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Reflections on the Sustainability Theme in Economics

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ABSTRACT

Sustainability is not only a choice of efficiency and compatible growth, but it also becomes an obligation when economies break away from the path of stability and take the road of submondo of instability. Because the long history of humanity and its path from the dawn of time tell us that this story must last and that the planet's resources must be enough for future generations. Therefore, sustainability must be protected both from the award of linear growth if the path of the economy is correct and from penalties if the economic systems and the leadership that guide them escape from the path of sustainable balance. Therefore, we must imagine that the sustainable economy is governed by an unavoidable natural law that drives the systems to a stable equilibrium. Therefore, if the systems have undertaken the route of instability, they will enter a submondo, in which the linearity of the growth is lost and is replaced by the irregularity in the cycle of the conjuncture. On the other hand, the unstable system is crossed by monetary messages that are not evil but the echo of social and economic malaise. Inflation and deflation are ectoplasms created by the unstable world and destined to be immediately perceived by each member of the community, regardless of any social limitations. So that fighting the monetary signs of inflation or deflation could become a war against windmills. Because it is necessary to combat the malaise of instability and not the signs of this malaise. The economic and social malaise of instability creates tension in the systems towards the recession, which we must understand as an elitist tool to resolve the issue of imbalance. Hindering this trend, which is dictated by natural law and wants to privilege the sustainability of sustainability, can be the cause of the many disturbances that affect today's world, which is grappling with the presumption that we are able to control natural sustainability laws. Which are the perennial viaticum that accompanies humanity in its long march towards the intelligence of creation and nature that surrounds us and acts as a mother.

Keywords: Sustainability theory, economics, conjuncture profile, inflation base value, instability sub-world

Introduction

The theme of sustainability is a parameter that finds meaning in many disciplines and programs. So, it is switching from organic farming that rejects the abuse of pesticides and chemical fertilizers to the world economy that looks favorably on companies that use the respect of the sustainability values as tools for development in the markets. And so continuing, from the problems of global warming, with the issues of the introduction of dust and gas into the atmosphere, to the connected problems of mobility, energy, water treatment, pollution of the seas and use of resources that the planet offers for life. Leading the prepositions contained in the 2030 Agenda for Sustainable Development adopted by the United Nations Assembly; an action program for people, the planet and prosperity.

In short, the issue of sustainability is gaining general diffusion. In this way, sustainability becomes a value, which not only branches out in many disciplines and scientific researches but also takes on a priority character. A background to consider in scientific research, in the context of everyday applications, development, and organization of production activities, the daily life of the community.

As if to say that the sustainability function is pervasive and embraces all physical sciences, but not only. Because there is a connection between the degree of civilization and the sustainability of our presence on the planet. In other words, civilization - which is expressed through the level of science and culture - seems to move in harmony with the need for compatibility of the presence of living beings. Thus, the direction of research is decidedly oriented, albeit late, towards an intelligent life that respects the obligations towards future generations. This powerful evolutionary direction seems to be able to engage in time the way of thinking and acting of the communities, with effects that will develop social organization following the same path of the economy and production.

In fact, it will be possible to outline over time, but it is already "in use", a growing divergence between the direction of the economy according to the paradigms of maximum development and the position of the communities increasingly careful to maximize convergence towards sustainable development. With the result of bringing out new leadership attentive to natural heritage and safeguarding resources. At this point the effects on social organization and on the distribution of income and wealth are inevitable.

Well, the sequence of events produced in the name of sustainability and environmental compatibility does not seem to interest in a profound way the science of economics, which instead is called to define a theoretical and descriptive framework in which to configure the notion of sustainability in “sad science”. Also, because the profound changes underway or in progress introduced by the science influenced by the respect of nature, could actually be hindered if the management of the economy does not build a model of its own.

In concrete terms, the science of sustainable economics cannot be a derivation from the physical sciences that deal with food, climate, energy, mobility, climatology, and others. Instead, it must be a sort of trader who somehow directs and administers the tendencies of the real economy and its relationships with the evolution of science. On the assumption that the economy or science of sustainability must find its support and boost in the friendly relations existing since time immemorial between living beings and nature that hosts us.

The purpose of this relationship is understandable. Allow the development of life on the planet to take place in an order that serves to ensure the maintenance of intelligent life. And with it, the development of living beings, plants and animals, which contribute to the maintenance and development of life. Accepting the premise of the relationship life-planet, it means that there must be a balanced order of economic systems, as the laws governing the matter and the development of the forces of the universe. They are tendential, benign laws because they contribute to the maintenance of the stability of economic systems and are endowed with the flexibility that distinguishes the forces of nature to correct the deviations from the balance of compatibility and sustainability.

1 – Method

1.1 *The guardian force of the stability of economic systems, understood as the guardian of compatibility and sustainability of development*

The long story of humanity has gone through natural challenges or created by human selfishness that has never compromised its progressive settlement and progress. Indeed, the human race, at the dawn of the new millennium, looks to new perspectives and goals, after having suffered the catastrophic events of the world wars, the epidemics of the past centuries, the climatic and environmental changes from the beginnings to today. It could be deduced that the life of intelligent beings on earth is accompanied by a benign physical law, in the sense that natural fine-tuning control that disruptive errors do not alter the survival relationship of humans. And, with it of all living beings that cohabit and reproduce on the planet.

On the other hand, we cannot ignore the fact that economic relations, in particular, have passed over the centuries through events that have never interrupted the potential of social, scientific and economic development of the human race. Indeed, over time we are witnessing a powerful awakening of science that seems to be drawn from the general objective of accelerating compatible development. And therefore, gradually absorb selfishness and direct actions instead against the rule of compatibility. In other words, the scientific pervasion of the concept of sustainability feeds a mass culture that shows disagreement with its denial.

All this can happen because the economic systems are guided in the growth line by a principle of equilibrium, which we can equate with the principle of compatibility. In the sense that the economic systems, which run on the path of development in adherence to the principle of compatibility with the natural environment, have the privilege of being stable and balanced. This link between balance and stability, synonymous with the compatibility of the development in the economy, would have the strength of a natural law to which economic systems seem to adhere. On the other hand, the story of the economy itself seems pervaded by another trend law. The development trend would be a constant in the DNA of the human economy and follows a trend parabola that is described by the inclination of the systems to stability and compatibility.

How to find the sense of the journey made by humanity over time; a path that is marked by unquestionable qualifications in terms of both the global development of the economy and the development of science and technology. Two aspects, the growth of the economy and the development of the sciences that are undoubtedly correlated, not only for the interdependence of economy and science. But I would say above all because in the long course of civilization the trajectory towards stable development is still impressive.

Stability in the sense that a line of development of civilization in the horizontal line is however assured. A line of development with an inclination that over time remains on an upward trend, despite the vicissitudes of the path caused by natural factors or by human beings. In other words, the line of development of civilization remains in any case horizontal and on the rise, although the management of the economy is marked by errors, even serious ones, which in any case do not seem to affect the underlying trend. In recent times it can be argued that the acceleration of science and technology can be the guide for a more stable path of the economy, over time. So, we could suppose that we have entered a condition of almost stable economic development, imposed by the same acceleration of science. Which therefore uses the pervasive choice of compatibility as a driver to shape the direction of the economy. A direction that in progress tends towards the stability of systems, which is the essential perspective in the evolution of science and civilization. However, this perspective still seems to be an unripe fruit.

On the other hand, we can attest that it is only recently that the closest link between the scientific path and the sustainability of life seems to orient the economy towards compatibility more decisively. A sensitivity that is refined over time but that is not part of the heritage of civilization in previous centuries. And yet, the path of civilization still follows a slightly rising horizontal path, despite the interruptions on the path marked by natural disasters, epidemics, wars, etc. can, therefore, be said that the tendency to stability is part of the DNA of humanity. On the other hand, the forces that move the economy act in harmony with the deep stimuli that characterize our life on the planet. So, since the survival of living beings is linked to the principle of sustainability, one can think that the tendency to balance, and therefore to the sustainability of economic systems, is a need protected by physical law. In other words, stability is to be qualified as synonymous with growth and sustainable development that appears to be protected by a physical law, which in turn is influenced and influences the profound behavior of the community.

According to this approach, the balance of the systems must coincide with a linear and constant growth. According to the principle of sustainability, there is no opposition to a development process in line with the optimal use of the planet's resources. In the sense that it is the optimal use of resources that does not destroy natural wealth but keeps it available for future generations. Following this approach, stability can guarantee the development of the economy that is devoid of alterations and jolts but follows a horizontal line.

In other words, the long stay of human beings on our planet is certainly the result of physical laws that over time have created the habitat suitable for the development and conservation of life. It now seems acceptable that the evolution of our planet somehow also oversees the maintenance of life. Not only with the resources and with the use of these for the maintenance of life, but also in terms of regulation of economic relations, which in essence means administering the available resources in a fair and sustainable way. Therefore, we must hypothesize that even economic relationships, that is the use of natural resources for the development of humanity, are subject to a physical law that somehow punishes behavior that is against the balance between life and nature.

It is certainly not surprising that stability in economics is a point of equilibrium with natural law. Beyond which therefore the system must indicate, with the tools of the economy in the use of natural resources, the fall into the underworld of instability. Instability in the economy must, therefore, be understood as a deviation in managing the economy involving the improper use of natural resources, usually dictated by the will of the leadership to accelerate the terms of the development, in the false way of being able to accumulate such consensus in the electorate.

Impossible thing. Because the powerful reasons for the physical law of safeguarding the planet's resources are certainly not alterable by the false purpose of inadequate leadership. The management of power with short-term aims and objectives can, therefore, find the reasons for the loss of credibility and consensus in the reaction of the same economy.

1.2*The instability in economics drags the systems into a sub-world that can only lead to stability*

Why do we consider a sub-world the one created by the economy of instability? For the obvious distinction that exists between the two realities. That of balance and route in line with the conservation of resources, and that of instability which corresponds to the waste of the same. To flash on the reaction that our generation has suffered in the first decade of the century, we can recall the serious financial crisis 2008-2010 as a prototype of serious and irreversible instability, which we can interpret as a natural correction.

Note that the long hyper-speculative story of the early 2000s was certainly not a novelty. Only about a century earlier in the 1930s, the world economy was shaken by a storm, not unlike the hyper-speculative one of over ten years ago. The world and economic science, therefore, did not face a new monster in the circus of economic events. And yet, the syndrome of man who wins nature even on that occasion had the upper hand. So, the fog of speculation without limits did not recognize the danger as a kind of drugged condition has clouded culture, institutions, business, and the community. How was this possible? And unfortunately, as has happened, it may be possible also in the future.

The singular fact of the strange narcosis that captures the operators during the speculative acceleration leaves some questions. It has already happened, and the question has been investigated in detail, yet the phenomenon is repeated with almost the same characteristics. Now it can be added that the speculative enthusiasm cannot last long and therefore it is inevitable that sooner or later the pulled rope will break. The problem is therefore that the speculation-financial crisis paradigm that over time repeats itself according to the same sequences.

From the classic speculation of tulips in the Netherlands in 1637 to the more recent so-called.dots on the titles of the new economy and up to the second half of the first decade of the 2000s, which saw the value of Real Estate grow steeply, the instability of the economy seems to have reached to a point of no return. Over time and in the different social and organizational conditions of human societies, the phenomenon repeats itself following the same embarrassing procedure. Up to the breaking of the speculative bubble and the consequent financial crisis that leaves fearsome consequences on the economic and social terrain.

How it is possible that over time these tragedies will be consumed and that, due to the torpor of experts, institutions, and communities, the voice of dissent will not be heard, thus contributing to limiting damage. Now it seems reasonable to think that the repetition overtime of the fearsome speculation-crisis paradigm and the profound apathy that seems to justify the abnormal event must be the result of an instability of economic systems, profound and protracted.

In other words, the profound instability of economic systems cannot go on without end, also because it would lead to catastrophe economic relations and progressive ruin. Hypothesis denied because at a certain point in the cycle of instability a natural reaction takes place, which certainly causes very serious damage, but avoids total dystonia. From this, we can, therefore, deduce that the speculation-crisis paradigm is an elusive event but that, if evaded, it becomes inevitable.

The speculative events over time, therefore, indicate that a breaking point has been reached, which suggests an excitement in the consumption of natural resources that goes beyond and risks inducing an unsustainable vulnus to life on the planet. From this point of view, it seems reasonable to suppose that the relationship between intelligent life and the planet that hosts us is governed, with the flexibility and the long times of creation itself, by physical law, like those that regulate natural constants. Nor should it surprise a connection between natural laws and the law that oversees the stability of economic systems. In fact, as natural constants are measurements that make life in our world possible, we can hypothesize the existence of a constant in matters of economic stability that offers the same protections that the constants of the physical world offer to live.

If we admit this symmetry, it is not surprising that at a certain point in the course of an economic system in the underworld of instability there is a force that imposes a harsh reflection on the return to lost stability. The approach to sustainability, as a reference anchor also in the world of economics, implies that a system that moves with respect to the balance between life and nature must by definition follow a regular path. That is, following a horizontal development trend with a slight slope indicating the slow growth path of the economy.

Thus, it would not be permissible for the tension between nature and life to give rise to a change in the linear growth of systems. In fact, stability, or development sustainability, cannot be the cause of alteration of linear progression. If therefore an irregularity is created in the development trend, it must mean that the stability of the system is altered and therefore the sustainability partly violated.

It follows that there must be a rift and an incommunicability between the world of stability and sustainability and the underworld of instability. In the sense that the events that occur in the world of instability can in no case find their home in the contiguous but incommunicable world of stability. This is to say that the characteristics of the unstable world - from recurrent crises to support policies and monetary policy measures up to monetary alterations - are typical of this unstable state and cannot in any way become general totems of the economy.

In the stable universe all these monsters of the bad management of the economy cannot exist nor in any way can be exported from the underworld instability. However, the prevalence of instability between economic systems has fueled measures to correct the maladies of the unsustainable economy. But it has not placed as much commitment in favoring the correct management and permanence of economic systems in the natural channel of stability.

To say that liquidity problems are always a problem during the crisis and that monetary policy can mitigate the effects of the crisis, may seem almost obvious. Not exactly. Because the problem is not only and not so much to mitigate the virulence of the crisis but also and above all to correct the errors that led to the crisis and to the related social damages. Mitigating the damage of the financial crisis with the monetary policy can be useful and necessary. But doing so will certainly mitigate the social damage. But the errors that led to social unrest are not corrected because monetary policy is not able to resolve the errors that have led to the instability of the economic system. But only to mitigate and / or postpone the underlying problems of the economy to the future.

These are settings that suggest policies to remove from the present scenario the ghosts that the instability of the instability creates and even makes to emerge frequently. But they are policies that are designed to live with these phantoms of the underworld and not to eliminate them from the scenario. In other words, they are options for relief from social and economic damage. But they are options that remain within the sub-world that almost consider this reality distorted the reality of the world of economics. In this way, it disappears from optics of science itself - but also by the daily actions of managers and communities - the economy of stability and sustainability. That is the economy without monsters and cyclic accidents but with linear growth of global development.

1.3 *The natural correction is always in action. It's called deflation, inflation or cyclical path of the economy*

The natural correction mechanism is essential to be compared to an instrument of the same sub-world. In which the scenario is shaped to make or promote correction, in the sense that the most usual manifestations are mostly messages, sent to institutions and communities, to signal that the economy has derailed from the path of stability. Thus, we must interpret monetary alterations, which are often seeds that open up the course of the economy rather than events caused by the real economy.

As if to say that monetary alterations, such as inflation and deflation, would not be daughters from the real economy itself, but messages to the institutions and the community to initiate correction of errors. So, the effects on the real economy would be the reflection of monetary alterations and not the reason for the very morbidity of the economic system.

In other words, it is the signs that the correction mechanism sends to inform and push institutions and communities to correct. We are therefore not dealing with a direct natural correction but with sending unequivocal signs. Not by chance, the alarm that creates the monetary alteration is of direct and easy cognition for the effects that it creates in the daily events. As if to say that the prices subjected to the stress of deflation and inflation are the heralds that inform everyone, without distinction of category, class or other, that the things of the economy are jammed.

The alarm that arises from monetary alterations is more acute than the economic consequences of which we become aware of. Both because it is a simple and universal message and because it is combined in the collective DNA with the bad management of the economy. Thus, becoming a negative vote assigned to political leadership, apart from the specific problems of the economic affair that can escape to the community. In other words, the language of money and prices, dealing with inflation or deflation, testifies that the economy has become unstable and that the linear journey in slow but continuous ascent is interrupted.

This may mean that the sensitivity shown by the community to signs of instability is part of the atavistic collective trust that the economy must grow along a linear path.

And therefore, the general expectation is that this economic trend is continuous. In other words, the tendency to stability in economic systems also corresponds to a characteristic sensitivity that is found in individuals as well as in the community. Thus, it can be argued that the man next door has a general but synthetic knowledge of the state of the economy because the messages that come from the underworld of instability are confronted with individual sensitivity favorable to the stable condition.

From the above, it can be deduced that the man on the street, next door, everyone in a community has a direct perception of the state of the economy, through prices and purchasing power. Otherwise the set of expectations on which everyone at all levels bases their economic choices would not make any sense.

It goes without saying that the solicitation that comes from the community in the face of nominal growth in prices is adjusted over time, also in relation to the speed of change in the inflated prices. The variation that indicates a growing worsening of the economy's potentials and is perceived as such. It can, therefore, be assumed that the individual and group sensation is adjusted over time according to the expected price movement. So, a modest rise in prices can go almost unnoticed. However, if the process continues - and therefore the effects on spending power are felt - growing concern about the state of the economy is spreading in the community.

All this to say that the individual and collective sentiment grows in the absence of corrective actions on the part of political leadership or of poor effectiveness of the measures adopted. The collective sentiment can, therefore, be configured as an unconscious instrument of natural corrective power, in the event of the economy drifting away from the stable path. Therefore, "sentiment" is a tool that is valued and takes on the substance in the sub-world of instability. Instead, it becomes dormant in the case of the most stable economy because the expected linearity of development is consistent with the expectations of continuity of individuals and the community.

We have said that monetary phenomena in the underworld of instability are phenomena that arise due to errors in the management of the economy, but in the development of phenomena both inflation and deflation show that they are almost independent of the real economy. Indeed, it is the autonomous movement of prices that influences the economy. In other words, left to act, inflation follows the increasing pace that is imposed and defined according to the degree of instability of the economic system. Therefore, in the absence of interventions, it would be able to continue its ever-increasing run, thus reaching the levels of hyperinflation, *due to the deviation in instability but without a link with the current state of the economy.*

Instead, we observe the line of inflation as a broken line and not as a growing line of sinusoid shape that moves in a crescendo on a hypothetical line, with an inclination that depends on the degree of instability of the systems. It is certainly not a trompe-l'oeil effect. But rather the result of the strong reaction that inflation generates when it appears on institutions and communities; reaction that promotes and urges the corrective action of the policy. Usually, these interventions on the monetary front act to reduce the nominal tension of the inflated prices and thus break up the rising price movement with successive stops. The curve thus assumes the characteristic broken appearance.

In any case, monetary policy acts by manipulating interest rates, thereby depressing the economy. That is, the monetary maneuver can influence the fate of inflation and its nominal movement only if it imposes a slowdown in the movement of the economy. Inflation, in fact, develops due to a disturbance in the economy and it is only by acting on the flywheel of the economy that it is possible to calibrate or to control the inflation curves.

Even in the case of deflation, the monetary phenomenon arises because of the instability of the systems, but once in life, it moves according to a rule that is not tied to the motion of the economy. So, it follows a cautious movement that "suspends" the movement of prices, which remain balanced or slightly decreasing. A complex condition because monetary policy finds serious limits when interest rates are reduced to zero, if not negative. The monetary policy maneuver aims to sustain the fate of prices, but it is hopeless. Because the low cost of money supports the economy, while - as for inflation - we must curb the economic situation (i.e. accept the recession) to restore strength to the selling prices.

In these conditions, the battle against deflation becomes very difficult. While for inflation the rise in interest rates essentially moves in harmony with the natural correction maneuver, with the stop of growth. On the contrary, the rate cut maneuver in the case of deflation is essentially moving in the opposite direction, because it tends to support the declining economy.

It follows that, once it enters the economic affair, deflation tends to remain as an unwelcome guest for a long time, only because the monetary phenomenon linked to instability does not seem to find obstacles to its permanence. On the other hand, the choice to favor the weak economy, even with new liquidity, lends itself well to guarantee a (temporary) relief of the cycle but does not seem to have any valid effect on deflation. Deflation is, in fact, a bitter fruit of instability, which certainly cannot find relief through injections of liquidity or with a cut in interest rates, to zero them and beyond.

1.4 *Growth according to the sinuous line of the economic situation is a motive of the sub-world*

An important issue for the sustainability economy is to define the economic cycle. We often tend to consider the conjuncture, with its developmental rhythms alternating with the recession, as a typical character of the economy and not an anomaly in the development process. In reality, the frequency and constancy of the conjuncture phenomenon seem to favor its collocation between the recurrent and typical phenomena, therefore normal. But the fact that it occurs with great frequency is no guarantee of truth.

The question is not trivial. n fact, if - as the economy of sustainability affirms - the evolution of economic systems proceeds in a natural way in a horizontal line and with the inclination that depends on the potentials, it is clear that the metamorphosis of growth on the wave of the sinusoidal cycle of the conjuncture is an anomaly. As such it would therefore not make sense to juggle to reduce the negative gap of the recession, which instead is a sub-world monster of instability.

Yet the recession and the inversion of the cycle, despite the serious damage they produce to the social and economic set-up of the community, may not be a bad thing in itself, because the evil is the deviation from the order of stability. From this point of view, therefore, the problem would not be to try to remove the specter of recession but rather to follow the natural path of compatible and sustainable economic growth. In this case, in fact, the path of the structural development is horizontal and cannot undergo the cycle inversion.

In fact, the economic cycle must be interpreted as a correction factor of the system that has deviated from the stable route line. The accident is unfortunately very usual and recurrent. In fact, following this hypothesis, the significance of the sinuous development march, as a means of natural correction, is highlighted. A tool to correct the errors that caused the breakdown of stability and that, therefore, requires the cycle and recession as a means of pausing deviated development.

In other words, the cycle - with its convulsions - interrupts the linear growth that characterizes the stable economy. And it introduces recession as a tool to reduce the distorting effects caused by errors in the management of the economy. Therefore, the recession is to be considered the main instrument of natural correction. The sinuosity of the economic cycle is a sign of the degree of instability in the economy. Thus, in the initial stage, the economy is still growing satisfactorily for some time, except to undergo the involution of the cycle at more or less regular intervals, according to Schumpeter's forecast. (Schumpeter, 1939)

However, the phenomenon tends to accelerate over time without corrective measures. Therefore, the strength decreases more and more in the recovery while the recessive phase gets worse and becomes more frequent. In similar contingencies, the negative accentuation of the cycle is accompanied by the message of inflation which in parallel moves in ascent, according to an acceleration that depends on the degree of instability.
The monetary policy response, in this case, contemplates the rise in interest rates. An operation that tends to balance the effect of inflation to maintain, tendentially, the real interest rate higher than zero. A rebalancing of rates is necessary to allow banks and the credit system to function as normally as possible. The rate maneuver has repercussions on the economy that suddenly turns down and therefore follows the

natural movement of the corrective process. As mentioned, the monetary maneuver moves in sync with the natural tendency that drives the economic system to amend.

It follows that the recession is certainly damage, but it is also the cure. It is therefore important to realize that recession is a medicine for the system. Not taking medicine can have serious consequences. The mechanism for reducing instability follows a fixed path and over time suppresses recovery and accentuates the depth of the crisis. At the same time, the messenger of the crisis - which is inflation - tends to accelerate the race until it reaches the stage of hyperinflation, if not hindered.

In post-war Germany, the decisions taken at Versailles by the winning countries were unsustainable for the fragile post-war German economy. In the period 1921 to 1923, inflation degenerated to paroxysmal levels, so that it became impossible to follow the phenomenon with increasing flows of new money to be printed. [1]The natural tendency to accelerate the phenomenon underwent an irresistible pressure for the decision to issue new money to pay the extremely heavy repairs and salaries to the workers of the Ruhr on strike. A hallucinatory context for the consequences of improper actions, which are not opposed to the inflation phenomenon but rather urge the impetus with paradoxical new and increasing paper money issues.

2. Result

2.1

The problem is always to understand the real enemy to be fought. It makes no sense to see inflation as responsible for the disease. It is the "mala gestio" the real enemy to put on the ropes. While it is the cycle of the economy that tries to counter the effects of the

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[1]In April 1921, the Reparations Commission announced the "London payment plan", under which Germany would pay reparations in gold or foreign currency in annual installments of 2 billion gold marks, plus 26% of the value of Germany's exports; this was accepted by Germany after an Allied ultimatum the following month. The first payment was made when it came due in June 1921.[9] It marked the beginning of an increasingly rapid devaluation of the mark, which fell in value to approximately 330 marks per dollar.[5] The total reparations demanded were 132 billion gold marks, but Germany had to pay only 50 billion marks.Since reparations were required to be repaid in hard currency, not the rapidly depreciating paper mark, one strategy that Germany used was the mass printing of bank notes to buy foreign currency, which was then used to pay reparations, greatly exacerbating the inflation of the paper mark.Late in 1922, Germany failed to pay France an installment of reparations on time, and France responded in January 1923 by sending troops to occupy the Ruhr, Germany's main industrial region. The German government ordered a policy of passive resistance in the Ruhr. Workers were told to do nothing which helped the invaders in any way. What this meant in practice was a general strike. But all the workers on strike had to be given financial support. The government paid its way by printing more and more banknotes. Germany was soon awash with paper money. The result was a hyperinflation. A loaf of bread that in Berlin cost around 160 Marks at the end of 1922 cost 200,000,000,000 Marks less than a year later

[1] Upon his inauguration in 1969, Nixon inherited a recession from Lyndon Johnson, who had simultaneously spent generously on the Great Society and the Vietnam War. Congress, despite some protests, went along with Nixon and continued to fund the war, and increased social welfare spending. In 1972, for example, both Congress and Nixon agreed to a big expansion of Social Security, just in time for the elections.

deviation of the economy. Therefore, any attempt to support the cycle would be avoided in the case of accelerating inflation, because in reality, it would give strength to the corrective maneuver and not vice versa.

The behavior of the US in the '80s during the Reagan presidency is exemplary and almost textbook. In the decade before the United States, like most of the global economy, went through a phase of great inflation. In his book, "Stocks for the Long Run: A Guide to Long-Term Growth" (1994), Wharton Jeremy Siegel, called "the greatest failure of the American macroeconomic policy in the postwar period." The great inflation was blamed on oil prices, currency speculators, greedy businessmen, and avaricious union leaders. However, it is clear that monetary policies, which have a massive budget deficit and were supported by political leaders, were the cause.

John Maynard Keynes had supported revolutionary measures. Governments should use counter-cyclical policies in difficult times, with deficits during recessions and depressions. But the horizon in which Keynes's arguments move is the great deflation in the 1930s. In the seventies and eighties, the world is instead struggling with inflation. And the same strategy cannot be used in the two different scenarios activated by the instability sub-world. So that the monetary support maneuver of the conjuncture can become, as in the US case of the 1970s, support to promote double-digit inflation.

Even at the time, like today, the US president pressured the FED. William Greider, in his book "Secrets of the Temple: How the Federal Reserve Runs the Country" reports Nixon as saying: "We'll take inflation if necessary, but we can't take unemployment." The key money creation number, M1, which is total checking deposits, deposits, and traveler's checks, went from $ 228 billion to $ 249 billion between December 1971 and December 1972, according to Federal Reserve Board numbers. As a matter of comparison, in W. M. Martin's last year, the numbers went from $ 198 billion to $ 203 billion.[2]The amount of M2 numbers, measuring retail savings and small deposits, rose even more by the end of 1972, from $710 billion to $802 billion.

The expected result was a continuous boost to US inflation. In the winters of 1972 and 1973, Arthur Burns began to worry about inflation. In 1973, inflation more than doubled to 8.8%. Later in the decade, it would go to 12%. By 1980, inflation was at 14%. To control prices and growth a restrictive monetary policy was needed, including the acceptance of an even deep recession, until inflation returned to low single digits. We are therefore Reagan's president in the 1980s.

Basically, he chose the recession of the US economy to bring inflation back. Reagan combined the Federal Reserve's monetary tightening regime with an expansionary fiscal policy. Reagan allowed the Federal Reserve to drastically reduce supply to

[2]Nixon fired Fed Chairman William McChesney Martin and installed presidential counselor Arthur Burns as Martin's successor in early 1971.

inflation, but it resulted in the recession deepening temporarily. [3]The effect of Reaganomics was a growing budget deficit. Government loans, along with the tightening of the monetary base, resulted in very high-interest rates (which quickly reached around 20%).

The economy, in turn, succumbed to a severe recession with an unemployment rate of 10% in 1982. In reality, the recession went back to the policies of the 1970s that had left room for inflation and subtly concealed the tendency to the recession. Following the 1982 recession, high government spending was one of the factors that contributed to the strong growth (4.2% annually in the period 1982-1988). With the simultaneous reduction of taxes, it also significantly pushed up the deficit.

Despite the contradictions of Reagan's policy that combined monetary control with fiscal permissiveness, success was decreed by seconding the recession that ultimately disarmed inflation. In the United Kingdom by Margaret Thatcher, a monetary regime, a tight monetary policy, and a strict fiscal policy were applied consistently, which produced a deflation in the midst of depression.[4]Although inflation decreased and output rose before the end of her first term, unemployment continued to increase, reaching more than three million in 1986.

2.2*Some considerations on the economic cycle and monetary phenomenon.*

As we have said, once insinuated in the economic system, inflation remains floating with a quid of acceleration. Therefore, the short braking under the blows of adjustments in the interest rates lightens the tension, which then resumes with the same previous rhythm. In this sense, at the time of the Volker presidency at the FED,

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[3]Paul Volcker was Chair of the Federal Reserve from 1979 to 1987. In 1980, the Volcker Shock raised the fed funds rate to its highest point in history to end double-digit inflation.Volcker fought 10 percent annual inflation rates with contractionary monetary policy. He courageously doubled the fed funds rate from 10.25 percent to 20 percent in March 1980. He briefly lowered it in June. When inflation returned, Volcker raised the rate back to 20 percent in December and kept it above 16 percent until May 1981. That extreme and prolonged interest rate rise was called the Volcker Shock. It did end inflation.

[4]Thatcher led the Conservatives to a decisive electoral victory in 1979 following a series of major strikes during the previous winter (the so-called "Winter of Discontent") under the Labour Party government of James Callaghan. As a prime minister representing the newly energetic right wing of the Conservative Party (the "Dries," as they later called themselves, as opposed to the old-style moderate Tories, or "Wets"), Thatcher advocated greater independence of the individual from the state; an end to allegedly excessive government interference in the economy, including privatization of state-owned enterprises and the sale of public housing to tenants; reductions in expenditures on social services such as health care, education, and housing; limitations on the printing of money in accord with the economic doctrine of monetarism; and legal restrictions on trade unions. The main impact of her first term was economic. Inheriting a weak economy, she reduced or eliminated some governmental regulations and subsidies to businesses, thereby purging the manufacturing industry of many inefficient—but also some blameless—firms. The result was a dramatic increase in unemployment, from 1.3 million in 1979 to more than double that figure two years later. At the same time, inflation doubled in just 14 months, to more than 20 percent, and manufacturing output fell sharply. Although inflation decreased and output rose before the end of her first term, unemployment continued to increase, reaching more than three million in 1986.

the decision not to give up the tightening of rates to eliminate inflation from the economic environment was at the same time courageous and decisive. And at the time it represented an example to remove the germs of inflation globally.

The brief episodes, at the time of great inflation in the global economy, clearly delineate that the resolution of high inflation and the turning point towards a period under control is not to be found in monetarist therapies or worse in the intricate mixture of Reaganomics. It is clear enough that the competitive advantage that England and the United States had in the second half of the 1980s lies in the decisive recession that they also suffered due to the determination of the protagonists.

The problem was not to remove high inflation that is not a protagonist of the economic affair, but only a messenger of instability. The real question was the weakness of the economy, which in many western countries was exhausted and therefore unstable. It then required that the natural tendency of economic systems to recession be left free to act in order to remove the excesses and free the swamped system. The contradictoriness of Reagan's politics rested on the driving force of public spending (reduction of taxes and contemporary cuts in social spending - Reagan's hedonism) and on a simultaneous steep increase in the funds rate.

A combination that could only accelerate the severe recession trend in the economic system. A controversial recipe, but which achieved the goal that the natural correction pursued to rebalance the system. The legacy of management in the 1980s in the USA was, therefore, a reduced inflation under control but also high public debt. Thus, while the rise in interest rates had led to the decline in nominal prices, the drive for recovery came from the impulse transmitted by public spending.

The tax cuts together with the heavy increase in military spending, despite the $ 25 billion cuts for welfare policies for the poorest in the fight against fraud, caused a sharp increase in the deficit, which doubled between 1981 and 1982 then increasing throughout the 1980s as well as the balance of payments deficit.

Thus, the contradictions of Reagan's policies caused the severe recession of the years 1980-1082. However, it must be recognized that, with the return of low inflation and the normalization of monetary policy, the breadth of fiscal policy played a significant role. This again confirms that Keynesian policies within the recession can play a role in the recovery of the economy. In any case, it must always prevail Keynes rule in favor of the deficit during the recession with budget surpluses when the economy recovers. However, there is a limit to the usefulness of Keynesian measures, so that beyond the maximum threshold of public debt new interventions are temporary or neutral. (Cossiga, 2018)

Even in England, in the first three years of 1980, Thatcherian care was devastating. The gross product was reduced by over 11%. The greater coherence of Thatcher's politics had as a consequence a deepening of the economic and social crisis.

Nevertheless, the Iron Lady's policy in the second term found fertile ground for optimal acceptance. In any case, the virtue of recession as an instrument of the natural correction of unstable systems is recognized in its chiaroscuro aspects.

The recession is above all a social as well as an economic evil. It is not evil but the consequence of evil. And it becomes an obligatory step to redeem the economic systems that have gone beyond sustainable development. The post-war years from 1960 onwards were traveled in a climate of growing instability, only reduced by the incursions of leaders who were able to impose the hard rule of returning to stability, unfortunately precarious.

In reality, Thatcherian and Reaganian policies were neither good nor bad. And in any case, we cannot trust them to attribute the merits or demerits that developed in the 1980s in the economic and social fields. It must be admitted that the deep recession in the two countries had the effect of cleaning up the errors accumulated in the previous decade. Furthermore, the very restrictive monetary policy produced the effect of curbing the credit trend and removing excesses. Thus, the conditions were created that allowed the liberal and hedonistic policies of the 1980s to succeed for a few years.

Success in growth in the second half of the 1980s, in the wake of Thatcher's and Reagan's policies, was linked above all to the ability to stifle inflation in the early years of the decade. However, the success of liberal policies inspired by the principles of hedonism and non-solidarity is due to the reduction in instability, which in fact relaunched the potentials of development. The damage accumulated by these policies was revealed in the 1990s, which led to the mini-cyclical inversion of the 1990s.

Unlike at the time the case of European countries, including Italy in the eighties, which has undertaken belatedly fighting inflation (ergo the instability of the economy) and played the great potential of the economy to this uncertainty.o stifle inflation once and for all, it means -I repeat - that the tail of this monetary phoenix cannot be reborn in the tissues of the economy. But this hope soon turned into an illusion, because the monster of instability had not been suppressed.

The problem is always the purpose that is proposed to us. Inflation is a messenger; it is a communication of the system that emerges when the management of the economy skids to support the recovery. Do not fight against the specter of monetary disharmony, instead, we must fight to restore the harmony of the system stability. The rulers instead see inflation as the beast to fight against, because it is of immediate diffusion and perception in the community. The British prime minister and the US president in the 1980s kept the bar of restrictions, especially monetary, in a straight line despite the deterioration in the economy. They were right and presented themselves at the meeting of history as true political leaders.

In the case of Italy, this firmness was distorted by the concern about the damage that the monetary restriction would bring to the economy. A false balance was used in straightening the inflated situation, keeping real interest rates just above zero We are far from the harshness of Volker's monetary policy and the rise in rates caused in England by Thatcher's monetary restriction. Not even the opportunity offered by the 1982 counter-oil shock was used to tighten monetary policy, driven by the deep decline in oil prices. An occasion that instead helped the US economy to recover from the deep depression. At the same time, to avoid a downturn in the economy, he appealed to the continued support of fiscal policy to compensate for the narrow (weak) on the monetary plan. Operation of the unfortunate outcome.

Inflation in Italy, not stifled but slowed down, continued in alternate phases until the mid-1990s. When the over-excitement of the system, stressed by the ever-increasing public debt, instead of suffocating the inflation curve ended up turning it into worse. In the 2000s it turned from inflation, which did not fall below 5% until 1995, to the point of concealing itself in a premature tendency to deflation.

The problem now as then is not to stop the march of inflation or to silence the path of deflation in progress. The spectra that arise from instability are creatures of the unstable world that cannot be attacked directly because they are ectoplasms that disappear only on the condition that the errors that are a cause of deviation of the economic system are eliminated. So, if it is anxious to contain some point the growth of inflation line, as happened in Italy in the eighties and nineties, we get the Pyrrhic victory of the small etching of the price curve. While the main reason for the querelle, which is the cause of the instability, is not scratched.

Unfortunately, the example offered by the strong policy of Reagan or Thatcher was not enough for a saving imitation. Italy in the 1990s encountered social and economic-political problems that could have been avoided in the country if the issue of defeating the system had been addressed with appropriate determination.

2.3 - *The economic cycle and prices measure the degree of instability in the economy*

At this point, it may seem that a periodic correction of economic systems is the panacea for restoring stability to the economy. It is not so. *In reality, a stable system is not subjected to the tyranny of the economic cycle and even less to the adventure of monetary irregularities*. Because a balanced system follows the path of stability, which is a guarantee of credible development, in terms of sustainability with the environment. Under these conditions, the development of the economy follows a non-irregular path, but dependent on the availability of resources in the natural environment and on their non-invasive use of the evolution of the environment.

In these situations, unfortunately infrequent, the need for pauses on the development trend has no reason to be. The development trend is linear and the inclination, dependent on the growth of the economy, is aligned to the potentials offered by the same environment. It can be deduced that in these optimal conditions, the option of recession does not arise. The recession is a model of natural correction that serves to remove the reasons for error in the management of the economy from the unstable system. In the absence of errors in the area of sustainable development, there is not even the presence of a corrective measure.

The situation changes if the system takes the adverse path of the derogation from the stability path and continues along this path, which leaves the way back. In the underworld of instability, the cycle of conjuncture is not a monster without any purpose. On the contrary, *the conjuncture, with its ups and downs in torment, is the instrument of natural correction that always occurs, without time or geography limitations, when the evolutionary mechanism is not in the field of sustainability.* The pervasiveness of the correction model and the unique ability to always follow the same evolution over time, are undoubtedly reasons for confirmation and almost wonder since it is a model that follows a mathematical sequence.

The pseudo-Schumpeterian theory, according to which the cycle of the economy can have a constant rhythm and that recessions can thus be predictable, is not relevant. Only in the case of new and slight instability, the cycle has an almost constant trend, with short recessions after a long recovery. As the instability continues, however, the natural corrective process gradually changes with increasingly shorter recoveries while the recessions are longer and deeper. Up to almost continuous recessions while the recovery phase is extinguished, in the event that inflation has reached and exceeded the level of hyperinflation.

The reason for the asymmetric behavior of the economic cycle is simple. It is intrinsically linked to the degree of instability of the system. The degree of correction (recession) increases with the progress of time in the unstable condition, also due to the accumulation of past and present errors. A repetitive and therefore predictable model would make no sense. If this were the case, then we could argue that the recurrent and predictable cycle is part of the normal affair of the economy, with other purposes certainly different from those of safeguard and correction that we trust in the conjuncture cycle.

This physiognomy of the cycle as a factor for the correction of instability excludes the possibility that the sinuosity of the economy may extend to the condition of stability. In fact, there is no need for correction when the economy runs according to the green line of sustainability. It must be said that the global economy does not show conduct in line with the principles of sustainability and the maintenance of resources for future generations. More generally, the current landscape is under the constellation of deflation. The monetary message postulates that the excesses that had given rise to speculative events in the first decade of the century and to the serious global financial crisis of the years 2008-2010 have not been overcome.

Deflation appears to be a sort of warning to institutions, businesses, and families. We are trying to live and consume beyond the limits and we need to put a stop to the process of money and credit creation. Deflation is a monetary message like inflation, but it is not the opposite or the opposite of inflation; it's just another thing. Seen from this angle, those who intend to initiate inflation to counter deflation have assumed that the two phenomena were the opposite of each other and therefore can be annihilated by comparison. Hypothesis on the edge of ridicule.

Apart from the monetary nature and the character of messengers, nothing else unites them. Both are phenomena that have no direction. They are ectoplasms that are created in the sub-world of instability with very different vocations, if not the one, which is shared, of communicating to the community that things in the economy go wrong. Therefore, it is not possible for the system in crisis for instability to send contradictory messages, such as the race for inflation in common with the involution of deflation.

For these reasons, a system that has succumbed to inflation is subject to the acceleration of the automatic mechanism, as long as the economy remains unstable. If we suppose that, for the action of monetary restriction, inflation suffers a collapse and tends to a minimum, the phenomenon may not be concluded if the instability of the economic system is not overcome. In such a hypothesis (persistent instability and inflation at the minimum), we can witness the reversal of monetary signs and the appearance of deflation.

Similarly, one can explain the reason for a global panorama that tends to deflation, while some economies continue to be subject to the increasing pace of inflation. Because the monetary sign away from inflation to deflation, it is necessary that the first phenomenon is annihilated, and the economic system, not healed, becomes more unstable with time.

On the other hand, deflation does not appear to be subject to the monetary rule that links prices to the quantity of money. Fisher's quantitative theory, on the other hand, seems to adapt quite well in the case of high inflation, so that if it curbs the creation of new banknotes we can see a slowdown in the price run (in the case of Germany in the first post-World War II period). On the other hand, the price race requires a growing production of monetary signs to allow, despite everything, the development of economic activity and maintain purchasing power for families. The "price - quantity of money" chain has led us to believe that we can live with inflation, simply with an efficient indexation mechanism. A senseless hypothesis because inflation is subject to a constant acceleration.

The quantitative option is not found in the case of deflation, although its suggestion is far from being overcome. The major concern expressed by the market for the river of liquidity introduced into the economy by the Central Banks, with the so-called QE, has long been the prospect of an inflationary response. In essence, it was believed that Fisher's theory or Friedman's quantitative neo-theory could play their supposed role even in the case of deflation.

Nothing could be more wrong, because as mentioned the two monetary messengers of instability cannot coexist. Thus, the enormous liquidity injected into the global economy did not translate into inflation. but rather it created the prerequisite for a broadening of credit at the general level. Not only. The abundant liquidity has not even served to bring back to share deflation, which continued to erode prices under the fateful level close to 2%, considered the balance of the recovered benchmark. In this case also, however, the certainty of the rediscovered good time approaching the 2% price parameter appears equivocal.

In fact, the barometer of the economy could mark a good time if the economy had reached the stage of almost stability. In that case, the price rate would squeeze on the magic number close to 2%, which indicates the dawn of the return to the most stable economy. Having reached that stage, the rate close to 2% is now stable over time and is the messenger of an economy returned to the condition of balance and stability. *An ideal and potential condition, therefore, leads us to consider the rate close to 2%, postulated by the Central Banks, a constant in the economy of stability*. Like the great constants of matter, starting with the constant universal gravity, the speed of light, the Planck constant. (Cossiga, 2018)

Now, as our world appears to be far away in the search for stability and sustainability, it follows that the approaching 2% rate cannot indicate that we have reached the goal, but much more prosaically that deflation is still with us. In other words, in a stable or quasi-stable system, the line of linear growth cannot by convention face adverse phenomena, such as deflation. But it must necessarily follow a constant value in the movement of prices. Motion that could not become zero or almost, because prices cannot reflect a stagnant calm. Instead, they must reflect the continuous and increasing motion of economic life, moving around a value that we can define as the price constant.

The price constant is, therefore, an abstract and perhaps unreachable value, which we can imagine as a tendential objective. It is now clear that it may be an excess of optimism to postulate that the economy has reached the goal of stability when the price curve is around this parameter. Unfortunately, the identity card of the stable world is the prolonged performance of the economy according to a linear movement, without acceleration or braking, and according to a respectful growth of the environment and compatibility.

The global economy is still not suitable for such a yardstick

3.Discussion

Inflation is struggling to take root in an economic system, but even more so to leave the field and sanction the end of the nominal price run. Inflation is, in fact, a sort of spiral that rolls up with an acceleration that is never constant and therefore variable over time according to the degree of instability of the economy. It follows that if the mechanism is not blocked with the decision, it may even seem to disappear but then resumes. Its charge finds energy in the inflated sub-world and does not end if the errors that have caused the economic system to deviate are not eliminated or rendered irrelevant.

This consideration about the survival capacity of inflation, once rooted in the economy, can perhaps be called into question to explain or in any case, shed light on the transformation of the monetary phenomenon. The inflated world of the 1970s and 1980s took a break in the 1990s but then turned towards deflation with the ultra-speculative story at the end of the first decade in 2000.

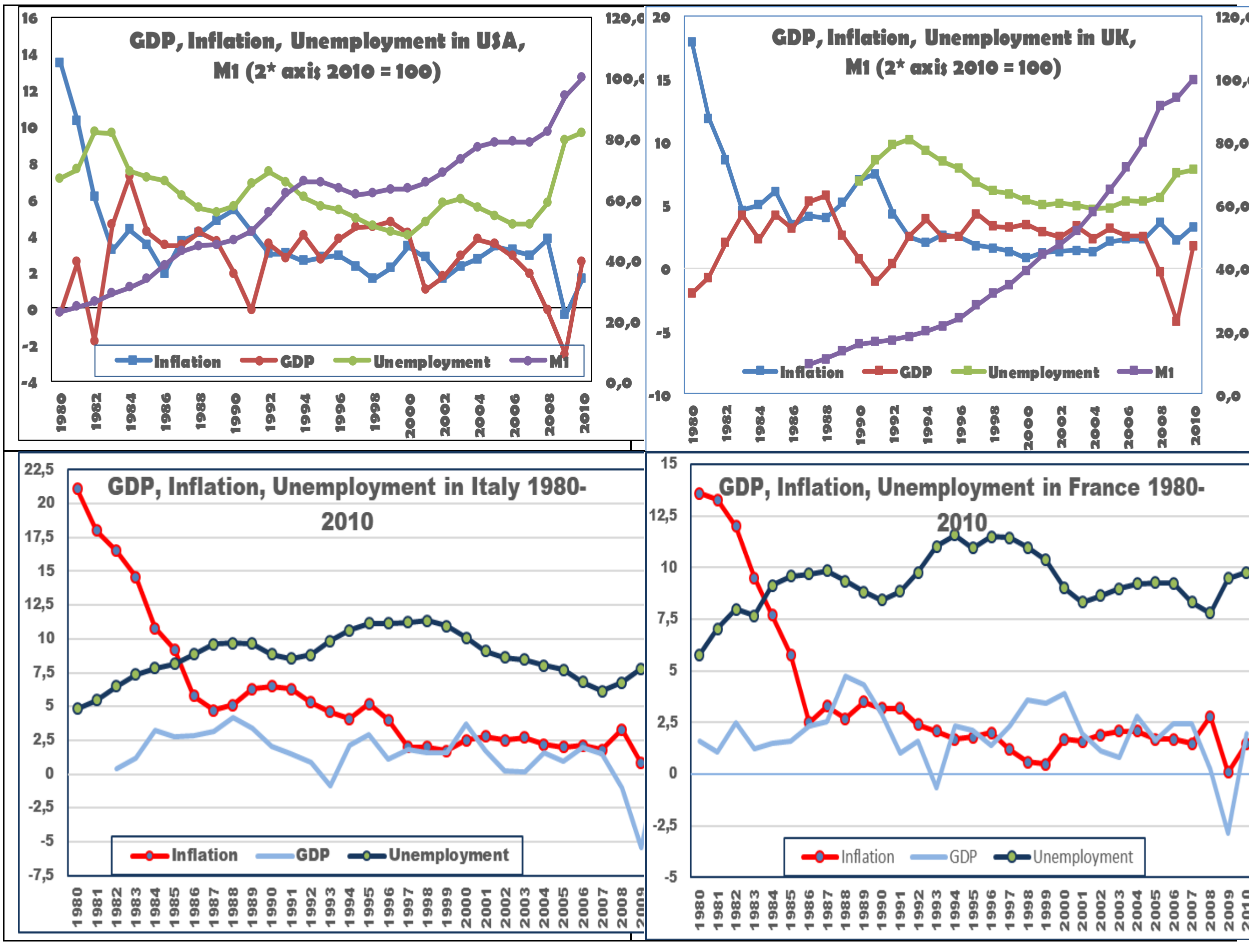
It is certainly not a combination that the world economy has changed skin from rising nominal prices to today's breaking prices. One thing seems certain, the two monetary phenomena that have occurred over the course of fifty years are linked and linked to the difficult removal of instability. As if to say that the cure for stopping inflation, hence reducing the instability of the system, has not reached the stage necessary for the definitive retreat of monetary messengers at the global level. Which are therefore still with us, although the formal and substantial expression of the messenger and the effects of protracted instability have changed.

Therefore, the problem is the fate without apparent end of inflation and then of deflation, if the panorama always remains the submondo of instability. We have already said that inflation seems to have the strange ability to hide and almost eclipse towards 5%, giving the wrong impression, however, that the phenomenon has finally been overcome. As soon as the nominal price run is within acceptable limits, it takes a breath the redoubtable needs the leadership to give breath to the economy, with new injections of public spending. Really stifling inflation means passing under the "caudine fork" of a recession - even deep and long - that removes excesses and relocates the system on the track of sustainability.

If we examine the panorama of the great countries in Europe, e.g. France, Italy, Spain, Germany, we can see that, in the final twenty years of the twentieth century, a marked recession never made its appearance. As if to say that the progressive descent of inflation does not provide a clear signal that the phenomenon has finally been overcome. It could, therefore, be argued that the lame monetary policy, which has become more accommodating in the wake of falling inflation, has been partly responsible for the shift towards the deflation of the global economy. (Figure 5)

Thus, evolution seems to be linked to the phenomenon of the resistance of inflation among the folds of the economic system. In the assumption that in order to suffocate price fever, at last, it is necessary to go through the cure of the illness (recession). Otherwise, the phenomenon can decline but not disappear. Now, to complicate the picture, it took over the optimism of leadership, struggling with the sentiment of the community who measure the success of policies from economic growth and especially by the resilience of employment.

Figure 5 – *Inflation, unemployment, interest rate, GDP e M1 in USA, UK, Italy and France*



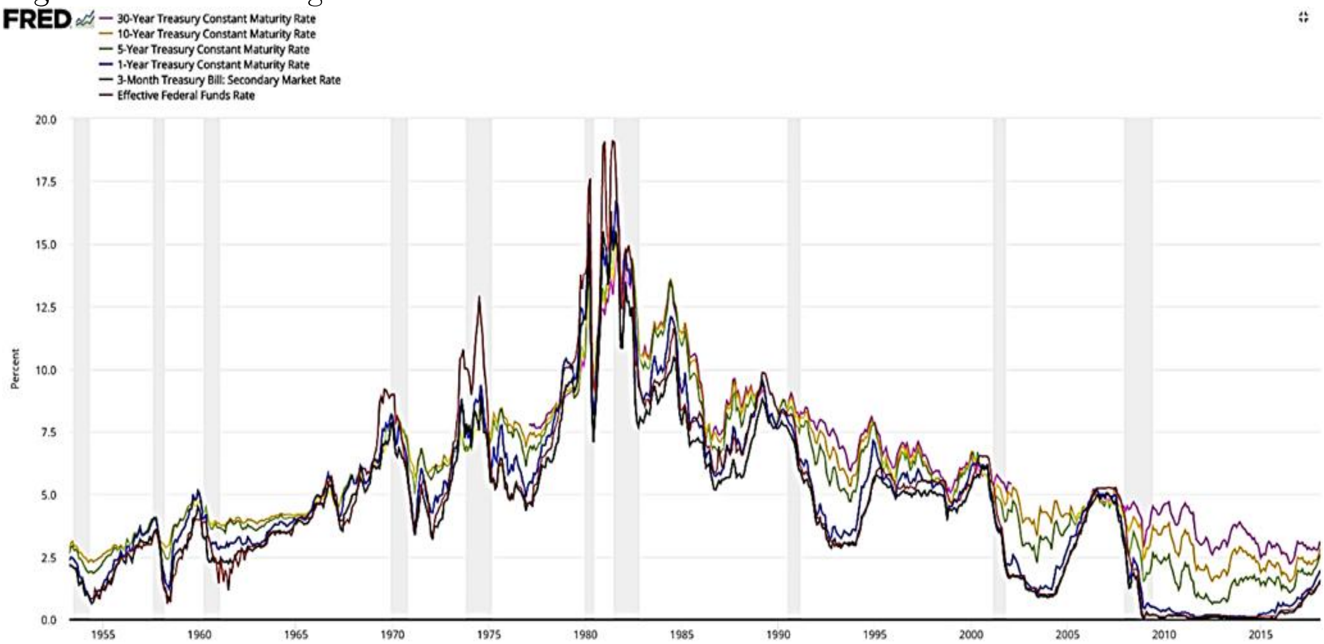
Source: Elaborations on data OECD e IMF

In this regard, we can examine the management of Greenspan at the FED in the period under review(1990-2005).[5]Monetary policy has long favored an accommodating line, except for pulling the brakes sharply on the reckless increase in rates when the speculation on the securities of the new economy was already advanced. So, in the early 2000s, monetary policy on rates goes on a roller coaster to correct excesses but also to restore strength to the economy.

[5] Appointed by President Ronald Reagan to fill Paul A. Volcker's term as chairman of the Federal Reserve Board, Greenspan took office on August 11, 1987. During the years of his chairmanship, Greenspan became known for his decisive use of monetary policy in steering the economy between the hazards of inflation and recession. When the Dow Jones Industrial Average fell a record 508 points on October 19, 1987, shortly after he took charge at the Fed, he acted quickly to ensure liquidity in the markets. When Asian countries underwent a financial crisis and an economic downturn beginning in 1997 (see Asian financial crisis), he lowered U.S. interest rates to cushion the economy. As the Asian economies recovered and the U.S. economy continued its solid expansion, he initiated a series of interest rate hikes in June 1999. He also drew the public's attention to what he called "unsustainable" rates of growth in the U.S. economy and "overextended" stock prices toward the end of the 20th century.

The Fed's monetary policy during the years of the Reagan Presidency and in the following decade always kept the bar firm for inflation control. From the rate hikes at the time of the Volker Fed to the fluctuating sequences of monetary policy at the time of Greenspan. The fact remains that these measures were unequal in fending and containing the great speculation of the new economy (so-called dot-com) and then, in the second half of 2000, the senseless acceleration of speculation in the Real Estate, both made in the USA.

Figure 4 – Historical government interest rates in the United States. 1955- 2015



Source: Board of Governors of the Federal Reserve System, FRED - Board of Governors of the Federal Reserve System (US), 30-Year Treasury Constant Maturity Rate [GS30], retrieved from FRED, Federal Reserve Bank of St. Louis

We certainly cannot say that greater timeliness of financial policy reaction could avoid the speculative crisis. Maybe not. But we can certainly say that the rapid rise of speculation in the new economy sector has been a heavy, unheard warning about the formation of a new and deeper speculative wave in the Real Estate sector a few years later.

Therefore, the Nineties are to be considered strategic for the development of speculative crises. We had the feeling that the long season of inflation was behind us and, therefore, a period of greater tranquility was opening. In fact, the danger was precisely this feeling partly wrong. Because inflation was only silent but not tamed. This is to say that the world had not yet found the path to sustainability and economic stability.

In this awkward situation, the danger seems to hide in the apparent stagnation of inflation, which, when prolonged, maybe the turning point for a more accommodating monetary policy. On the other hand, dormant inflation, which shows signs of abating, maybe the initial signal of deflation, which in turn is a reason for an easing of liquidity and a reduction in interest rates.

In the context of an unstable economy, therefore, the decline of inflation, even after a long race over twenty years, may not be good news. The problem is always that inflation or deflation cannot be exchanged for illnesses, because they are signs of malaise, but not a bad thing in themselves. One might consider it a sort of trick the apparent good health of the economy, which however still incorporates the signs of instability not defeated.

This change in the monetary messengers, at the limit of the paradoxical, could have some explanation precisely because of the unstable state of the economic system. Unstable state that is prolonged and does not find a way out of inflation, or rather a way to return to stability, if not the uncertain and opaque path of deflation. As if to say that the long struggle against inflation, which is treated with rising interest rates, which slows down the economy, could be able to restore sustainability to the altered system. But the devil doesn't make covers. The cover, in this case, is the fiscal policy to support the economy, which basically equalized the accounts in the overall mathematics of the economy. It may look like the egg of Columbus. Inflation seems controlled and even the economy does not seem to be penalized. Not exactly.

Because the mutation of inflation in a new enemy, deflation, can be interpreted as a new ectoplasm of the instability that preaches with the voice of falling prices. In other words, we are moving on to a new stage in the instruments for correcting the system, which is still unstable, now that the measure of inflation can be rendered harmless or almost with the "wise" combination of restrictive monetary policy and fiscal support policy.

When the economy falls into deflation, we are still facing an alarm message from the economic system, dealing with the instability that finds no outlet. As in the case of inflation, the monetary message is not directly attached, because it is an ectoplasm created from the unstable underworld. It is a specter that can debase the economy, if left to act, predicting - as inflation - the correction of the cyclical inversion.

As if to say that monetary policy sharpens weapons against the improper movement of prices but does not seem able to influence the unstable state of the economy. The unfortunate result that even the eventual success in controlling inflation or curbing deflation has no response to the real state of the economy that remains entangled in the underworld of instability.

The short reasoning for inflation that hides without disappearing but transforming can also be done for deflation. The fight against falling prices has no success. Suffice it to think of Japan that has been revolving around the danger of deflation for two decades. More recently, the problem of Euro in Europe, which again feels the pangs of deflation, after a decade-long battle based on near-zero rates and extraordinary measures, such as Quantitative Easing,

In a recent speech in Sintra on June 18, 2019, on the theme "Twenty Years of the ECB's monetary policy", Mario Draghi argued that “In the absence of improvement, such that the sustained return of inflation to our aim is threatened, the additional stimulus will be required.”[6] He also stated that “If the unbalanced macroeconomic policy-mix in the euro area in part explains the slide into disinflation, so a better policy mix can help bring it to a close. Monetary policy can always achieve its objective alone, but especially in Europe where public sectors are large, it can do so faster and with fewer side effects if fiscal policies are aligned with it.”

Therefore, greater coherence between monetary policy and fiscal policy is necessary to avoid a turn towards deflation. But the long permanence of an economic system in the lake of deflation can, in turn, be a reason for very serious and undervalued collateral effects. Deflation arises in an altered system to counteract excess liquidity and the availability of credit generated by the reduction of interest rates. Well, these effects that can produce –if deflation is not hindered and can work - a healthy control of liquidity and credit, can be misled by monetary policy, made accommodative to counter the recessionary effects of the recession. In other words, it acts by inhibiting the corrective function that instead seems to be the bitter medicine that the altered system self-administers.

[6] Looking forward, the risk outlook remains tilted to the downside, and indicators for the coming quarters point to lingering softness. The risks that have been prominent throughout the past year, in particular geopolitical factors, the rising threat of protectionism and vulnerabilities in emerging markets have not dissipated. The prolongation of risks has weighed on exports and in particular on manufacturing.In the absence of improvement, such that the sustained return of inflation to our aim is threatened, additional stimulus will be required.
In our recent deliberations, the members of the Governing Council expressed their conviction in pursuing our aim of inflation close to 2% in a symmetric fashion. Just as our policy framework has evolved in the past to counter new challenges, so it can again. In the coming weeks, the Governing Council will deliberate how our instruments can be adapted commensurate to the severity of the risk to price stability. We remain able to enhance our forward guidance by adjusting its bias and its conditionality to account for variations in the adjustment path of inflation. This applies to all instruments of our monetary policy stance.Further cuts in policy interest rates and mitigating measures to contain any side effects remain part of our tools. ....
If the unbalanced macroeconomic policy-mix in the euro area in part explains the slide into disinflation, so a better policy mix can help bring it to a close. Monetary policy can always achieve its objective alone, but especially in Europe where public sectors are large, it can do so faster and with fewer side effects if fiscal policies are aligned with it.
Recreating fiscal space by raising potential output through reforms and public investment and respecting the European fiscal framework will maintain investor confidence in countries with high public debt, low growth and low fiscal space. But as fiscal expansion in the other countries may have limited spillovers, national fiscal policies remain constrained. So, work on a common fiscal stabilization instrument of adequate size and design should proceed with broader scope and renewed determination. - Speech by Mario Draghi, President of the ECB, ECB Forum on Central Banking, Sintra, 18 June 2019. Twenty Years of the ECB’s monetary policy

In other words, the fiscal support policy may have reduced the effectiveness of the restrictive monetary policy, thus inducing a zero balance of the sum of the policies. Likewise, the monetary policy that widens the purse strings to minimize the economic consequences of deflation, could lead to zero the balance of the natural correction, implicit in the turn of deflation.

It seems clear that in this way there is no solution to the problem of instability. Therefore, we can expect new anomalies in the evolution of the economy.

Conclusion

The economy of sustainability is certainly not new. However, it is important to introduce - within the policies to support the good relationship with the planet that feeds us - a discreet but not discontinuous relationship between the economic actions of institutions, companies, communities and the natural environment. This is not a potential or discontinuous relationship. But of a relationship based on the balance of natural resources and on the evolution that the environment undergoes, also regarding our presence.

It is inevitable that the relationship between economy and nature can provide indications and rules over time because the relationship that ties us to our environment tends to be acceptable. Both through a prize that sustainable economies receive with a constant growth not disturbed by anomalies. But also, with the penalization of a series of natural mechanisms intended to slow down the economies that have left the path of stability or natural sustainability. Natural mechanisms that have the firm objective of bringing the altered system back to the path of stability in its development. Obviously, the path to return to stability is not without penalty. So much so that the effort to avoid these penalties is the common goal of the leadership seeking to maintain or recover the consensus of the community.

But the ambiguous relationship between leadership and the environment has an attentive judge in the community. The community is the tool with which nature and its natural law interfere in the "economy-environment" relationship, in the context of an overall long-term balance. The community, therefore, albeit gradually, perceives the anomalies of this relationship and asks the leaderships for programs that can bring the two balance plans closer together. In this sense, democracy is the best we can have not only on the political and social levels but also on the more directly economic plan.

This must mean that the communities are always looking for government programs that are able to respond to this natural need for sustainability. It follows that the mobility of leadership tends to increase during periods of economic instability and the trend is towards political structures that are increasingly approaching the ideal of economic and social sustainability. On the other hand, social intolerance is another parameter of the relationship between nature and economy, which influences the judgment of the community. Thus, the phenomenon of centralization of wealth and income is an unequivocal sign that the economy is increasingly unstable and that a realignment of relations in society is needed.

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