

THE WORLD AFTER THE CRISIS

Tiberiu BRĂILEAN

***Abstract:** World economy crisis will outlast. It has not reached the bottom and no efficient policy solution could be seen yet. It is a crisis of global and virtual economy. It is more than a stage of the Kondratiev cycle, it is a structural crisis that tends to turn into a systemic one. But what will the world look like after it? Important changes will come out, changes that the world has not imagined till recently: market fundamentalism will decrease and state capitalism will become the dominant system; financial background will change, financial sector will be reduced and regulated, both nationally and internationally; despite the decrease of global demand, energy, food and commodities cost will rise; a greater but still insufficient attention will be given to the environmental issues; protectionism of all forms will increase; poverty will become endemic in many parts of the world, globalization will persist, as Earth is no longer flat; a technological tsunami is being born in front of us; we will be witnessing the emergence of the feminine principle. Change will become common everywhere, but first of all, we need to embody the change we want for the world.*

As it could be observed today, the world economy crisis will last for another three to four years. It has not reached the precipice bottom yet and no efficient policy of solving it out could be seen. This crisis is due to the global nature of economy. Economy is globalized, the great capital fixes the law (the system possesses financial assets 15 times higher than the global GDP) and no true reform of the international institutions, no foundation of new ones has been done, and casino economy rules have not been changed by imposing more severe regulations. It is equally a virtual economy crisis which excessively relied on dummy money and accumulation of deficit (in the USA, the total of domestic, private and state debts is 3 times higher than the GDP and 2 times higher than that of 1929), on credits with uncertain mortgages and speculative behaviour. It is more than a Kondratiev cycle stage, it is a structural crisis that tends to turn into a systemic one.

What will the world look like after this crisis? Important changes will happen, never imagined before until recently :

1) Market **fundamentalism decreases and state capitalism will become dominant**, still based on a mixed economy, but where public sector share and state

regulation functions will increase significantly. There will be nationalizations, but governments will become more professional, employing better paid bureaucrats. For that matter, the public sector jobs will be more attractive due to stability. The bureaucracy and corruption will intensify, politicians' hands growing clammy, mostly because businessmen will prefer working with the state. Public education will also benefit from some favors, especially in those countries where governments will give a more important role to education and research. In other words, education will become a priority and will be even more personalized, will become continuous, which means a quality leap even if it will originally emerge in public schools through private initiatives. The technology thus needed exists and the process has already begun in countries like Sweden or Singapore. Computers are flexible and patient, we only need to keep up with them. The alternative for state capitalism will be the market socialism. Though initially every country drew back home and attempted to save itself through national policies, inevitably diverse, I think that global nature of crisis will be better assumed and there will be several attempts of tuning in the economic policies, at least on G-20 and regional blocks level; their importance will visibly increase and they will share future competition. This competition will be generic: we no longer know our opponents, no longer compete with products and services, but we fight for banks', investors', clients' money. The USA will remain the world's most important economic power. Why so? First, it is due to the high speed of innovation. America is more of an idea than a country. Information will become the main source of power.

2) **Financial background will change, financial sector will diminish and will be more regulated, both nationally and internationally.** Hundreds of billions of dollars were lost so that trust in financial products, especially in derivatives of all sorts (genuine „mass destruction weapons”, according to Warren Buffet), will plummet. It is hard to believe that the American dollar may be replaced in his role as a reserve currency, as some predict it, neither by the Euro, nor by the Yuan, Ruble, Islamic dinar, DST or fidelity scores offered by cell phone companies. Government subsidies will become a favoured instrument, industry will become as subsidized as agriculture and assistential models will come back into power. In China, for instance, social security programs will increase, in a passage from a growth based on investments to one based on consumption. Many underground activities will come to be revealed. Compulsory minimal reserves will be restored as a currency policy instrument and be inflicted not only onto banks, but to all financial institutions. Audit companies and *rating* agencies will grow more professional. Main financial centres which used to be highly addicted to financial sector profits, firstly New York and London, but also Frankfurt, will suffer from it. To compensate losses, they will increase property taxes and reduce services so that they will be abandoned by many lucrative upper and middle-class members. Degradation will

thus intensify. Political and commercial capitals such as Paris and Tokio will better adjust to the new system. We will live in a world of metropolis. Sovereign investment funds will become richer than many countries. They have already modified the paradigm on Wall Street. However, a system privatizing massive profits and nationalizing even more substantial losses will no longer be tolerated. Fewer credit-dependent business models will develop which will emphasize the economic slowdown, the increase in unemployment and which will also impact negatively trade. Half of the investment consultancy companies will disappear along with the hedging funds. Self-inflicted wounds of the financial industry resemble those of produced after the great war. Large financings will be limited thus aggravating contracting economic activity and fortunes. We must learn how to live in a smaller but more modest financial world, and hopefully more intelligent.

3) **Despite the decrease in world demand, energy, food and commodities costs will rise.** In exchange, end-user goods will become relatively cheap. We will witness a cheap products *tsunami*. Farmers will thus hit back at citizens. Countries favoured by nature will mostly benefit from these tendencies, as they possess unreplaceable resources. Pressure into closing coal and even nuclear power plants will grow due to the risks they imply. Energy and agriculture will become unseparable. The solution is to diversify resources one of the main beneficiaries being the biofuels market. The largest producers are Brasil, USA and China. Among the unrenovable energies will also find wind and sun. Electric cars, hibryd cars, hidrogen cars, the use of bicycles will expand, but oil will remain the main resource. Oil resources will exhaust in 40 years, natural gas resources in 60 years, coal in over 200 years. In the near future educating consumers will become become of an utmost importance for saving, considering that by 2030 Europe will be importing 70% of the needed energy.

4) **Greater attention, but still insufficient, will be paid to environmental issues.** Climate warming and polar melting, weakening of earth magnetism and magnetic poles shifting will cause devastating natural disasters and cataclysms, extinction of many animal and vegetal species, phenomena that will force international governments and institutions to severely regulate the field evenif recession reduces temporarily emission of toxical gas in the atmosphere. China and the USA will continue to be the main polluters, breathing in Beijing will become difficult. For many parts of the world, a real concern will be ensuring with drinking water. Out of the water quantities available, 70% goes to agriculture, but ground waters fall down a few meters every year in many regions. Such difficulties are already encountered in Spain and in the USA, in the Middle East, Northern Africa, Pakistan, India, China and arabic countries and other countries (Southern Coreea, China) are massively purchasing fields in southern Africa, Asia and Russia only for the ground water.

5) **Protectionism of all forms will increase**, which will critically lead to world fragmentation, or to what some call „a new medievalism”. Everyone will lose due to the crisis, some more, some less. As paradoxical as it may seem, the USA (which pioneered protectionist measures) will count among the last. It really seems paradoxical but it is much easier for a country in cronic commercial shortfall to restore its export than it is for a country like China with an export oriented economy to change direction towards consumption and social security . Then America is the only world superpower, that is both industrial and agricultural, not to mention the services, and commercial, energetic, military and symbolic. They will benefit from foreign money, talent and work bailout. Subsequently, the USA will remain the most attractive destination for huge investments. Demographically speaking, America is again better situated than Russia, Europe and Japan. According to Bismarck, God favours fools, drunkards and the USA. Might the good fortune of this invented country that used to work like a pyramid-shaped game have come to an end? Winston Churchill said that „you can always count on Americans to do the right thing - after they have tried everything else”.

6) **Poverty will become endemic in many parts of the world**, especially in Africa where there will be issues concerning not only food but mainly drinking water (35% of mankind lacks water). Over two thirds of the African states are thought to be „stranded”, according to a *Foreign Policy* magazine ranking of july-august 2009. More than half of world’s population will be sick. Every year, over fifteen million people, mostly children, already die of hunger. We cannot but think of the huge difference between the hundreds of billions of dollars quickly pumped into the bank system and the mere tens of billions that the FAO and the NGO-s fail to unlock to eradicate world hunger. There are means, but there is no will. This will lead to massive migrations, which will put into difficulty the relatively wealthy neighbouring zones. In parallel, tourism will consistantly drop, as well as study and professional mobilities. Our entire life style will change.

7) **Globalization will boom, even though the Earth is no longer flat**. Some of its components, such as the development of technology or communication could not be stopped. Everything is interactive. This crisis is in itself a proof that we live in one single world and that it can help many of us become aware of it, though the United States, in their effort to repair the errors of corporate managers aquire more power and we may think they take us back to the past. I can only remember one aspect of medievalism that some analysts predicted: there will be state-cities with more wealth and influence than many countries. State fragmentation from within and the increasing regionalisation by imposing 5 or 6 continental blocks have already become a reality. Homogeneity will combine with heterogeneity. Although continental blocks concentrate around great powers, they will be ruled by cities not countries. Today, 40 region-cities are responsible for two thirds of world economy

and for 90% of the innovations. Do not be surprised to find out soon that all continents have free trade zones, from Hamburg to Dubai and from Barcelona to Hong-Kong. Parastatal military organizations will become some of the most nimble geopolitical players of the new era. Many multinational corporations will remain on the list of world's largest economic entities, and their commercial diplomacy will become visible. Nevertheless, the phenomenon of the „reversed tail” will emerge: companies and not clients will stay in line. He who falls asleep loses. The following keywords will dominate the world: diversity, decentralization, cooperation, transparency, flexibility and dynamism.

8) Bing too focused on the financial crisis, we might miss **a new tsunami shaping up in front of our eyes, the technological one**. This because, despite the crisis, technology keeps on blossoming. It is not only about the new metamorphoses of the mobile phone which will become a sort of universal *gadget*, nor about the e-books that will partially replace the real ones. This time it is not even about financial engineering, but simply about human engineering. Three projects are about to be launched: tissue programming, cell modification and superintelligent robots. He who keeps track of these technological evolutions will acquire much power. We can program life, conceive a new genetic code, manipulate a cell and program any function. We can turn cells into new programmable entities. We can use bacteria to produce fuels, medicine, chemical substances, textiles or organics. This *software* creates its own *hardware*. It can create arms, windpipes, hearts and bladders, most of human body parts. We can create robots that supervise, communicate or carry up to 160 kilos weights on broken ground. Soon robots solely controlled through brain commands will be everywhere. In a few years, the power of machines will double and that of their costs will halve. All fields will be influenced by new technologies. Cloning is reality. Soon, every newborn will be implanted a chip containing identification data, some first aid hormones and an emission-reception device for orientation. Life code and robotics might be the most powerful instruments ever owned by the mankind. Whoever adapts to these technologies will become or stay powerful and rich, individually, regionally or nationally. Investing in technology, in life science will be more competitive than any other field. Once we master life science we evolve, becoming creatures that can program their own evolution as well as that of other species. Virtual reality will become richer. Man will become a wheel in a virtual gear more perfect than ever. Dreams will also become digital, but this can constitute the last technological *tsunami*, as these instruments can harm and be used as weapons. Their impact would be devastating.

9) **We will witness the emergence of the feminine principle**, of the feminization of all human activities, from politics to business, from sports to religion. *EVAolution* will span the planet. Women will become the most remarkable economic and executive power, as Noica predicted: a new matriarchy. Macho style

has died together with the decline of the financial capitalism, hypermasculine, ever risk-seeker model. This silent but monumental transfer, this power reversal between genders is connected to the above mentioned discoveries of genetics but also to the biological strength and to women's ability to adapt; their life expectancy is significantly higher than that of men. As we are supposed to use brains more than muscles, a real brain battle will follow (*Softtotal*). Economic welfare depends on employing all the members of society. In the meantime, the number of single people will grow. Emotional and not rational aspects will have priority. As a consequence many offers will appear as nonsense to some. Human brain is interconnected through emotions to the limbic system that governs feelings, and is more powerful than the neocortex where logic and reason reside. There will arise real emotional factories that will develop the most *funky businesses* and they will be global. It will be an era of entertainment. *Business* will actually mean *Show business*. As common American would put it: „Shopping and sex is all that's left”.

10) **Other evolutions.** Tomorrow will not differ much from today. Things have a certain stagnation. The map of dangers for instance will be more or less the same though power is in a process of fragmentation, demography and technology will not revolutionize, climate changes slowly etc. People will learn how to do away with little, will seek happiness in simpler and more human aspects. They will become more religious, less mercantile and less interested in consumption. They will rather look for food for their souls as spiritual emptiness will spread. Life meaning loses ground in favor of fodder meaning. World Hilton-izes. There will nevertheless happen surprises: unexpected conflicts, religious clashes, vivid debates over environment, scientific discoveries. Human intelligence and imagination will continually expand due to environmental challenges but also due to the neurological achievements. Internet will be more annoying, churches and cult centres will generally flourish, children will be more thrifty, literature will deal with new and interesting topics, the age of retirement will lengthen etc. Network will be the dominant type of organizing a business. Society will become fuzzier, more tribalized. Many issues will turn chaotic as we are fated to freedom. Change will be common everywhere, but first we need to embody the change we want for the world.

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