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## How Did We Arrive at This Chaos?

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A Chinese curse is “May you live in interesting times”. That meant that too many events would disrupt the essential elements of harmony, on which the Chinese pantheon is based.

We certainly live in very interesting times where every day dramatic events pile on us, from terrorism to coup d’etat, from climate disaster to the decline of institutions and ever increasing social turmoil. It would be important, even if very difficult, to look in a nutshell why we are in this situation now – “lack of harmony” . So here goes a dramatically compressed explanation.

Let us start from a little known fact. After the Second World War, there was a general consensus on the need to avoid the repetition of its horrors. The United Nations served as the meeting place for all countries, and the Cold War created as a reaction, an association of the newly independent countries, the Non Aligned countries, which acted as a buffer between the East and West camps. More, the North South divide become the most important aspect of international relations. So much so that in 1973, the United Nations General Assembly adopted unanimously a resolution on a New International Economic Order (NIEO). The world agreed to establish a plan of action to reduce inequalities, foster global growth and make of cooperation and international law the basis for a world in harmony and peace.

After the adoption of the NIEO, the international community started to work in that direction and after a preparatory meeting in Paris in 1979, a summit of the most important heads of state was convened in Cancun, Mexico in 1981, to adopt a comprehensive plan of action. Among the 22 heads of state, came Ronald Reagan, who was elected a few weeks before, and this is where he found Margaret Thatcher who was elected in 1979. The two proceeded to cancel the NIEO and the idea of international cooperation. Countries would do policy according to their national interests, and did not bow to any abstract principle. The United Nations started its decline as the meeting place on governance.

The place for decisions became the G7, until then a technical body, and other organizations, which would defend the national interests of the powerful countries.

At the same time, three other events did help Reagan and Thatcher to change the direction of history.

One was the creation of the Washington's consensus, elaborated in 1989 by the American Treasury, the International Monetary Fund, and the World Bank, which imposed as policy that the market was the only real engine of societies. States were an obstacle, and they should shrink as much as possible (Reagan also considered abolishing the Ministry of Education). The impact of the Washington Consensus on the 'Third World' was a very painful one. Structural adjustments severely cut the fragile public system.

The second was the fall of the Berlin Wall, also in 1989, which brought an end to ideologies, and obliged adoption of neoliberal globalization, which turned out to be an even more strict ideology. The main points of neo-liberal globalization included: the rule of the market (liberating "free" enterprise or private enterprise from any bonds imposed by the government); cutting public expenditure for social services (and reducing the social safety net); deregulation (reducing government regulation of everything that could diminish profits); privatization (selling state-owned enterprises, goods and services to private investors); eliminating the concept of "the public good" or "community" and replacing it with "individual responsibility (pressuring the poorest people in a society to find solutions to their lack of health care, education and social security all by themselves – then blame them, if they fail, as "lazy").

The third was the progressive elimination of rules of the financial sector, started by Reagan and completed by Bill Clinton in 1999. Deposit banks were able to use the depositor's money for speculation. Finance, that was considered to be the lubricant of economy, went on its own way, embarking on very risky operations, not any longer linked to the real economy. Now we have for every dollar of production for goods and services, 40 dollars of financial transactions.

Nobody defends any longer the Washington Consensus, and the neoliberal globalization. It is clear to all that while at macro level, globalization increased trade, finance and global growth, at microeconomic level it has been a disaster. The proponents of neoliberal globalization claimed that the growth would reach everyone in the planet. Instead, growth has been concentrating more and more in fewer and fewer hands. Six years ago, 388 individuals owned the same wealth as

that of 3.6 billion people. In 2014, the number of the super wealthy come down to 80 individuals. In 2015, this number came down to 62 individuals. The IMF and the World Bank have been asking to reinforce the state as the indispensable regulator, reversing their policy. But the genie is out of the bottle. Since the fall of the Berlin Wall, Europe has lost 18 million of its middle class citizens and the US 24 million. On the other hand, there are now 1,830 billionaires with a net capital of 6.4 trillion dollars. In the UK, the level of inequality in 2025 is expected to be the same at the time of Queen Victoria in 1850 at the time of the birth of capitalism.

The new world created by Reagan is based on greed. Some historians claim that greed and fear are the two main engines of history; and values and priorities change in a society of greed.

Let us come to our days. We have again a new group of three horses of Apocalypse. The damages of the previous 20 years (1981-2001), are compounded by those of the continuing twenty years (2001-2021) and we are not through yet .

The first, was that in 2008 the banking system of the US went berserk for absurd speculations on mortgages. That crisis moved to Europe in 2009, caused by the falling value of the state's title, like the Greek ones. Let us recall that to save the banking system, countries have spent close to 4 trillion dollars. An enormous amount, if we consider that banks still have toxic titles for 800 billion dollars. Meanwhile the banks have paid 220 billion dollars in fines for illegal activities. No banker has been incriminated. Europe is not yet back to its pre-crisis level of life. Meanwhile, many jobs have disappeared because of delocalization to the cheapest place of production, and jobs with substandard salaries have increased, together with precarious ones.

According to the Organization for Economic Co-operation and Development (OECD), today a worker makes in real terms 16% less than before the crisis. This has affected especially young people, with a European average of 10.5% of youth unemployment. Yet, the only stimulus for growth is for the banking system, into which the European Central Bank, is injecting 80 billion of dollars per month. This would have solved easily the youth's unemployment.

Economists speak now of a "New Economy", where unemployment is structural. From 1950 to 1973, world's growth was over 5% per year. It came down to about 3% during 1973 and 2007 (OPEP's blockade of petrol price in 1973 marked the shift.). Since 2007 we are not able to reach 1%. We have to add the growing unemployment that the technological development is causing. Factories need a fraction of the workers they had before. The Fourth Industrial Revolution (robotizing), will bring robot production, now at 12%, to 40% in 2025. Some mainstream economists, like Larry Summers, (the establishment voice) say that we are in a period of stagnation that will last for many years. Fear for the future has become a reality, fueled by terrorism and unemployment, with many dreaming that is possible to go back to the better yesterday. This is what populist leaders, from Donald Trump to Le Pen, are riding. A consequence of the crisis was that in several European countries populist parties, engaged in a nationalist call, riding xenophobia and nationalism have emerged, 47 at the last count. Several of them are already in coalitions that govern, or directly, like in Hungary, Poland, Slovakia. Now watch the next Austrian elections.

The second horse of Apocalypse has been the result of the interventions made in Iraq by US, and then Libya and Syria by Europe (with a particular role by former French president Nicolas Sarkozy).

As a result, in 2012 Europe started to receive massive immigration, for which there was no preparation. Suddenly, people were afraid of the human tide coming, and its impact in workplace, culture, religion, etc. That become a major factor for fear.

And then the third horse was the creation of ISIS in Syria, in 2013, one of the gifts of the invasion in Iraq. Let us not forget the global crisis started in 2008, and since then populism and nationalism were on the rise. But ISIS spectacular media impact and the radicalization of many young Europeans from Arab descent, usually from the margin of societies and laws, accentuated Fear, and was a gift for the populist, now able to use xenophobia for mobilizing disaffected and insecure citizens. The decline of European institutions has brought several countries (after Brexit), to call for a deep revision of the European project. Hungary is going for a referendum on 2 of October. Would you accept an immigrant quota imposed by the EU, against the will of the Hungarian parliament? The same day there will be the re-run of Austrian elections, that the extreme right wing lost for 36,000 votes. Then the Netherlands, France and Germany will follow, with an expected increase of the extreme right wing parties. At the same time, Poland and Slovakia also want to have a referendum about the EU. It could well be that at the end of 2017, European institutions will be deeply wounded.

The real problem is that since the failed Cancun Summit in 1981, countries have lost the ability to think together. India, Japan, China, and many other are going through a tide of nationalism. In Cancun, all participants, from Francois Mitterrand to Indira Gandhi, from Julius Nyerere to Pierre Trudeau shared a set of common values.: social justice, solidarity, the respect of international law, and the conviction that strong societies were the basis for democracy (except of course for Reagan and Thatcher). She famously declared: there is no such thing as a society, there are only individuals). They shared many books. They considered peace and development as the paradigm for governance. All this has been swept away. Politicians, left without ideologies, subordinated to finance, have turned mainly to an administrative debate, on singles issues, without a framework, where left or right have become difficult to discern. We are clearly in a period of Greed and Fear.

Time is not helping. In 1900 Europe had 24% of the world population. At the end of this century, Europe will be 4%. Nigeria will be more populous than the US. Africa, now at 1 billion, will be 2 billion by 2050, and 3 billion by 2100. It is time now to engage all together to discuss how to face the coming world. We took 25 years to reach an agreement on climate, maybe it is too late. On migration and employment, two and a half decades is an eternity. But this must be a global agreement, not just a kneejerk reflex by Chancellor Angela Merkel in total solitude, without even consulting French President Francois Hollande. But this kind of agenda is politically unimaginable. How to discuss these issues with Le Pen, Donald Trump, the other emerging populists and the nationalist tide that runs in the world?