

politics web

Life in the bubble is over

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Life in the bubble is over. Throughout the world, the corona pandemic burst unsustainable bubbles in which societies were protected against dangers from outside.

Every crisis has a lengthy run-up. The problem is that people fail to see or even blatantly ignore it. This was the case before World War I and during the run-up in the late 1920s to the Great Depression.

In January 1914, few Europeans could imagine that within seven months a world war would break out on the continent. However, signs of unequal relations in power, mistrust amongst leaders, border disputes, a vacuum in East-European leadership, and a power struggle amongst the Great Powers on the continent were already evident for years. At the beginning of 1929 unemployment stood at 3,4% in the United States of America, the shares market in New York was on a high, and the American economy doubled in size within one decade after World War I. Shortly after this, the shares market would collapse and 15 million Americans would lose their jobs while unemployment rates soared to 25% and half of America's banks were going bankrupt.

What happened in 2020? Sharp economic growth, low unemployment rates and few threats such as terrorism or a looming financial crisis reigned in the halls of power in Northern America, Europe and Asia. Five months into 2020, we know that someone was infected with the corona virus in the Chinese city of Wuhan towards the end of 2019. This virus would spread to millions of people worldwide and finally be responsible for the death of hundreds of thousands of people. Within five months the virus caused the loss of income of at least 40 million Americans and possibly also hundreds of millions of incomes throughout the world.

How is it possible that we did not recognise the fragility of our world at the beginning of 2020? The award-winning author and *New York Times* columnist, Thomas Friedman, attributes this inability to greed and the lack of understanding the impact that globalism has on our world today.

The reality is that greed became the mark of the era after the Cold War. Similar to the security concerns marking the period between the end of World War II and the end of the Cold War, the three decades following these events are characterised by an endless pursuit of wealth.

While the 1950s to 1980s were characterised by transatlantic security collaborations, the Korean question and fear about the increase of nuclear weapons, the 1990s up to the current time, is defined by questions about free trade, more efficient trade networks, low-cost production,

technological developments, consumer spending and everything that could possibly be done to increase people's wealth. That also meant less boundaries, more international traffic, and an unprecedented wave of intercontinental trade, tourism and natural migration.

Despite the fact that the world has experienced various crises since the fall of the Soviet Union and eventually the Berlin Wall, those crises were minor and could be solved fairly easily—or so we thought—with more globalisation, more debt, more environmental destruction and even more short-term measures based on individual wealth. In the process the world lost its focus moving away from procuring long-term wellbeing for communities, nations, countries, regions and continents.

Friendman describes the events of the last decades as an obsession with efficiency and short-term growth at the cost of necessary buffering for protection and resilience during a crisis that should have been foreseen. Local food production was replaced by an utterly complex, but highly vulnerable interdependent global network of food production, processing and distribution. In many countries consumer spending has been the driving force behind economic growth, while production was contracted out to countries with the lowest labour costs despite the high societal and environmental cost.

Our aspirations towards living in bigger houses, driving better cars, traveling abroad more frequently, thus creating a more materialistic lifestyle than any other generation in history, came at a price. Between December 2019, when the virus was possibly transmitted to a human being, up until March this year when the USA took steps against the spreading of the virus, there were 3 200 direct flights between China and the USA and 50 between Wuhan and the United States. With our indispensable aeroplanes transporting precious products with sell-by dates from one corner of the world to another, we easily spread a deadly virus as well.

In three decades we moved from the ability to be increasingly connected by communication technology, to a state of deep-seated interdependence. The benefits of globalisation and our ability to become part of a global settlement via technology and air transport led to our inability to do our work unless people on the other side of the world do theirs. In many countries people cannot eat if farmers on the other side of the world did not plant or harvest. Articles in daily use such as clothes, stationary, toys, and homeware, as well as important economic drivers such as electronics, heavy equipment, vehicles and much more, are brought to us over thousands of kilometers.

If this network is broken or even slightly disturbed, the consequences are clearly evident. Only days after the closure of plants where meat were processed and packed, empty shelves and a scarcity of meat were seen across the entire USA. Beef and pork farmers with thousands of live stock units to be sold, did not know how to cope with a highly specialised market characterised by high consumer demands, low margins and short turnover periods.

This happened because farmers in a highly competitive market are required to raise stock, not butcher them. Similarly, farmers in the USA, Europe, Australia and New Zealand had to dump milk in the fields because processing plants were closed. Farmers produce milk; they do not manufacture cheese and yogurt or sell packaged dairy products.

Currently, critics of capitalism enjoy blaming the economic crisis that arose from the corona pandemic on capitalist principles such as the free market, labour specialisation and the dominant

role of the private sector in the economy. However, the reality is that capitalism forms but a single part of the world order of the past three decades.

While concentrating on the evils of capitalist systems including pollution, the destruction of natural resources, high levels of inequality and now also the clear shortcomings of global interdependent trade networks, the benefits of capitalism still outweigh its disadvantages.

Since capitalism became the dominant economic system in the world, income levels have increased faster than during any other period in world history. Not only did the wealthy become richer, but billions of people were uplifted from poverty as capitalism reached more and more countries. Together with this phenomenon, hunger across the world decreased, crops increased, access to basic services such as potable water and electricity expanded, and the global life expectancy went up from 52,2 years in 1960 to 71,6 years in 2015.

Capitalist economic systems, free markets or private sectors are not the problem. The problem that developed over recent decades is the unsustainable world order that has been created over the past ten years. Already in 2018, Ryan Bourne, an economist at the *Cato Institute* (USA), already wrote in a British Paper, *The Telegraph*, that this system was under pressure. According to his views, capitalism is an unnatural phenomenon because it so strongly focuses on individual performance and actions, while humans are tribal-bound and socialist by nature. Capitalism caused the global economy to develop despite natural human instincts opposing it.

This gave rise to an untenable line of tension. The weakening of civil society in most modern countries associated with reckless political messages from both left-wing and right-wing groups, further made this bubble vulnerable.

In a recent academic article, Robert Blackwell from the *Council on Foreign Relations* and Thomas Wright from the *Brookings Institution* report the extent to which the corona pandemic has challenged the social, political and economic order of the past decades. They describe the general condition created by this virus as a radical international uncertainty.

The combination of gross inequality in societies, a weakened civil society, high levels of individualism, and an empty existence in a bubble of wealth created an explosive situation. For this reason the world order's current social, political and economic principles are being questioned by more people now than in many previous decades.

The above-mentioned factors threaten the liberal order advocated by the West. The corona pandemic confirmed and completely exposed the tension between the undemocratic, centrally controlled China and the open, liberal-democratic system of the United States of America.

However, our salvation is in neither of the above-mentioned systems, nor in their current formats. Both systems are built on an enormous global trade where people are in service of trade, and trade not supportive of humanity. Similarly the environment frequently serves the economy which is handled in such an unsustainable manner that resources are depleted and precious ecosystems become totally polluted.

China, a socialist one-party state where dissent is not tolerated and labour is a cheap commodity, poses a great danger. If the United States of America and Europe allow internal discord to weaken them further, the rise of China, not only as a global power, but also as an ideological mainspring, will have devastating consequences.

The current struggles amongst ideologies in the United States of America and other Western countries create opportunities for the development of a better framework for a healthier world. The principles that should be established, are those that put wealth central to the eradication of hunger and poverty. Capitalism increases productivity and creates incentives for growth. When society's ultimate objective becomes wealth, and where identity, boundaries and a civil society do not lead us to aspire to better and greater things, we are heading for disaster.

The lesson taught by the corona virus is that the world is in search of wellbeing. The solution for abating the immense fear of and uncertainty about the future cannot be found in cold economic systems aimed only at the creation of wealth. We must build a world of wellbeing—one where not only wealth is increased, but where the health of our people, our environment and our communities forms the main objective. If the corona pandemic can lead to a shift from wealth creation to the promotion of wellbeing, where wealth is but one of its components, then only will we be ready to usher in a new era and make an end to the current destructive uncertainty and fear in which the majority of the world's population lives.

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