DAMAGE CONTROL: HOW TO STOP THE MARKET FROM RUNNING AWAY WITH OUR LIVES

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There are today a growing list of deeply worrying trends: a pseudo-war of civilisations à la Samuel Huntington largely engendered by Western interventions in Middle Eastern politics as the old nationalist dictatorships crumble, the uncertainties of climate change, and profound discontent with market values and the system of political and economic structures constructed using those values. Politics in most countries seems inconsequential: little changes between the oscillations of different parties which have their values and ideals hollowed out by the practical 'facts' from one election to the next.

This contribution, however, primarily looks at the economic side of things, and in particular the damage done by the global crisis of 2008. The system is assaulted by capitalists trying to seize command of the new technologies and beat the odds to magnify profits through questionable speculation, and incurring debts some of which will have to be recovered if the capitalists in question are too 'big to fail'. Some countries are stuck with depression-like conditions that appear impossible to rectify so as to return to a happier normality – the notion of which appeals to people but is starting to fade in memory. The European Union depends on harmonising the interests of different economic structures; insistence on formulae that fail to acknowledge this are likely to fragilise the Union and lead to its eventual dissolution.

This crisis was substantially mitigated in many countries by the continuing hyper-growth of the Chinese economy, hungry for all sorts of raw materials and technologies, but this stimulus is beginning to wear down, probably never to return. In 2015 global stagnation seems more the order of the day. Nor is there any conceivable growth curve that could substitute for the immense scale of China as a trading partner and consumer.

We are left at best with the slow growth that Piketty has convincingly shown is normal under peaceful capitalist historical sequences: modest profits and yet rapid technological change, which undermines many of the benefits taken for granted in the post-World War II West. The sovereign debts of the USA and Japan, acceptable under conditions of rapid growth, no longer seem so acceptable. Notably we are entering a phase where the demand for industrial labour is stagnant or diminishing.

A starting point to counter these trends without closing the door on technological progress would lie in establishing far tighter controls on banks. A large part of the banking sector should be nationalised, and in particular insulated from questionable forms of speculation. The stock markets require far more regulation and watchfulness to block over-exuberance. It will have to be conceded that banks are not 'too big to fail' – none of them – and that they will need to write off much of their debt, particularly when incurred in ways that were not really overseen by serious due diligence. An important part of the regulatory system, too, is the need to get rid of tax havens and to use the fiscal system to reduce the extravagance and much-resented activities of the wealthy.

It is probably true that one could tackle inequality by enhancing insecurity and making inheritance and fiscal stability harder to come by. Inheritance, in the broad sense of cultural capital, looms larger where market forces reign supreme, despite the illusion of equal opportunity. This would intensify technological advances à la Schumpeter, no doubt, but at the cost of a world of instability and possible intensification of violence and war.

I would rather see the state intervene to limit change in a political context that ensures that it will not be the few that benefit. Big firms should be obliged to take on services that they have shed – so-called 'non-core operations' – and unnecessary dismissals monitored and limited as much as possible. Mergers should be discouraged, and the break-up of overly large firms encouraged. The state needs to invest more in the quality of education (as opposed to promoting research and job certification), and in continually improving the quality of social policy, and to adapt the health and social system to cope with the advances in medicine that allow so many people to experience long periods of old age. There needs to be a cultural and fiscal adaptation to a world where 'limits to growth', as outlined in the Brundtland report and other documents at the onset of the change in world economic conditions, lead to different trajectories in terms of creating a satisfying life for the population.

International economic relations should not be conducted on the basis of the reification of pure market forces to the advantage of the strong. The WTO needs to be reformed so as to encourage the industrialisation of countries which have capacity and a chance to develop their internal strengths. Their potential should not be swamped by imports from richer countries, exaggerated so-called intellectual property rights, with the downside of free trade acknowledged. There ought to be international agency which can regulate but also offer advice as to how to use fossil fuels and how to develop energy supplies that are less costly to the environment of the earth. In my country, South Africa, a combination of the continued structural dominance of mineral extraction and beneficiation, plus the firm dominance of oligopolies in most areas of the economy, plus the purchase of the strongest economic activities by global or foreign firms uninterested in the economic future of the country, together form a barrier against changing the historic 'growth path' and allowing the state to preside over changes that would diffuse skills and jobs, and enable progress in solving the two huge problems of massive unemployment and inequality. These problems are hard to address under present conditions.

In general, there is a need to balance the understandable desire to allow technologies to develop as part of the ongoing human project – a desire which must go together with a positive attitude to structural changes and the human ability to adapt – with an equivalent need to provide more stability, more of a safety net, more predictability in the lives of most people through nationalisation of key sectors of the economy, equitable management of social services (hopefully by a democratic state), and regulation of economic activities in order to suit the changing times. This is a question of changing values as well as macro-economic forms. It is hard to say how much can change at the behest of a shielded and powerful elite alone; The operation of key agencies for regulation and control certainly must be mitigated or dominated by political movements appropriate to particular national or regional settings, and the real problem now is the inappropriateness of most of our older political wisdom and the lack of a coherent approach as to how to organise and convince people of the need for politics that has this in mind. There really is no equivalent to the proletariat of the *Communist Manifesto* today, especially in a world where the global ties become ever thicker and more complex. Can a 'multitude' à la Negri serve as a substitute?