



Capitalism is the Sick Man

Milton Friedman, the god father of neoliberalism, wrote in his book on Capitalism in 1981: *“Only a crisis – actual or perceived – produces real change. When that crisis occurs, the actions that are taken depend on the ideas that are lying around.”* He took full advantage to advocate his liberal free market ideas after the economic problems of the 1970’s, after being on the margins for so long. Today, Capitalism faces a struggle for survival after the global economic crisis a decade ago and now the global pandemic has exacerbated a number of underlying trends.

The demonstrations in the US due to the death of George Floyd by Minneapolis police have undermined America’s global position and the claim that that it is a country for all. For long, Western civilisation claimed superiority as its enlightenment apparently created a world characterised by common ideas, values and beliefs about how societies should be run. This meant people would rise to higher levels and not be bound by their place of birth, colour or race but with such common ideals and values. The former savagery the world had seen would be restricted to sporting events rather than the fields of war and battle. But even before the events in the US, much of the world was turning back to populism, fascism and racism. US president, Donald Trump, even before making claims against demonstrators, labelled Mexicans as rapists and Muslims as national security threats. Europe, which was the epicentre for the holocaust, is home to far-right fanatics who are not just doing well in elections but increasing their seats in national politics. For many, such discrimination is seen as a solution to the arrival of so many immigrants.

When it comes to governance, democracy is also in crisis. When US president Abraham Lincoln made his famous Gettysburg Speech in 1863 about a ‘System of the people, by the people and for the people.’, a system where no one was superior to another, where everyone was free and where decisions were made for the benefit of the many not for the few, the forward momentum of this core idea was meant to put in history the archaic systems that came before it. But today, democracy is drowning in its own theoretical foundations. Whilst all would agree that their leaders should be elected, the reality of democracy is that regular elections favour those with money and adversely impact long-term decision making. The frequency of elections has come to bias politicians against tackling long-term challenges and instead to focus on short-term popularity. In much of the developed world, a select group of people have come to dominate the political systems: It has become a system for the oligarchs and by the oligarchs. Democracy has today become a system which systematically rewards its elites through tax cuts. Today politicians are more hated than debt collectors as they have failed to deliver. Anger at political elites has fuelled political upheaval across the world. Anti-establishment leaders, parties and movements have emerged on both the right and left of the political spectrum, in some cases challenging fundamental norms and institutions of liberal democracy. Organisations that document democracy are reporting global declines in the health of democracy.

We have been told that Capitalism has been the most successful system of organising the market in history. The number of people who have been moved out of poverty into prosperity, the sheer amount of wealth in the world, life expectancy and technological development have all been thanks to Capitalism and its unfettered free markets, commodification and free trade. But tonight, half of the world, 3.8 billion people, will not be having dinner as they are too poor. More people have access to mobile phones than toilets. Shockingly, a mere 1% of the world's population now captures 82% of global wealth. Unilever's former boss now calls Capitalism a damaged ideology. *"Capitalism, which has been responsible for the growth and prosperity that has done so much to enhance our lives, is a damaged ideology and needs to be reinvented for the 21st century."*¹ What has taken place is plunder that has become a way of life for a tiny elite, who over the course of two decades have created for themselves a legal system that authorises it and a morality that glorifies it. For them the world is full of cheap labour and is to be used to make profit, irrespective of the consequences. Many can now see that national governments really work for the interests of the top 1% and manage the rest. Many can now see that they have been left behind as a few people who can be fitted onto a bus benefit immensely at the expense of the rest. History is littered with examples of elites preferring their own short-term benefits over the rest and this inequality lies at the heart of nearly every popular revolution in history.

The ideology of liberalism with its focus on individuals and their freedoms has been fantastic for the few but a misery for all the rest. Capitalism and Democracy have failed miserably, time and time again the world demonstrates that systems that its proponents argue works for the many, only in reality works for the few. The political ideas from liberalism are tailored for the rich and have the deepest disdain for the poor. This is why the appetite for change is witnessed by the rejection of traditional establishment figures although they have been replaced with new establishment figures. The fragility of the normal operating of these systems is seen in the Gilet Jaunes (yellow vests) protests in France against tax rises, nationwide protests in Sudan and protests in Jordan against austerity measures. The appetite for change will only increase as the economic situation sets to worsen globally and the basic cost of living for many more becomes unachievable.

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¹ Damaged ideology': business must reinvent capitalism – ex-Unilever boss, Guardian, 29 October 2019, <https://www.theguardian.com/business/2019/oct/29/damaged-ideology-business-must-reinvent-capitalism-ex-unilever-boss>