of public stocks quoted in the U.S. have negative tangible book value, meaning that their tangible assets are not worth enough to repay their debt. Two decades ago, at the beginning of 2000, this was only true for 15% of the U.S. companies. Textbook corporate finance suggests that for such "zombie" listed firms,[15] in traditional material terms, their share certificates are not even worth the paper they are written on. And yet, incredibly, a yearly rebalanced "negative-value" fund that we composed using the shares of companies with negative tangible book value, would have beaten the main U.S. stock market, represented by the broader Russell 3000 index, by 24% over the last 20 years. This outperformance has almost happened since the 2008/09 financial crisis; between 2000 and 2008, our "negative-value" fund had roughly tracked the Russell 3000 benchmark. In the U.K. and the Eurozone, again as of December 2019, almost 30% of companies have negative net value whereas that was true for only 5% at the beginning of 2000. We offer two explanations for the frangible era of the rule of zombie companies.

First, rapacious financial engineering, which as we have already argued has not only remained unchecked but has intensified in the low interest rate epoch since the Great Recession, and private equity investors who, being minimally regulated and enjoying provocative tax breaks, have taken over companies, sold their physical assets and leveraged them to the hilt. Rather than invested in new, physical, assets, any net cash flows go toward share buy-backs and further leverage. Post-crisis, maximizing earnings per share rather than broader measures of profit has become the focus of financial engineers. That is clear from the growing discrepancy in the U.S. between the reported earnings of companies in the S&P stock market index, which are continuously rising since 2009, and the profits drawn up by the National Income and Profit Account (NIPA) as part of calculating the GDP, which have been stagnant. In other words, the entire rally of "negative-value" companies is a triumph of tenuous accounting. One of the most celebrated lynchpins of meritocratic liberalism, namely Schumpeter's (1942) "gale of creative destruction" (ibid, pp. 82-83), has given way under Warrants' neoliberalism to the process of keep staggering forward zombie firms through creative accounting and

[14] Black Rock is the world's largest investment management corporation with $6.84 trillion in assets under its belt as of August 2019. Given its power and sheer size of its financial assets and scope of its activities it has become a leading global shadow bank.

[15] The Bank of International Settlements (BIS), known also as the bankers' bank, has coined the term "a zombie company". BIS has been charting zombie companies for 20 years and is very apprehensive by their rapid rise since the 2008/09 financial crisis. Broadly, BIS defines a zombie company as one which is at least 10 years old and whose interest coverage ratio (ICR) has been less than 1 for at least three consecutive years, meaning that it does not produce enough cash to pay its debt payments. This BIS metric excludes small companies and start-ups that are borrowing heavily to fund their future growth plans. On this basis, some 12% of U.S. companies are now zombies compared to less than 2% 20 years ago. In our calculations of the annual returns of our "negative value" fund we do include listed small companies and start-ups. The main condition for including a company in our "negative value" fund is that its ICR is less than one in an accounting year, hence our calculation that 40% of U.S. public stocks have negative tangible book value (or ICR less than 1) at the beginning of December 2019.

financial engineering.

Second, the growing de-materialization of capitalism. In our electronic, internet-based period, companies need far fewer physical assets to be profitable. In addition, physical assets are less important especially when it is very cheap to finance the purchase of competing financial assets. Given that interest rates are spectacularly low for a decade, the economic moat traditionally provided by factories, retail branch networks or other big physical investments is no longer impregnable.

It is worth noting an East-West divide: In China, Japan and South Korea barely any of the listed companies has negative net value. Being the factory of the world, Asia is populated with financially and physically sturdy companies while the U.S. and to a lesser extent Europe are increasingly becoming spirits in an immaterial corporate world. Given also that zombie companies tend to be less productive than adequately capitalised firms, their survival may well be a part of the explanation for the low productivity that has bedevilled the West since the Great Recession.

Should interest rates revert to historically normal levels, zombies hollowed out by private equity and immaterial corporations in general would face an existential crisis leading to another major economic quake. That in turn might help to explain why a moderate rise in interest rates made in 2018 by the U.S. Federal Reserve was greeted with horror; the resulting market sell-off together with intensive lobbying prompted a U-turn in the Fed's interest rate setting, a rally in stock markets in 2019, and as discussed above, a fresh round of quantitative easing.

4. Conclusions

Since its hold of political power in the US and the UK in the early 1980s, neoliberalism became the dominant geoeconomic discourse of early 21st century global capitalism. In thrall to the intellectual legacy of Mises and Hayek and leveraging the academic weight of the arguably victorious micro-founded new classical economics school of thought, neoliberalism established itself as an unquestionable orthodoxy; an orthodoxy that operates as if it were the objective truth, a sacrosanct across the entirety of social space, from the practices and perceptions of individuals to the practices and perceptions of the state and social groups. The liberal-democratic ideals of economic logic, based on competition and efficiency, and social logic, which is subject to the rule of fairness, merely formed the neoliberal rhetoric meticulously concealing the actual programme of "methodical destruction of the collectives" as originally and brilliantly observed by Foucault (2008).

Our main and novel contribution was to codify the nature and the impact of the apparatuses created by the state, repository of all of the values associated with public realm, to enforce twisted market priorities, systemically dissolving in the process all social relations by transforming them into mere commodity relations. A state which is subordinated not to the dictums of laissez-faire and moral Darwinism but instead, is being precisely transformed to be servile to the interests of big business, SIFIs, corporate Haves, and established elites; in a nutshell to the exigencies of monopoly-finance capital as neoliberalism silently dictates.

As in Homer's Iliad, we are witnessing the engineering of a modern Trojan horse that is being erected to invade not the ancient city of Troy but post WWII capital-labour relations, corporate governance, welfare systems and the configuration of policy making. This new Trojan horse, tutelary of the post-competitive neoliberal order, is on its glossy external appearance authoritative - having the signature of the new classical academic establishment. Its concealed interior though is brutal, lethal and coercive. It is stuffed by an intricate cobweb of state underwritten Warrants, an army of institutional Tangible and Intangible Call-Put options, that (i) in their levered substitution effect, distort competition, accelerate business concentration, thus commissioning rivalry among big corporations with a global reach, and (ii) in their geared income effect, entitle the Free-Market Aristocracy of the top 1%, 0.1%, 0.01% of the income and wealth distributions to contractually appropriate the residual claimancy rights stemming from the reconfigured expropriation of resources and production.

In Lakatos' (1978, I, pp.49-52) terms, the policy Warrants outlined in this work constitute the flexible, empirically testable and evolving, "protective belt" surrounding the rigid "hard core" of the neoliberal programme, that is the destruction of the collectives. The hard core is treated as "irrefutable by the methodological decision of its protagonists containing purely metaphysical beliefs, a positive heuristic as a list of "do"s and a negative heuristic as a companion list of don'ts" (ibid).

Despite the deliberate opaqueness and suspect rhetoric sanctuaries used by the Free-Market Aristocracy to conceal the totalitarianism of their ideology and the "non-creative" destruction of their project, Tangible and Intangible Call-Put policy options demystify the landscape, structure the coercive operating contours and explain the sheer endurance and dynamics of the neo-not-so-liberal global rollercoaster.

Finally, it is illuminating to remind ourselves of two prophetic statements made by the liberal-democratic camp: "Among us today a concentration of private power without equal in history is growing. This concentration is seriously impairing the economic effectiveness of private enterprise as a way of providing employment for labour and capital and as a way of assuring a more equitable distribution of income and earnings among the people of the nation as a whole". This was the message to the US Congress on the Concentration of Economic Power by Franklin D. Roosevelt in 1938, April 29.[16] Four years prior to the above message we read: "Capitalism seems to retain remarkable vitality; but it can hardly survive the political rigors of another depression; and banking, with the able assistance of monopoly, seems certain to give us both bigger and better depressions hereafter-unless the state does reassume and discharge with some wisdom its responsibility for controlling the circulating medium" (Simons, [1934]1948, p.56). As if Roosevelt's and Simon's near century old misgivings were never made, the early 21st century neoliberal strong discourse- having bulldozed liberal economic thinking, seized the academic estate, cemented its hold on the state, and exploited voters' credulity via a well-funded mendacious propaganda- appears victorious as the preponderant social and geoeconomic organizing principle.

Addressing the malaises of neoliberal capitalism one has to expose the concrete material conditions governing the deformed incumbent market system. As economic crises repeat and the state becomes more and more the handmaiden of Warrants' neoliberalism, thus circumscribing its long established role, we believe that a new geoeconomic paradigm is needed. For Kuhn (1962), crisis, the common awareness that something has gone wrong, is the usual prelude for a paradigm shift. The racking proclivities and imperialism by the neoliberal zeitgeist towards the Anthropocene were made too evident in this work to be left undisturbed.

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Appendix 1: Call-Put Policy Options

A1.1 Baseline Case: Call and Put Options

For readers unfamiliar with options we briefly present the textbook case. Whilst the holder of a Call option has the right (but not the obligation) to buy the underlying asset by a certain date (maturity) for a certain price (strike or exercise price), a Put option gives its holder the right to sell the underlying asset by a certain date for a certain price. A standard American (European) option can be exercised at any time on or before (only on) maturity. An option contract has a buyer (the holder, having a long position) and a seller (the writer, having a short position). The holder of the option buys the right to exercise, or evoke the terms of the option claim. The price paid by the buyer to the writer for the option is known as the option premium which is typically a small fraction of the contractually specified exercise price, hence the highly leveraged payoffs of such financial instruments.

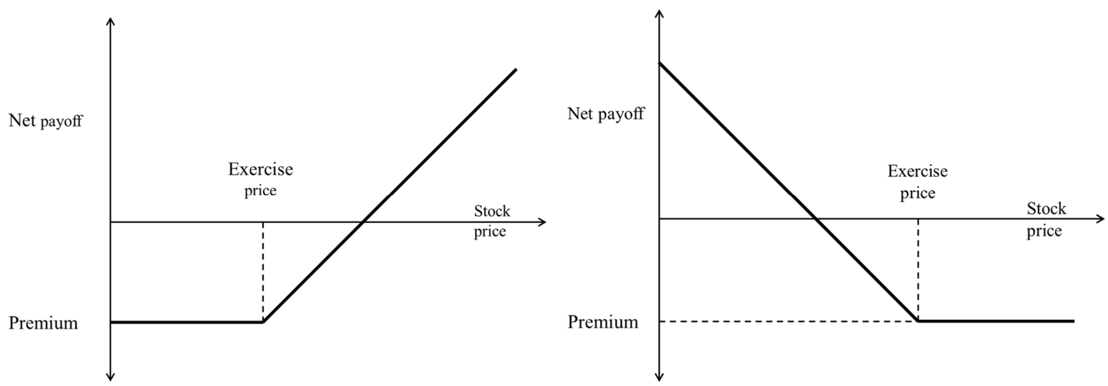
The holder of the Call exercises if the option's underlying asset, say a stock, trades at or above the strike price. Effectively, in a rising market the long Call position offers the possibility of an unlimited (net) payoff (see Figure A1a):

$$Call\ payoff = \max(stock\ price - strike\ price, 0) \Rightarrow$$
$$Call\ net\ payoff = (stock\ price - strike\ price) - premium$$

In turn, the holder of the Put exercises if the stock trades at or below the strike price. Clearly, in a falling market the long Put position offers a large (net)payoff, not unlimited as the price cannot be negative (see Figure A1b):

$$Put\ payoff = \max(strike\ price - stock\ price, 0) \Rightarrow$$
$$Put\ net\ payoff = (strike\ price - stock\ price) - premium$$

Figure A1. Long Call and Long Put Options.



A1.2 Warrants' Neoliberalism Analogy: Call-Put Policy Options

We reinterpret the standard framework of financial options by introducing institutional Call-Put options. As an illustration, Figure A2a shows the income effect of a Long policy Call option which appropriates all national income (the "underlying asset") over and above a rolling strike price,X_C (in financial engineering terms, a cliquet or ratchet contingent claim that resets the strike of the derivative structure to the last fixing of the underlying asset) determined by the nominal income of those, for example, at the bottom 99% of the distribution. In turn, Figure A2b shows that the exercise price of policy Put provides limited downside loss for large and systemically important firms (predominantly, systemically important financial institutions (SIFIs)). In its primary form, it is struck at X_P i.e. the worth of the distressed/insolvent or substantially undercapitalised institution, and (typically) protects the rights of creditors. The payoff to the holders of the Put is the cost to the general public of a state funded rescue or bailout plan(s). All institutional options carry a cost or premium paid by their holders, which reflects the cost of lobbying.

Figure A2. Call-Put Policy Options.