

Off a complex world to a complex of worlds?

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A triple question about our world today would be: “are we better off, badly off or a bit off as we were in the pre-globalized world?”

The answer could be “yes”, for all of them. For the world economy it is certainly better off, to the people who escaped terrible poverty, especially in China, it is again better off, but to the majority of the middle class is badly off and for a large majority of the humans is a bit off as they find it unacceptable and rude the way the powerful behaved.

We always lived in a complex world; it was a coherent one when states and leaders everywhere adopted and observed institutional agreements and norms. Today such coherence is lost. People resent the steamroller of the financial unchecked power and that of the multinationals. People know that there is no fair and balanced competition. People know that the global drive is in the hands of those big entities.

From these stems the extraordinary revival of the national dignity sentiment.

Confronted with - sometimes if not always -the unconscionable practices of the global players, people ask for national solutions. Let’s remind that the moral senses of individuals evolved to be self-protective. The deep roots of the nation are all about protection.

It would be a very paradoxical situation: global problems and local solutions.

At the UN General Assembly this year, President Trump hailed national sovereignty above all else and exclaimed: “*The future belongs to patriots*”.

The geopolitical game is fully back in town and it is more and more moving away from the multilateralist approach. It is again *chacun pour soi*, every country for itself and God for us all, hopefully. But the present common place is not confidence, is anxiety. The goals of multilateralism are: less confrontation, more security, more protection for the humanity as whole and shared prosperity.

The result of global geostrategic game is less win-win outcomes; it is self-righteousness, domination, *fait accompli*: The return of the leaders prone to show themselves could be that the nation, as ever, is the fight, not the place of peaceful conviviality. One cannot fight performatively when the other side is fighting to win.

The only option is to fight to win. The new cold war, between America and China may split again the world in two camps; this time the outcome could be different, leaving everyone

worse off. What really matters is the wider effects of the uncertainty created by the trade war. Let's underline the fact that there is more than enough unpredictability in the very nature of social behaviour. When and where confrontation brought success and peace without a great amount of pain?

The present system, under big strain right now, shows the same dollar dominance since much of the world's commerce trades in dollar. Also, the system works due to the flow of money to US from reserve-accumulating economies, China by far the largest, and the flow from US consumers back to those economies. It is a vulnerable system, since multilateralism didn't produce a multipolar currency world. On the other side, China is growing from a much larger base. In 2015, it took more than four yuan of new credit to generate each yuan of GDP growth. In 2018 that multiple fell to 2,5. The amount increased annually now is huge. We criticize some aspects of the Chinese system from the liberal point of view, but it is necessary to see that the world and Europe in the first place benefited immensely with China's government flooding its economy with stimulus. It is not so obvious that the difference between the Keynesian stimulus and the state injected subsidies is so dramatic as it is when explained on ideological grounds. State subsidies allocated in order to fill in the lack of productivity are economically "*the road to serfdom*"; but in China the growth of productivity was much higher than in the rest of the world, during the last twenty years. In the meantime the world benefited constantly with America running vast deficits which ended in support of the global production.

In the absence of a peaceful end to trade hostilities, the trading relationships unravel. A new kind of organization based on countries forming rival economic blocks and interregional links is possible. The result could be more confrontation and a less multilateralist mutual-interest system. Like this we move off a complex world to a complex of worlds, more unstable though.

"Economies are chains of earning and spending, held together by shared expectations that all will continue as normal" it was recently stated in an editorial from *The Economist*. But confidence is slippery. Multilateralism is important as a powerful tool to make the world a more synchronized global place. The global crisis of 2007-2008 disrupted this trend. Some significant data made a headline in *The Economist* in July this year: **Less connected.**

They show that during the twelve years period 2007-2018 the gross capital flows in terms of percentage of the world's GDP diminished from 5% to 1,5%, FDI also diminished from 3,5% to 1,3% and, not surprisingly, the multinational profits as percentages of all listed firms' profits, diminished only from 31,1% to 30,8%. Not only the banks are too big to fail but also the profits.

Multilateralism is promoting economic interests and benefits globally but does it something in favour of human dignity?

A great Romanian poet of the surrealist movement, Ilarie Voronca, wrote in 1916 "*The most beautiful poem: the fluctuation of the dollar*". It's worth also quoting J.M. Keynes: "*The machinery of the world economy...shall be as efficient as possible without offending our notions of a satisfactory life*".

Fears, both real and imagined make the markets plunge. The machinery of the world economy is not as resilient as we would like it to be. Some experts calculated that the economic policy uncertainty index is today six times greater than in 2005 due essentially to unresolved trade conflicts.

Many important relationships are accompanied, as I already mentioned, by randomness. There are, in this space, cultural and national sensitivities. Therefore, the outworking's are sometimes strange and unpredictable. A clear example is the failed attempt of merger between the LSE (London Stock Exchange) and the Deutsche Börse. The Brexit is also a compelling example. The Leavers' argument is to *assert sovereignty in order to regain control of your destiny* while the Remainers' is that *you need to be able to pool sovereignty into a larger entity in order to combat global companies*. Those arguments do not seem mutually exclusive and yet the present reality is that Britain is bent to a most extreme rupture possible.

We are facing a potential crisis of dissolution of the global institutions.

It is therefore useful to remind what are fundamentals mechanisms of global capitalism. Fernand Braudel, the French historian who studied the long-term development of the capitalistic system, preferred to assign the key role to the monopolies, not to the market.

"The advantage and superiority of capitalism consists in the possibility of choice" and *"what defines the superior game of the economy is the possibility to pass from one monopoly to another"*.

With the advent of the big tech companies in the last 10-15 years, the superior game seems relentlessly in their power.

Now as ever the big companies understood perfectly the functioning of the market and have the capacity to distribute/allocate the capital for new investments and industrial production in order to get the maximum of profit.

When a big company disappears, *"capitalism is dying, that of the grandfather and the father, not that of the son or the nephew"*.

The monopolies do survive in the form of exclusive access to information about supply and demand and, in some cases, formal control of the sources of supply, of distribution networks and sometimes of customers themselves.

We are in a hyperlinked world since there are hyperlinks everywhere. This is not to surprise us. The great mathematician Évariste Galois demonstrated that many problems which are considered totally not-interconnected could be “grouped” and this kind of synthesis show, fundamentally, an array of “related parties” and as a result a solution exists.

If nothing is perfectly predictable, nothing is inevitable. We can avoid the collapse of multilateralism. Principles should exist but are not enough. And the flexibility dictated and expanded by global capitalism is also not enough.

Blending principles with pragmatism is nothing new but, today, such process could reflect better the technology ubiquitous presence in our world. The hyper flow of information and the huge processing power create new ways of assessing investments.

The computing revolution in financial markets, the machines taking control of investing, including monitoring of the economy and allocating capital should obey the core principles of market regulation.

The big tech companies will probably have a say in designing the international norms which govern the world’s digital infrastructure. We speak now about a corporate foreign policy which, unlike the governmental ones, could be coherent, creating trust and attracting customers.

And their involvement should normally insure a more efficient control over privacy and spread of information. Diplomatic efforts of the global companies should be encouraged.

Multilateralism is not the result of a decision; it is a process which seemed natural in the wake of the world globalization. Today we would like it to be a decision in terms of the lack of something better. Maybe the underlying cause of the “*implacable conflict between East and West*” – in the words of Daniel Mendelsohn – manifests now as ever, even if it is under quite diverse forms. The problems, questions and bright ideas remain pertinent; the certainties are getting old. As a result of endless tampering, between the national and the global, there is also a conflict between civilization and the ugly energies that civilized institutions seek, and often fail, to contain.

We need both a shared intentionality and a pro-social behaviour.