

Challenges of globalization VII

1. Battle over cyberspace

“Just as historians consider 1947 as the year that two clear sides in the Cold War emerged, we will look back at the year that stretches roughly from June 2012 to June 2013 as Year Zero in the battle over cyberspace (...) During the Cold War, only a few countries had the economic and technological capacity to build nuclear bombs. Even today, only nine countries possess them (...) But almost any country as well as skilled hacking groups can launch a digital assault (...) There may be strong incentives to attack first in a crisis: cyber weapons are “one and done,” used once and then they are gone. Once your adversaries see what you can do, they will patch their defenses, or could attack you, making your cyber weapon obsolete before you ever use it. This pressure not to sit on a weapon heightens strategic instability (...) The global and interconnected nature of the Internet also means that cyberattacks have the potential to produce unpredicted and inadvertent problems far beyond damage to the intended target (...) The most difficult problem is that you may not actually know who is attacking you or what the assailant is planning (...) With the shift away from purely military targets, the battle over cyberspace is remaking the division between the public and the private, between what we expect the government to do and what remains the responsibility of companies, public organizations, and individuals.”

“This failure to achieve basic security is in part due to a focus on highly destructive but low-probability outcomes. Politicians and policymakers worry about a ‘cyber Pearl Harbor’ rather than allocating funds to a little-known government agency to upgrade archaic systems. As security analyst Adam Elkus put it, ‘Fantasizing about super-hackers and visions of cyber-doom are more fun than the boring but necessary drudgery, for example, of modernizing a decrepit and decaying federal information technology base’ (...) ‘The new technologies coming to market are amazing (...) but at the end of the day, it still comes down to social awareness and education.’”

“The hacked world order is defined by the empowerment of individuals and groups as well as by new expressions of geopolitics. New vulnerabilities arise, but the great powers have the technology, talent, and capital to create novel forms of influence and coercion. The conflict over cyberspace is the strategic imperative of the future, and everyone is struggling to understand what is at stake, who the critical actors are, and how cyber power works. The United States cannot afford to stumble forward blindly; the window of opportunity is closing as others define and pursue their interests in cyberspace. While the United States will continue to strive for an open, secure, and global cyberspace, it must also prepare for the more likely future of a fractured Internet.”

Segal, Adam (2016): *The hacked world order: How nations fight, trade, maneuver, and manipulate in the digital age*, PublicAffairs, New York.

2. Local money and the globalization of capital

“Uneven development is an inherent characteristic of the globalisation of capitalism which stems from the propensity of capital to flow to locations which offer the greatest potential return. The differential use of space by capital in pursuit of profit creates a mosaic of inequality at all geographic scales, from global to local (...) However, when the ‘normal business’ of the capitalist economic system is disrupted by crisis, the uneven economic and social consequences are amplified.”

“Globalisation is a highly uneven set of processes whose impact varies over space, through time, and between social groups (...) Local people and places may be overwhelmed and exploited by the forces of globalisation, or they may seek to resist, adapt or turn globally induced change into an opportunity (...) The problems of poverty and deprivation experienced by people and places marginal to the capitalist development process have intensified over recent decades.”

“... globalisation does not lead automatically to the disintegration of local life (...) globalisation may promote a search for local identity in a mobilised world (...) One local response to the globalisation of capitalism is the creation and circulation of a local currency.”

Pacione, Michael (2011): “Local money – A response to the globalisation of capital?,” *Quaestiones Geographicae* 30(4), 9-19.

3. Local currency

“Robertson (1989) [Robertson, J. (1989): *Future wealth: A new economics for the 21st century*, Cassell, London] envisaged a hierarchy of money with a world currency for use in international trade, national currencies for use in national trading, and local currencies for use in local trading, together with regional or continental currencies (such as the Euro) (...) A principal argument in favour of local currencies is that when localities are dependent entirely on national currency as a medium of exchange to facilitate local economic activity, any decline in local competitiveness within the national or international economy can result in a shortage of money in local circulation even for internal economic purposes within the locality. This leads to the situation experienced in many formerly flourishing industrial cities in Europe and North America where local unemployment rises and local assets remain underutilised, while local needs remain unmet.”

“A local currency can stem the leakage of money out of the local economy. In addition, use of a local currency retains local control over investment decisions which is lost even when local capital is ‘re-imported’ via distant financial institutions. A local currency also encourages individuals and businesses to support each other rather than buying from outside the community, and can help to meet the credit needs of small businesses, thereby stimulating the local economy and diversifying its economic base. Another related advantage is that a local currency can generate local employment by overcoming the mismatch between the shortage of money and the excess of work required to be done in any local economy. In general, people will be prepared to work in return for a local currency in which they have confidence.”

“A second principal advantage of a local currency lies in its ability to reduce dependency on transfer payments in the form of central government welfare benefits, economic grants and annual council spending budgets (...) A final advantage of a local currency is that, in certain forms, it can facilitate a non-inflationary monetary system.”

“A local currency cannot insulate the local economy from the negative effects of globalisation, but it can afford a degree of protection against the spatially-insensitive currents of the international financial system. A combination of alternative financial institutions such as credit unions and local exchange trading systems, and a publicly-issued local currency has the potential to re-invigorate localities (...) The introduction of a local currency has the capacity to stimulate the social and economic regeneration of a community.”

Pacione, Michael (2011): “Local money – A response to the globalisation of capital?,” *Quaestiones Geographicae* 30(4), 9-19.

4. Short history of modern capitalism

“Liberal capitalism in the nineteenth century was confronted by a revolutionary labour movement that needed to be politically tamed by a complex combination of repression and co-optation, including democratic power sharing and social reform. In the early twentieth century, capitalism was commandeered to serve national interests in international wars (...) After the First World War, restoration of a liberal-capitalist economy failed to produce a viable social order and had to give way in large parts of the industrial world to either Communism or Fascism, while in the core countries of what was to become ‘the West’ liberal capitalism was gradually succeeded, in the aftermath of the Great Depression, by Keynesian, state-administered capitalism. Out of this grew the democratic welfare-state capitalism of the three post-war decades, with hindsight the only period in which economic growth and social and political stability, achieved through democracy, coexisted under capitalism (...) In the 1970s, however, what had with hindsight been called the ‘post-war settlement’ of social-democratic capitalism began to disintegrate, gradually and imperceptibly at first but increasingly punctuated by successive, ever more severe crises of both the capitalist economy and the social and political institutions embedding, that is, supporting as well as containing it. This was the period of both intensifying crisis and deep transformation when ‘late capitalism’, as impressively described by Werner Sombart in the 1920s, gave way to neoliberalism.”

Streeck, Wolfgang (2016): *How will capitalism end? Essays on a failing system*, Verso, New York.

5. Escape routes from capitalist crises

“Technological displacement is the mechanism by which innovations in equipment and organization save labor, thereby enabling fewer employed persons to produce more at lower cost. Marx and Engels argued that capitalists strive to increase profit in competition with each other; those who fail to do so are driven out of

the market. But as labor-saving machinery replaces workers, unemployment grows and consumer demand falls. Technology promises abundance, but the potential product cannot be sold because too few persons have enough income to buy it. Extrapolating this underlying structural tendency, Marx and Engels predicted the downfall of capitalism and its replacement by socialism. Why has this not happened in the 160 years since the theory was formulated?"

"Marx and Engels focused on the displacement of working-class labor; they did not foresee the rise of the massive middle class of white-collar employees, of administrative and clerical workers and educated professionals (...) Until the 1980s or 1990s, mechanization chiefly displaced manual labor. In the most recent wave of technology, we now have the displacement of administrative labor, the downsizing of the middle class. Information technology is the technology of communications, and it has launched the second great era of contraction of work, the displacement of communicative labor, which is what middle-class employees do. Mechanization is now joined by robotization and electronicization (...). As the working class shrunk through mechanization, capitalism was saved by the rise of the middle class. Now computerization, the Internet, and the wave of new micro-electronic devices are beginning to squeeze out the middle class. Can capitalism survive this second wave of technological displacement?"

"In the past, capitalism has escaped from technological displacement crises by five main escape routes. I will argue that all five of these now are becoming blocked—dead ends."

- **Escape 1: "New technology creates new jobs and entire new job sectors."** "Computerization of the middle class is not being compensated by the creation of new jobs at an equal rate. New jobs are created, but they do not match the number of jobs eliminated, nor do they replace lost income (...). In an advanced economy such as the United States, jobs in the service sector have grown to about 75% of the labor force, a result of the decline in industrial and agricultural/extractive occupations (...). But the service sector is becoming squeezed by the IT economy."
- **Escape 2: "Geographical spread of markets."** "We tend to think of market spread as globalization, but globalization is only a quantitative difference in degree, not a qualitative difference in kind. Even within the confines of state borders, markets have grown by spreading to regions where a product was initially unknown (...). The liberal version of this mechanism, on the global or interstate scale, is modernization theory or development theory; each part of the world successively ascends the stages, until presumably all will be fully developed, tertiary-sector service economies (...). The Neo-Marxist version of this process is World-System theory (...) This is a less benign version of the geographical spread of capitalist markets; world market domination is buttressed by military power and political influence; the hegemonic center exploits the labor or raw materials of the periphery, with the aid of a transmission belt of semiperipheral regions. World-system theory complicates the pattern by a succession of hegemonies marked by major wars, and keyed to long Kondratieff waves of relative expansion and stagnation in world markets. But these cycles of serial hegemons—Spain, Holland, Britain, the United States, conjecturally China—logically come to an end when the periphery is exhausted, and every region of the globe is fully brought into the capitalist market. There are no more safety-valves, no more regions for exploitation; capitalist profit dries up."
- **Escape 3: "Meta-markets in finance."** "If working-class and then middle-class labor are technologically displaced, can the slack be taken up by everyone becoming a capitalist? (...). Recent financial manipulations are examples of a deeper structural tendency in capitalism: the pyramiding of meta-markets upon each other in financial markets (...). the historical tendency for any given financial market to give rise to a higher-order market in lower-order financial instruments (...). The more pyramided financial meta-markets are, the more volatile and crisis-prone they are, with booms and busts far out of proportion to what is happening in the low-level material economy (...) But is it conceivable that in the future when everything is automated that entire populations will spend their lives as financial investors, a reserve army of gamblers in lifelong casinos? (...). Financial markets are intrinsically inegalitarian, concentrating wealth in the small number of big players at the top of the pyramid."
- **Escape 4: "Government employment and investment."** "Unrestricted free-market capitalism, left to itself, has no way of heading off such crisis (...). The pro-welfare state forces in principle may have a solution to unemployment, but they run up against the budgetary problems of the state. A state which funds an expensive welfare state opens itself up to the pressure of financial markets, risking destruction of the purchasing power of its currency."

- **Escape 5: “Educational credential inflation.”** “Credential inflation is the rise in educational requirements for jobs as a rising proportion of the population attains more advanced degrees. The value of a given educational certificate or diploma declines as more people have one, thereby motivating them to stay in school longer (...) The more persons who hold advanced degrees, the more competition among them for jobs, and the higher the educational requirements that can be demanded by employers. This leads to renewed seeking of more education, more competition, and more credential inflation. Within this overall inflationary process, the most highly educated segment of the population has received an increasingly greater proportion of the income (...) Although educational credential inflation expands on false premises—the ideology that more education will produce more equality of opportunity, more high-tech economic performance, and more good jobs—it does provide some degree of solution to technological displacement of the middle class. Educational credential inflation helps absorb surplus labor by keeping more people out of the labor force (...) Of the five escape routes from capitalist crisis, continued educational inflation seems to me the most plausible (...) It is conceivable that liberal governments might find their way to keep expanding educational systems, using them as a Keynesian safety valve, and a form of transfer payments from the capitalists and the diminishing sector of the employed, to sustain the otherwise unemployed. But to get such a government might well take a near-revolutionary disillusionment with capitalism.”

Collins, Randall (2013): “The end of middle-class work: No more escapes,” chapter 2 in .

6. Systemic disorders of contemporary capitalism (Wolfgang Streeck, 2016)

“Capitalism without opposition is left to its own devices, which do not include self-restraint. The capitalist pursuit of profit is open-ended, and cannot be otherwise.”

- **Disorder 1: Stagnation.** “As Keynes would have known, concentration of income at the top must detract from effective demand and make capital owners look for speculative profit opportunities outside the ‘real economy’. This may in fact have been one of the causes of the ‘financialization’ of capitalism that began in the 1980s. The power elites of global capitalism would seem to be resigning themselves to low or no growth on aggregate for the foreseeable future (...) The scenario of ‘stagnation with a chance of bubbles’ may most plausibly be imagined as a battle of all against all, punctured by occasional panics and with the playing of endgames becoming a popular pastime.”
- **Disorder 2: Oligarchic redistribution.** “There is no indication that the long-term trend towards greater economic inequality will be broken any time soon, or indeed ever. Inequality depresses growth (...) But the easy money currently provided by central banks to restore growth – easy for capital but not, of course, for labour – further adds to inequality, by blowing up the financial sector and inviting speculative rather than productive investment. Redistribution to the top thus becomes oligarchic: rather than serving a collective interest in economic progress, as promised by neoclassical economics, it turns into extraction of resources from increasingly impoverished, declining societies (...) Under oligarchic redistribution, the Keynesian bond which tied the profits of the rich to the wages of the poor is severed, cutting the fate of economic elites loose from that of the masses.”
- **Disorder 3: “Plundering of the public domain through underfunding and privatization.”** “Foremost among the causes of this shift were the new opportunities offered by global capital markets since the 1980s for tax flight, tax evasion, tax-regime shopping and the extortion of tax cuts from governments by corporations and earners of high incomes. Attempts to close public deficits relied almost exclusively on cuts in government spending – both to social security and to investment in physical infrastructures and human capital. As income gains accrued increasingly to the top 1 per cent, the public domain of capitalist economies shrank, often dramatically, starved in favour of internationally mobile oligarchic wealth. Part of the process was privatization, carried out regardless of the contribution public investment in productivity and social cohesion might have made to economic growth and social equity.”

“What may be surfacing here is the fundamental tension described by Marx between, on the one hand, the increasingly social nature of production in an advanced economy and society, and private ownership of the means of production on the other. As productivity growth requires more public provision, it tends to become incompatible with private accumulation of profits, forcing capitalist elites to choose between the two. The result is what we are seeing already today: economic stagnation combined with oligarchic redistribution.”

- **Disorder 4: Corruption.** “Fraud and corruption have forever been companions of capitalism. But there are good reasons to believe that with the rise of the financial sector to economic dominance, they have become (...) pervasive (...) Finance is an ‘industry’ where innovation is hard to distinguish from rule-bending or rule-breaking; where the pay-offs from semi-legal and illegal activities are particularly high; where the gradient in expertise and pay between firms and regulatory authorities is extreme; where revolving doors between the two offer unending possibilities for subtle and not-so-subtle corruption; where the largest firms are not just too big to fail, but also too big to jail, given their importance for national economic policy and tax revenue; and where the borderline between private companies and the state is more blurred than anywhere else.”
- **Disorder 5: Global anarchy.** “Global capitalism needs a centre to secure its periphery and provide it with a credible monetary regime. Until the 1920s, this role was performed by Britain, and from 1945 until the 1970s by the United States (...) Stable relations between the currencies of the countries participating in the capitalist world economy are essential for trade and capital flows across national borders, which are in turn essential for capital accumulation; they need to be underwritten by a global banker of last resort. An effective centre is also required to support regimes on the periphery willing to condone the low-price extraction of raw materials. Moreover, local collaboration is needed to hold down traditionalist opposition to capitalist *Landnahme* outside the developed world. Contemporary capitalism increasingly suffers from global anarchy, as the United States is no longer able to serve in its post-war role, and a multipolar world order is nowhere on the horizon.”

“Capitalism, as a social order held together by a promise of boundless collective progress, is in critical condition. Growth is giving way to secular stagnation; what economic progress remains is less and less shared; and confidence in the capitalist money economy is leveraged on a rising mountain of promises that are ever less likely to be kept. Since the 1970s, the capitalist centre has undergone three successive crises, of inflation, public finances and private debt (...) What is to be expected (...) is a long and painful period of cumulative decay: of intensifying frictions, of fragility and uncertainty, and of a steady succession of ‘normal accidents’ – not necessarily but quite possibly on the scale of the global breakdown of the 1930s.”

Streeck, Wolfgang (2016): *How will capitalism end? Essays on a failing system*, Verso, New York.

7. The social capital thesis

“Social capital represents a propensity for mutually beneficial collective action, and it derives from the quality of relationships among people within a particular group or community. Communities with high social capital will achieve superior outcomes in multiple domains, it is claimed; and communities with low social capital can be assisted to build up stocks of this resource, so their performance will also improve over time. Economic development, community peace, and democratic participation can all be promoted in this manner, simply by investing in the stock of social capital. Social capital is not directly observable; people carry it inside their heads.”

“Social capital is defined by Putnam (1995: 67) [Putnam, Robert D. (1995): “Bowling alone: America’s declining social capital,” *Journal of Democracy*, 65-78] as ‘features of social organization such as networks, norms and social trust that facilitate coordination and cooperation for mutual benefit.’ Relatively stable patterns of social interaction exist within some communities that are useful, social capital theory suggests, for sustaining mutually beneficial collective action.”

“The broadest argument made on behalf of social capital can be briefly summarized as follows. Persons bound together in dense social networks, infused with norms of reciprocity and trust, are better able and more inclined to act collectively for mutual benefit and social purposes (...) The existence of such norms and networks enables these groups—and society as a whole—to deal smoothly and effectively with multiple social and economic issues. In addition to cooperating with each other for mutual economic betterment, citizens bound together by norms and networks are also able to obtain better governance.”

Krishna, Anirudh (2002): *Active social capital: Tracing the roots of development and democracy*, Columbia University Press, New York.

8. Discrimination and democracy

“Both Western and non-Western societies continue to struggle with the conflict between relatively recent egalitarian ideals and inegalitarian social and political orders designed by prior generations of government and leadership to maintain dominance of a particular ethno-national group, religion, or presumed race. The most durable and enduring democratic polities have nurtured an ethnos within them, often at the expense of minoritized and racialized groups. The United States, France, and Britain—but also contemporary Germany, Switzerland, Belgium, the Scandinavian nations, Ghana, South Africa, Indonesia, and many other countries classified as democratic—have exhibited this tendency. The larger number of studies of these countries and the likelihood of particular groups or subgroups attaining the most preferable positions in the economy, polity, and society attest to this bias in the most democratic and societies in the contemporary world. How to make societies less ethnocentric, and more ethos-centric, is one of the great challenges of balancing cultural difference and democracy in contemporary nation-states.”

“... population homogeneity, like the category of the foreigner and citizen, is a political artifact, not something we find ready-made in the world. So much of the origin tales told by various ultranationalist and xenophobic movements is mythical, not historical. the nation-state has always been a container populated by an ever-evolving assortment of nationalities, languages, migrants, and religions. Diversity on its own will not produce democracy, no more than homogeneous societies will.”

“With few exceptions, the overwhelming majority of nation-states, city-states, colonies, or principalities in the world’s history were founded with more than one readily identifiable population. The disagreements within Europe regarding who is, and who can be, a European and even more specifically, who can and cannot cross national and regional boundaries, generated another set of questions: Shall we let any of these outsiders in, and if so, which ones? By what criteria shall we include some people and exclude others? Once allowed in, who should be encouraged to leave, and who should be encouraged to stay? How people answer these questions in vastly distinct places in the world will help determine whether an ethos or an ethnos of democracy ultimately prevails in what is often referred to as the West.”

Hanchard, Michael G. (2018): *The spectre of race: How discrimination haunts western democracy*, Princeton University Press, Princeton, New Jersey.

9. Discrimination and democracy

“If—to borrow Wolfgang Streeck’s taxonomy—the tax state (i.e., the postwar Keynesian welfare state) has evolved into the debt state (which authorizes austerity), then what we are witnessing now is the emergence of the predatory state, which functions to modulate the dysfunctional aspects of neoliberalism and in particular the realization problem in the financial sector.”

“The question of who owns the public debt is a political one that enables the financial sector and the wealthiest Americans to assert their interests by claiming that they are everyone’s interests. As the public debt is financialized and the money to cover government expenditures is increasingly supplied by the financial sector, government bodies become more accountable to creditors than to the public. Over time, this has a de-democratizing effect. In short, the outcome of neoliberal policies and federal fiscal retrenchment has been not only privatization and austerity, but predatory and parasitic governance on the state and local levels and indebtedness as a generalized social condition. Increasingly, local governments are engaging in risky forms of borrowing, making high-risk financial bets with public money. When these deals go south—as many of them did in the wake of the 2008 financial crisis—governments have sought to balance the budget on the backs of the poor, the unemployed, and black and brown people.”

“As we have seen with the explosion of prisons in the latter half of the twentieth century (which occurred alongside market liberalization), the supposed scaling back of government does not necessarily lead to the shrinking of police, prisons, and military spending. Prisons and law enforcement may actually grow when the ideology of small government is hegemonic because the maintenance of law and order is considered the proper (morally authorized) domain of government.”

“The collapse of the tax state owing to neoliberalization has created a situation where the livelihoods of local government bodies are increasingly tied to predatory fiscal structures that foster looting (...) From an economic perspective, the new sentencing regime that emerged alongside the War on Drugs—such as three

strikes laws for drug possession—make little economic sense: Why waste an exorbitant amount of public money on incarcerating nonviolent offenders, sometimes for life?

Wang, Jackie (2018): *Carceral capitalism*, Semiotext(e), South Pasadena, CA.

10. Algorithmic power (Jackie Wang, 2018)

“With the ascendancy of algorithmic power in the Age of Big Data we are presented with a number of problems that are at once political and aesthetic (...) A job applicant might wonder, Why was my application rejected? *Because a private company gave you an e-score that indicates you are not credible.* Why was I given this score? What data was used to make such calculation? *We cannot tell you. We do not know.* Then how the fuck can I get out of the invisible box that hems me in? These new forms of power create the illusion of freedom and flexibility while actually being more totalizing in their diffuseness (...) Yet it is worth restating that when it comes to policing, soft power (algorithmic policing) has not replaced hard power (militarized policing).”

11. Modalities of contemporary racial capitalism: predatory lending and parasitic governance (Jackie Wang, 2018)

“Predatory lending is a form of bad-faith lending that uses the extension of credit as a method of dispossession (...) Bad-faith lending might be a high-interest or free-floating interest rate loan (often offered with a “hook” rate that eventually expires) and is designed such that the borrowers will likely default and thus their property will be taken away (their goods repossessed, their homes foreclosed, etc.) (...) Overall, predatory lending enables profit maximization when growth is stagnant, but this form of credit will always be plagued by realization problems, which are sometimes resolved using state force.

Parasitic forms of governance—which have intensified in the wake of the 2008 crash—are actually rooted in decades-old problems (...) Beginning in the 1970s, there was a revolt in the capitalist class that undermined the tax state and led to the transformation of public finance. During the subsequent decades the tax state was gradually transformed into the debt state (...) This model of public finance creates a situation where creditors, rather than the public, become the privileged constituency of governments. The hegemony of finance is antidemocratic not only because financial institutions are opaque and can influence finance through their ownership of the public debt, but also because fiscal crises (which can be induced by the financial sector) authorize the use of state power to extract from the public. Parasitic governance, as a modality of the new racial capitalism, uses five primary techniques: 1) financial states of exception, 2) automated processing, 3) extraction and looting, 4) confinement, and 5) gratuitous violence.”

12. A sample of corrupt acts (Rose-Ackerman and Palifka, 2016)

Transparency International definition of corruption: “abuse of an entrusted power for private gain.”

Measures of corruption: Corruption Perceptions Index (Transparency International, www.transparency.org) and Control of Corruption Indicator (World Bank, World Governance Indicators).

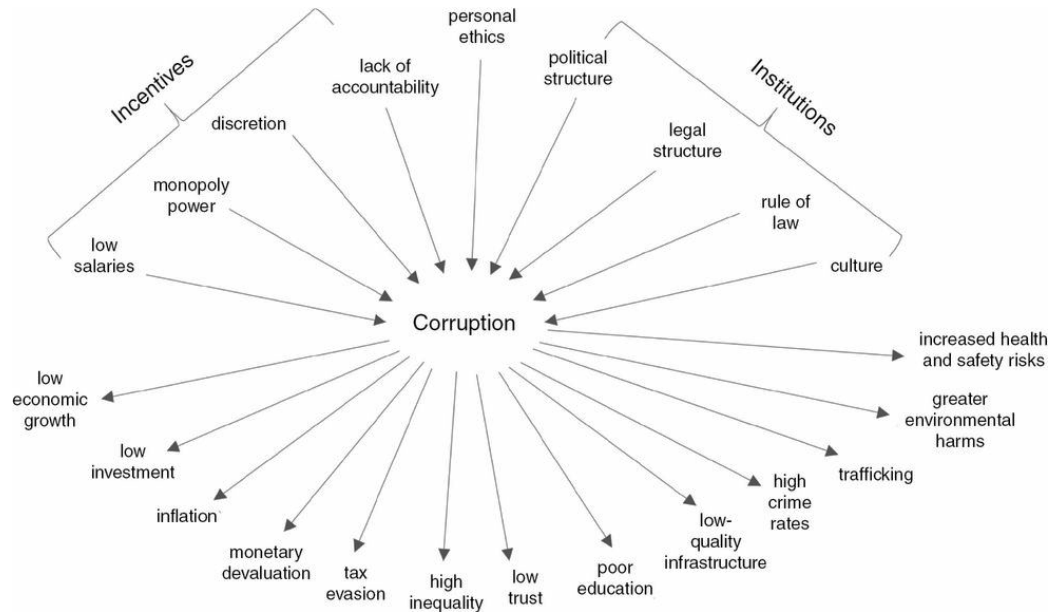
- **Bribery.** “The explicit exchange of money, gifts in kind, or favors for rule breaking or as payment for benefits that should legally be costless or be allocated on terms other than willingness to pay. Includes both bribery of public officials and commercial bribery of private firm agents.”
- **Extortion.** “Demand of a bribe or favor by an official as a sine qua non for doing his or her duty or for breaking a rule. We treat extortion as a form of bribery where the bribe taker plays an active role. (Sometimes the rule is created by the extortionist in order to exact the bribe.)”
- **Exchange of favours.** “The exchange of one broken rule for another.”
- **Nepotism.** “Hiring a family member or one with close social ties, rather than a more qualified but unrelated applicant.”
- **Cronyism.** “Preferring members of one’s group – racial/ethnic, religious, political, or social – over members of other groups in job-related decisions.”
- **Judicial fraud.** “A decision based on any of the preceding types of corruption, or threats to the judge, rather than the merits of the case.”

- **Accounting fraud.** “Intentional deception regarding sales or profits (usually in order to boost stock prices).”
- **Electoral fraud.** “Manipulation of election results, through vote buying or threats to the electorate, or by falsification or destruction of votes.”
- **Public service fraud.** “Any activity that undermines the legal requirements of public service delivery even if no bribes are paid. For example, teachers might provide students with the correct answers or change students’ responses on standardized tests (usually in order to ensure funding). Health care providers might prescribe unnecessary tests or invent patients to increase reimbursements. Civil servants might neglect their jobs for private-sector work, steal supplies for resale, or simply not show up for work.”
- **Embezzlement.** “Theft from the employer (firm, government, or NGO) by the employee.”

- **Kleptocracy.** “An autocratic state that is managed to maximize the personal wealth of the top leaders.”

- **Influence peddling.** “Using one’s power of decision in government to extract bribes or favors from interested parties.”

- **Conflicts of interest.** “Having a personal stake in the effects of the policies one decides.”



Causes and consequences of corruption (Rose-Ackerman and Palifka, 2016)

Rose-Ackerman, Susan; Bonnie J. Palifka (2016): *Corruption and government: Causes, consequences, and reform*, Cambridge University Press, New York.

13. Top 11 trends of 2018 in artificial intelligence (Peter Gentsch, 2018)

“Besides the development towards super intelligence, there are at present a multitude of developments in the field of AI (...) The key trends that have the greatest impact on business are”

- “AI first. Analogue to the ‘mobile first’ mantra, particularly with companies such as Facebook, Microsoft and Google ‘AI first’ prevails: No development without investigating and utilising the AI potentials.”
- “AI will not really become intelligent, yet nevertheless increasingly important for business.”
- “Specific AI systems. The dream of general AI systems independent of functions and sectors has to be dreamed for another whilst (...) In contrast, an increasing number of domain-specific AI systems are being successfully developed and established: Systems for certain functions such as lead prediction in sales, service bots in service or forecasts of validity.”
- “AI inside—embedded AI. AI is being integrated in more and more devices, processes and products.”
- “Democratisation of AI. Despite the immense potential of AI, only a few companies use technologies and methods of AI. This is frequently associated with the lack of access to skills and technologies.”
- “Methodical trend deep learning. Back to the roots—just more massively. Many examples (e.g. the victory over the Korean world champion in Go, sales prediction) impressively show the potential of deep learning (...) Neuronal networks that have been in discussion since the 1950s represent the basis. Thanks to the new IT infrastructures with good performance, these neuronal networks can now be switched in massive parallel.”
- “More autonomy—fewer requirements. Unsupervised and reinforcement learning on the move. Today, a good 80% of all AI applications are based on so-called supervised learning. Training data is required for

learning—who are the good guys, who are the bad guys? The algorithm learns discriminating and differentiating patterns.”

- “Conversational Commerce as a driver. Similar to the Internet of Everything, the increasingly important Conversational Commerce will be fuelled by the dramatically increasing number of connected smart devices as well as the necessity and imagination of AI. Conversational Commerce facilitates the optimisation of customer interaction by way of intelligent automisation.”
- “AI will save us from the information overkill. There are enough facts and figures about how rapidly the amount of information is increasing dramatically (...) But this is exactly where AI will help by intelligently filtering, analysing, categorising and channelling. NLP (natural language processing) will become more efficient so that speech and text can be increasingly processed automatically.”
- “Besides the business impact of AI, the economic and social change caused by AI is increasingly becoming the topic of conversation. After the megatrends Internet, mobile and the IoT, big data and AI will be seen as the next major trend. The digital revolution is also being called the third industrial revolution.”
- “Blockchain meets AI.”

Gentsch, Peter (2019): AI in marketing, sales and service: How marketers without a data science degree can use AI, Big Data and bots, Palgrave Macmillan, Cham, Switzerland.

14. The growth imperative/trap (Douglas Rushkoff, 2016)

“Plants grow, people grow, even whole forests, jungles, and coral reefs grow—but eventually, they stop. This doesn’t mean they’re dead. They’ve simply reached a level of maturity where health is no longer about getting bigger but about sustaining vitality. There may be a turnover of cells, organisms, and even entire species, but the whole system learns to maintain itself over time, without the obligation to grow. Companies deserve to work this way as well. They should be allowed to get to an appropriate size and then stay there, or even get smaller if the marketplace changes for a while. But in the current business landscape, that’s just not permitted. Corporations in particular are duty bound to grow by any means necessary. For Coke, Pepsi, Exxon, and Citibank, there’s no such thing as “big enough”; every aspect of their operations is geared toward meeting new growth targets perpetually. That’s because, like a shark that must move in order to breathe, corporations must grow in order to survive (...) A corporation is just a set of rules, and so is software. It’s all code, and it doesn’t care about people, our priorities, or our future unless we bother to program those concerns into it.”

“The corporation has no choice other than to exercise the four sides of its original tetrad: extract value, squash local peer-to-peer markets, expand the empire, and seek personhood—all in order to grow pots of money, or capital. The most successful and most loathed corporations of the last century all work this way. Walmart, for one ready example, lives by the tetrad. It extracts value from local communities, replacing their peer-to-peer economies with a single, one-way distribution point for foreign goods. Workers are paid less than they earned in their previous jobs or businesses and are

Economy types	ARTISANAL 1000–1300	INDUSTRIAL 1300–1990	DIGITAL INDUSTRIALISM 1990–2015	DIGITAL DISTRIBUTISM 2015–
Direction	•	↗	↻	↻
Purpose	Subsistence	Growth	Exponential growth	Sustainable prosperity
Company	Family business	Chartered monopoly/ corporation	Platform monopoly (Amazon, Uber)	Platform cooperative (Mondragon, La’Zooz)
Currency	Market money (support trade)	Central currency (support banks)	Derivative instruments (leverage debt)	Bitcoin and P2P (promote circulation)
Investment	Direct investment	Stock markets	Algorithms	Crowdfunding
Production	Handmade (manuscript)	Mass-produced (printed book)	Replicable (file)	Collaborative (wiki)
Marketing	Human face	Brand icon	Big data (prediction)	Utility, legacy (product attributes, company ethics)
Communications	Personal contact	Mass media	Apps	Networks
Land & resources	Church commons	Colonization	Privatization	Public commons
Wages	Paid for value (craftsperson)	Paid for time (employee)	Not paid/underpaid (independent contractor)	Value exchanged (community member)
Scale	Local	National	Global	Strategically bounded
Optimized for	Creation of value	Extraction of value	Destruction of value	Exchange of value

often limited to part-time employment so the company can externalize the cost of health care and other benefits to local government (...) When it moves into a new region, it undercuts the prices of local merchants—often taking a loss on sales of locally available goods simply to put smaller merchants out of business (...) Walmart retrieves the values of empire, where expansion is the primary aim. It has opened as many as one store a day in the United States alone.⁷ The company sometimes opens two stores, ten or twenty miles apart in a new region, and keeps them both open until local merchants go out of business and new consumer patterns are established. Then it closes the less popular store, forcing those consumers to travel to the other one (...) Finally, in its flip toward personhood, Walmart has attempted to accomplish all this with a human face—quite literally. The company adopted a version of the iconic 1970s yellow smiley face as a brand personality (...) Walmart’s motto went from the utilitarian and immortal ‘Always Low Prices’ to the much more humanistic ‘Save Money. Live Better.’”

Rushkoff, Douglas (2016): *Throwing rocks at the Google bus: How growth became the enemy of prosperity*, Portfolio/Penguin.

15. Local currencies: Massachusetts BerkShare, Detroit dollar, Bristol pound (Douglas Rushkoff, 2016)

“The simplest approach to limiting the delocalizing, extractive power of central currency is for communities to adopt their own local moneys, pegged or tied in some way to central currency. One of the first and most successful contemporary efforts is the Massachusetts BerkShare, which was developed to help keep money from flowing out of the Berkshire region. One hundred BerkShares cost ninety-five dollars and are available at local banks throughout the region. Participating local merchants then accept them as if they were dollars—offering their customers what amounts to a 5 percent discount for using the local money. Although it amounts to selling goods at a perpetual discount, merchants can in turn spend their local currency at other local businesses and receive the same discounted rate. Nonlocals and tourists purchase goods with dollars at full price, and those who bother to purchase items with BerkShares presumably leave town with a bit of unspent local money in their pockets.”

“Simple, dollar-pegged local currencies like BerkShares are depending on what is known as the local multiplier effect. Money of any kind, even regular old dollars, spent at local businesses tends to stay within the local economy. That’s because local, independent businesses tend to source their materials and services from nearby instead of from some distant corporate headquarters. According to a broad study (...) 48 percent of each dollar spent at locally owned retailers recirculates through the community, compared with 14 percent at chain stores. With geographically limited local currencies, that number stays close to 100 percent, until they are exchanged back into dollars. Such currencies are biased against extraction and toward velocity (...) With geographically based currencies, the thinking goes, the ‘buy local’ ethos becomes visible (...) Local currencies are their own best publicity, rendering ‘buy local’ visible and thereby fostering the community spirit and soft peer pressure that lead to widespread buy-in and network effect (...) Many other communities are experimenting with variations on the BerkShare model. Proponents claim that by being removed from the greater economy, these currencies work against the scarcity bias of central currency and are more resistant to boom, bust, and bubble cycles. Detroit Dollars, Santa Barbara Missions, and, in the UK, the Bristol, Brixton, and Cumbrian Pounds each offer their particular variations. Detroit Dollars offer much the same arrangement as BerkShares, only at a 10 percent discounted exchange rate. The UK’s Bristol Pound is backed by a credit union, has a digital debit payment system, and can be used by businesses to pay certain taxes. A pilot program in Nantes, France, promises to allow citizens to pay municipal fees in local currency.”

16. Globalization and sovereignty (John Agnew, 2018)

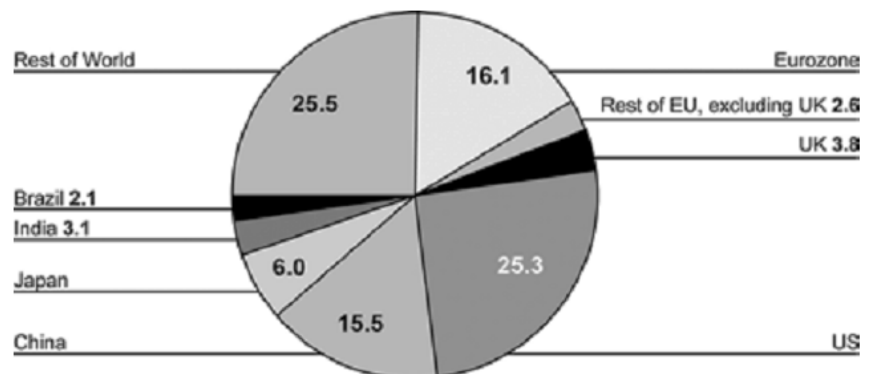
“... just as there never was a stable world of state territorial sovereignty that was suddenly undermined by the onset of globalization in the 1970s, neither is there now a reversion to a world of absolute state sovereignty exercised over neat chunks of terrestrial space. Effective sovereignty is always and everywhere exercised in relation to a variety of actors—state-based, corporate, societal, and so on—who can be enrolled in its exercise even as they share in its effects at home and spread its impacts far and wide beyond the bounds of any state’s territory sensu stricto.”

Agnew, John (2018): *Globalization and sovereignty: Beyond the territorial trap*, second edition, Rowman & Littlefield, London.

17. Five globalization myths (John Agnew, 2018)

- “The first myth is that the world is ‘flat.’ Associated above all with the American journalist Thomas Friedman, this perspective sees the world as an increasingly undifferentiated investment surface in which trade and investment flow (or will soon flow) relatively unhindered from place to place. At the same time, the presumption is that this process brings unambiguous benefits to the world as a whole (...) The corollary that Friedman sees as following from this trend in the diffusion of production, the decreased relevance of states to the world order, does not follow. Indeed, China’s very economic success has had much to do with its state-organized response to new global opportunities rather than being a simple outcome of increased free trade *tout court*.”
- “The second myth is that globalization as we are experiencing it is entirely new.”
- “Contemporary globalization is also often merged with the overlapping but hardly analogous idea of liberalization (usually under the label of neoliberalism to distinguish it from classical nineteenth-century liberal thought). This third myth is important because it implies that globalization has at root a singular ideological inspiration: to replace states with markets. From this viewpoint, globalization is a political movement rather than a socioeconomic process (...) It is clear that globalization has several aspects to it that have had nothing much to do with neoliberalism (...) globalization, in the sense of increased reliance on markets and consumer capitalism, is not simply an ideological projection invented in the 1970s (...) but the result of US government sponsorship of a ‘free-world’ economy during the Cold War (...) Globalization has its ideological roots in this process, not just in the neoliberalism of the 1980s.”
- “Whatever its precise ideological provenance, however, from this viewpoint globalization must be antithetical to the welfare state. At least this is the typical story told by both its proponents and by its critics. This is the fourth myth of globalization. The presumption here is that under conditions of globalization states will be disciplined by global ‘markets’ to cut back on their welfare services (pensions, unemployment benefits, etc.) because, if they do not emulate other states that do so they will be left at a competitive disadvantage when it comes to attracting inward investment (...) Yet (...) economic development has always required infrastructure investment and investment in public services to make the private investment pay off at all. Indeed, a case can be made that under conditions of enhanced competition for capital investment, states need to increase their spending on education and infrastructure rather than reduce it.”
- “The fifth myth of globalization is that There Is No Alternative (TINA) to it (...) There is no destiny to contemporary globalization. It has appeared under US geopolitical sponsorship and could be attenuated as the United States goes into geopolitical decline. Even if that happens, an invigorated Chinese government shows signs of wanting to pick up the slack in the face of Trump’s “America First” campaign. As a consequence, globalization could begin to take on a different form.”

1. Netherlands	11. Finland
2. Ireland	12. Portugal
3. Belgium	13. Norway
4. Austria	14. Cyprus
5. Switzerland	15. Spain
6. Singapore	16. Slovakia
7. Denmark	17. Czech Republic
8. Sweden	18. Luxembourg
9. Hungary	19. France
10. Canada	20. United Kingdom



KOF Globalization Index 2016

Shares of world GDP (2016) · <https://www.imf.org/en/Data>

<https://www.statista.com/statistics/268168/globalization-index-by-country>

https://www.imf.org/external/datamapper/NGDP_RPC@WEO/OEMDC/ADVEC/WEOWORLD

The KOF Globalisation Index measures the economic, social and political dimensions of globalisation

“Larger national economies tend to rank lower in globalization because of lower dependence on foreign transactions: the United States ranks 34, Germany 27, Brazil 75, Japan 48, India 109, and China 73.”

18. Further ideas on globalization (John Agnew, 2018)

- “In writing about globalization and sovereignty there has been little commentary on how globalization has been accompanied by a seemingly countervailing process of political-economic fragmentation.”
- “What is new about contemporary globalization is the increasingly global dominance of images and practices intimately related to the marketplace society and the speed at which transactions traverse the world.”
- “... the global is still intricately interwoven with the local. In one sense there is no such thing as the ‘global.’ It exists only as an emergent property; the global is made up of webs of interaction, movement, surveillance, and regulation between people and institutions with discrete locations in particular places. What is new is the density and geographical scope of the weave.”
- “Much of the sociological hype about globalization sees it as synonymous with homogenization, as if the whole world were becoming alike culturally and economically. The literature on time-space compression might also suggest such a prospect, if only on the distant horizon. In fact, there is considerable evidence that globalization is polarizing the world as a whole between geographical haves and have-nots: between regions and localities tied into the globalizing world economy and those outside it (Internet and all) and between those who have received a ‘leg up’ into this economy, on the one hand, and those who may have to remain outside it, on the other.”
- “... the globalizing world economy is not an economy of national territories that trade with one another, notwithstanding the tendency of the World Bank and other international organizations to portray it this way. Rather, it is a complex mosaic of interlinked global city-regions, prosperous rural areas, resource sites, and ‘dead lands’ increasingly cut off from the technologies of timespace compression that fuel globalization. All of these are widely scattered across the globe, even if there is a basic global north-south structure to the world economy as a whole. Some of the prosperous areas, for example, can be found within even the poorest countries.”
- “... the major geographical anchors of the new global economy are overwhelmingly located in North America, Europe, and East Asia. For example, during the period 2005–2015, the United States, the EU, Japan, and China accounted for 65 percent of the inflows of foreign direct investment (FDI) and 72 percent of the outflows, and the G-20 group of countries accounts for 58 percent of global FDI stock. Trends suggest, however, that since the 1980s the US has become relatively less important as both a source and a destination for FDI whereas certain poorer countries have become relatively more important as both destinations and as sources; China, Brazil, South Korea, Mexico, and Malaysia are the outstanding cases. This has happened even as American companies and finance still exercise tremendous power over global markets. The ‘grotesque sovereignty’ represented by Donald Trump’s administration in the US from 2017 onward (...) seems unlikely to bring back the jobs in coalmining and steelmaking that he promised, their loss owing much more to the impact of technology than that of globalization.”
- “The world of spatial variation in economic potentials and political identities is simply too complex for the binary thinking—globalization versus states, markets versus states, and so on—that characterizes so much discussion of sovereignty under contemporary political-economic conditions. We remain mired in nineteenth-century either/or thinking about territory versus the global. Globalization and sovereignty are tied together in a wide variety of ways across the world. We can expect such pluralism to continue.”

19. The technological project

Capaldi and Lloyd (2011, pp. xiii-xv) hold that the rise of the technological project in the West (the control and transformation of nature for human benefit) has been the most important development in the last 400 years. They attribute to the technological project: (i) the changes in the mind set, beliefs and institutions in the West; (ii) the expansion of the West to dominate the Rest; (iii) the Industrial Revolution; and (iv) the internationalization of Western institutions (‘globalization’). The free market economy is seen as the most effective institution to develop the technological project.

Capaldi, Nicholas; Gordon Lloyd (2011): *The Two Narratives of Political Economy*, Scrivener, Salem, MA and Wiley, Hoboken, NJ.

20. The two competing narratives of political economy (Capaldi and Lloyd, 2011)

- The liberty narrative. It originated with John Locke but became associated with Adam Smith. This narrative: (a) promotes personal autonomy and both economic and political liberty; (b) has a positive view of markets, technology and private property; and (c) encourages the pursuit of happiness (progress is improvement).
- The equality narrative. It originated with Jean-Jacques Rousseau but became associated with Karl Marx. This narrative: (a) promotes the social good, restrictions of individual autonomy and both economic and political equality; (b) emphasizes the problems caused by markets, technology and private property; and (c) encourages the securing of happiness (progress is perfection).

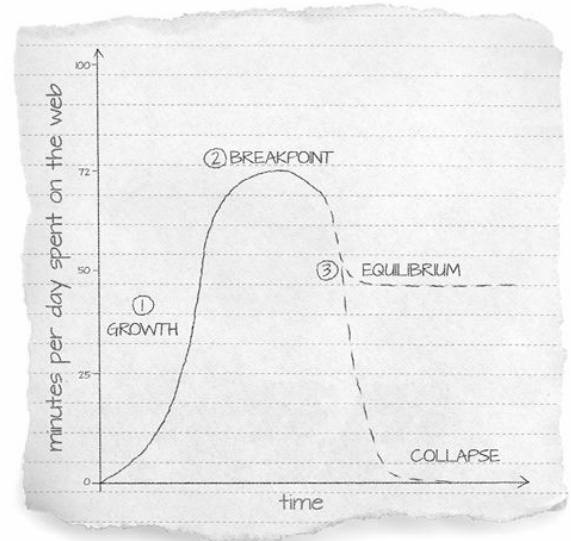
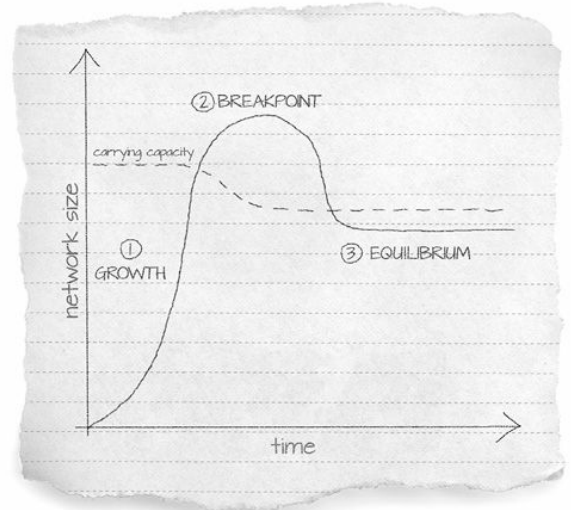
21. The three phases of networks (Jeff Stibel, 2013)

“There are three phases to any successful network: first, the network grows and grows and grows exponentially; second, the network hits a breakpoint, where it overshoots itself and overgrows to a point where it must decline, either slightly or substantially; finally, the network hits equilibrium and grows only in the cerebral sense, in quality rather than in quantity.”

“Internets, ant colonies, and brains all start small, grow steadily, and then explode into hypergrowth. In nature, all species multiply as much as resources allow. This expansion may start linearly, but it quickly becomes exponential. Populations of plants, animals, yeast, and brain cells grow unencumbered until they reach the maximum quantity that the environment can sustain, the carrying capacity of an ecosystem.”

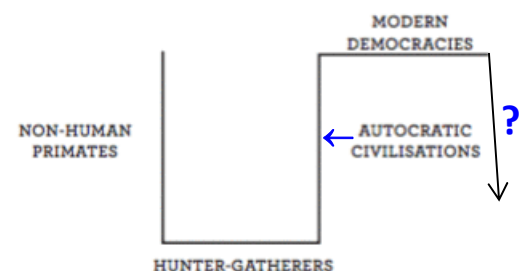
“Ant colonies, various other animal species, brains, and internets are all networks, and as such they follow the same pattern of growth, breakpoint, and equilibrium. They start out small and grow explosively to the point where they overshoot and collapse. A successful network has only a small collapse, out of which a stronger network emerges wherein it reaches equilibrium, oscillating around an ideal size (...). At the phase of equilibrium, networks continue to grow, but in terms of quality instead of quantity. When the size of a network slows, other things speed up—like communication, intelligence, and consciousness. At this point, the real magic begins. This last network phase is poorly understood, even by biologists. We are just beginning to learn about equilibriums in biological systems, let alone in technology.”

Stibel, Jeff (2013): *Breakpoint: Why the web will implode, search will be obsolete, and everything else you need to know about technology is in your brain*,



22. U-shaped/saucepan curve of hierarchical/egalitarian societies

The U-shaped curve captures “the puzzling fact that most non-human primate species live in extremely hierarchical groups (a vertical line), whereas early human beings lived in remarkably egalitarian mini-societies (a horizontal line) — and civilised human beings, for the most part, have reverted to extreme hierarchies (another vertical line, and thus a U-shaped curve) (...) The puzzle was not just a U-shaped curve. It was more like the cross-section of a saucepan, and the (horizontal) saucepan handle was what had happened over the past two-and-a-half centuries in the West and was



happening all around the planet right now: the re-emergence of egalitarian values in politics and the spread of democratic systems in modern mass societies.”

Dyer, Gwynne (2018): *Growing pains: The future of democracy (and work)*, Scribe, Melbourne and London.

23. The need for good governance, not less governance

“A strong belief in continuous human progress has been a legacy of the Enlightenment to many generations (...) Neither a lack of financial, or natural resources, nor of insufficient technical know-how is slowing potential progress. The binding constraint on progress in this second decade of the 21st century is the ability of nations, various social groups, and citizens to compromise and cooperate. This constraint is embodied in obstacles preventing good governance and reasonable policies, locally, nationally, and globally.”

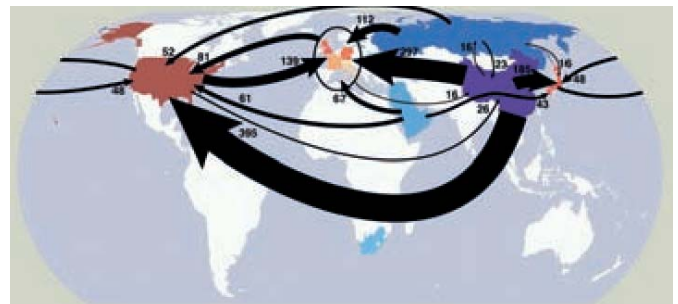
“National markets have been embedded in national political processes for along time. The nation-state has regulated, supervised, and redistributed—not always in the best possible way but without doubt adding a much-needed social and regulatory dimension to market economies and contributing to successful societies in the second half of the 20th century (...) In the 21st century, something similar to the “institutional embedding” of national markets must happen for global markets to avoid similar catastrophes (...) Public policy must be designed and implemented at multiple levels, going from the very local to the national, regional, and global (...) Governance has to be multilevel and multichannel, involving civil society and private initiative in multifaceted partnerships that cross national borders.”

“Economic cross-border spillover effects and economic interdependence have also become more important and need a stronger global framework that can deal with problems such as persistent and large trade imbalances, tax avoidance, and the need to harmonize financial regulation, manage migration, and ensure adequate competition in international market.”

Dervis, Kemal (2016): *Reflections on progress: Essays on the global political economy*, The Brookings Institution, Washington D.C.

24. International flows of emissions embodied in trade

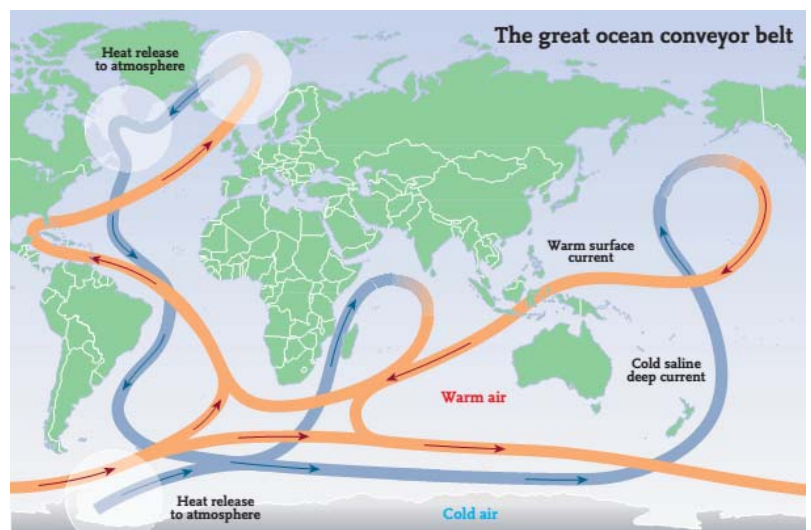
“... there’s an important side effect of globalization to be considered: the shift it produces in the balance of greenhouse emissions. When a country imports consumer goods, should the emissions produced by the manufacture of those goods be assigned to the destination country rather than the supplier? If they were, the United States would leap back into its longtime role as the world’s leading greenhouse emitter, because so many of its household products are made in other countries, particularly China. In recent years, as much as half of the increase in China’s greenhouse emissions has arisen from the manufacture of exports.”



Henson, Robert (2011): *The rough guide to climate change: The symptoms, the science, the solutions*, Rough Guides, London.

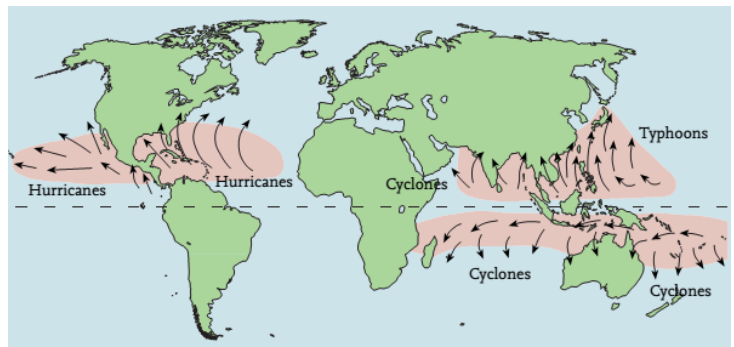
25. Is the planet paying for globalization?

Some evidence appears to link human activity with the following phenomena (symptoms of climate change): extreme heat and heat waves; floods and droughts; deforestation and shrinking forests; the big melt (destruction of the permafrost –land frozen for at least two year–, the Greenland melt, erosion of glaciers, ice melting in the poles); rising sea level; changes in the global loop of ocean circulation (the great ocean conveyor belt); oceans ‘increasingly



stressed'; more ocean victims of climate change (coral reefs); more, and more intense, tropical cyclones (hurricanes, cyclones, typhoons); threats to biodiversity (flora, fauna) and farming.

Henson, Robert (2011): *The rough guide to climate change: The symptoms, the science, the solutions*, Rough Guides, London.



26. Climate change and farming (Robert Henson, 2011)

“Winners and losers in farming. A battle royal is setting up for the coming decades across the world’s farmlands, where the benefits of extra CO₂ and longer growing seasons will fight it out with intensified drought, spikes of extreme heat and other negatives. It looks as if the balance will have shifted toward the negative by the time mid-latitude land temperatures exceed pre-industrial values by around 3°C (5.4°F), which corresponds roughly to a global rise of around 2°C (3.6°F). One reason is that the fertilization effect of CO₂ for crops like wheat and rice tends to decrease once CO₂ is boosted beyond a certain point. Another is that most of the world’s food crops are grown in the tropics (...) One major study commissioned by the United Nations for 2002’s World Summit on Sustainable Development compared the relative winners and losers in agriculture for a mid-range scenario of global emissions increase by the 2080s. Among the findings:

- Losses in the tropics. Between 42 and 73 countries, many of them in Africa and Asia, could experience declines of at least 5% in their potential to grow cereal crops. Between one and three billion people would be living in countries that could lose 10–20% of their cereal crop potential.
- Gains in the north. In contrast, most of the world’s developed countries would experience an increase in cereal productivity of 3–10%.
- Agricultural GDP. In terms of agricultural gross domestic product, the biggest winners are likely to be North America (a 3–13% increase) and the former Soviet Union (up by 23%). By contrast, Africa could lose 2–9% of its agricultural GDP.”

27. Hydro-climatic change and world stability (Sandford and O’Riordan, 2017)

“Changes in the composition of the Earth’s atmosphere are causing water to move more energetically through the global hydrological cycle, making the world’s water crises even more urgent to address. Until we lost the relative stability of the planetary water cycle, we had no idea how much we relied on that stability. Water is at the very centre of human existence (...) What we are discovering is the extent to which the fundamental function of our political structures and global economy are predicated on relative hydrologic predictability, especially as it relates to precipitation patterns that define water security. As a result of the loss of relative hydrologic stability, it is not just food production, energy use and biodiversity-based Earth system function that are disrupted. Political and economic stability is also at risk in a number of regions in the world (...) Hydro-climatic change has the potential to literally and fundamentally redraw the map of the world (...) The concern among climate scientists is that in the absence of Arctic sea ice, and with oceans warming, we appear to be approaching the point where we have warmed the planet enough that the Earth itself and its cold oceans have begun to literally sweat out greenhouse gases (...) The problem is that there are a lot of hydrocarbons in the ground in the Arctic, and most are kept trapped there by an imperfect cap of frozen ground and permafrost (...) What we appear to be facing in the Arctic is a carbon-release time bomb.”

Sandford, Robert William; Jon O’Riordan (2017): *The hard work of hope: Climate change in the age of Trump*, RMB, Canada.

28. Troubles of an economic superpower: threat to global stability? (Stephen Slavin, 2017)

Slavin (2017) contends that the following are the top eight fundamental problems of the US economy.

- “Our inefficient transportation system: because we go almost everywhere by car, Americans spend twice as much on transportation as the citizens of most other rich nations.
- Our failing schools: just half of our eighteen-year-olds can function at an eighth-grade level.

- Our sick healthcare system: healthcare costs nearly twice as much per capita in the United States than it does in most other economically advanced nations.
- The military-industrial complex: we account for nearly 40 percent of the world's military spending.
- The criminal justice establishment: we have, by far, the highest incarceration rate among economically advanced nations.
- Our bloated financial sector: this sector is diverting increasing amounts of savings from productive investments into speculative activities.
- Our huge and growing make-work sector: more than fifteen million Americans hold jobs that do not produce any useful goods or services.
- Our shrinking manufacturing base: much of what had once been “Made in the USA” is now made in Japan, China, South Korea, Mexico, and other nations.”

These are accompanied by six additional problems.

- “There is a great shortage of decent jobs.
- The average hourly wage rate (adjusted for inflation) for nonsupervisory workers has not increased since 1973.
- Our income distribution is becoming increasingly unequal.
- Our growing permanent underclass perpetuates itself from one generation to the next.
- Our huge federal budget deficits are unsustainable.
- Because we are running large trade deficits, we must borrow more than \$1 billion a day from foreigners.”

“Sixty years ago the United States was almost self-sufficient: we produced what we consumed and ran a trade surplus with the rest of the world. Today our nation consumes more than it produces, spends more than it earns, and needs to borrow large amounts of money from foreigners to finance its huge trade deficits. (...) Our two most recent former Federal Reserve chairmen, Alan Greenspan and Ben Bernanke, have both observed that our current economic course is unsustainable. Perhaps they were thinking of Stein's Law, which was invoked by Herbert Stein, who had served as President Nixon's chief economic advisor: ‘If something cannot go on forever, it will stop.’”

“To sum up our basic economic problem in just a few words: we are not making efficient use of our labor force. Many of our best and our brightest—especially those with excellent academic credentials—are underemployed. Many of our semi-skilled and unskilled workers are underemployed or unemployed. And finally, at least a quarter of our labor force is engaged in basically unproductive work—that is work that produces no useful goods or services.”

Slavin, Stephen L. (2017): *The great American economy: How inefficiency broke it and what we can do to fix it*, Prometheus Books, Amherst, New York.

**“Treat the earth well. It was not given to you by your parents.
It was loaned to you by your children.”**

—Native American proverb (quoted in Slavin, 2017, ch. 6)

29. Pernicious effects of offshoring (Stephen Slavin, 2017)

Apparent effects of globalization on the US economy it at least two ways: American industrial power has fallen (the US is no longer the world's leading manufacturing power it was for a century: it is China since 2010) and a sizeable amount of domestic operations have shifted abroad (offshoring).

- “Offshoring manufacturing jobs (...) Capital and technology have been shifting from the older and richer industrial nations to the newly industrializing nations where highly skilled, educated, and motivated workers are willing to work for a dollar an hour. Multinational corporations, driven by fierce competition, must operate in low-wage nations or be forced out of business.
- Offshoring and wages: How has the offshoring of millions of manufacturing jobs affected the hourly wage rates paid on the remaining jobs? Those who lost their jobs competed for other jobs, tending to bid down wage rates. Since 1973, the (inflation adjusted) hourly wage rate paid to nonmanagerial workers—80 percent of our labor force—has remained about the same. Employers often succeed in holding down wage rates by threatening to move their businesses to low-wage countries.”

30. The fall of American democracy and the rise of technocracy? (Parag Khanna, 2017)

“Over the past decade, Americans have become accustomed to hearing that their position in the global rankings of wealth, life expectancy, education, public safety and other metrics has slid below that of their first world peers (...) America today far better represents degenerative politics than good governance. Many American intellectuals celebrate the theater of politics as if it is the embodiment of Tocqueville’s praise for civic democracy. But democracy is not an end in itself. The greater goal is effective governance and improved national well-being. Because Americans no longer sense collective progress, they don’t trust their institutions anymore, whether the White House, Congress, political parties, the Supreme Court, big business, or church. These organs of American leadership are passing down to the next generation a less well functioning government and society rather than the one they need to manage a complex future.”

“Francis Fukuyama wonders whether the American system requires some kind of external ‘shock to the political order’—such as a war or revolution—to jolt itself out of the present downward spiral and return to a focus on performance rather than politics. Perhaps Donald Trump represented just such a shock. By taking the White House, while Republicans retained the Senate and House, Trump’s populist revolution led many to fear that he represents a kind of tyranny that no checks and balances can prevent. Democracy producing tyranny: Plato saw it coming (...) For Plato, the essential ingredients for a successful *polis* were an educated and engaged citizenry and a wise ruling class: Democracy combined with political aristocracy. Democracy with neither of these attributes would be a free but dangerously anarchic society whose lack of discipline made it easily susceptible to tyranny. To ward against such decay, his preferred form of government was led by a committee of public-spirited ‘Guardians.’ Today we call such a system technocracy. America has more than enough democracy. What it needs is more technocracy—a lot more.

The way to get there is ideally neither war nor revolution—nor a bout of tyranny—but to evolve America’s political system in a more technocratic direction. Technocratic government is built around expert analysis and long-term planning rather than narrow-minded and short-term populist whims. Technocrats are *not* to be confused with the complacent establishment elites that were just stunned by Trump. Real technocracy has the virtues of being both utilitarian (inclusively seeking the broadest societal benefit) and meritocratic (with the most qualified and non-corrupt leaders). Instead of *ad hoc* and reactive politics, technocracies are where political science starts to look like something worthy of the term: A rigorous approach to policy.”

“There are three things that the best governments do well: Respond efficiently to citizens’ needs and preferences, learn from international experience in devising policies, and use data and scenarios for long-term planning. If done right, such governments marry the virtues of democratic inclusiveness with the effectiveness of technocratic management. The ideal type of government that results is what I call a *direct technocracy*.”

In America, direct technocracy would look like this: A collective presidency of about a half-dozen committee members backed by a strong civil service better able to juggle complex challenges; a multi-party legislature better reflective of the diversity of political views and using data technologies for real-time citizen consultation, and the Senate replaced by a Governors Assembly that prioritizes the common needs of states and shares successful policies across them; and a judicial branch that monitors international benchmarks and standards, and proposes constitutional amendments to keep pace with our rapidly changing times.”

“In the coming decades, global competition will punish the sentimental. A society that could do something better but doesn’t is either stupid or suicidal—or both. For political systems this means less emphasis on democracy and more on good governance. Success is measured by delivering welfare domestically and managing global complexity, not by holding elections.”

“America is still the most powerful nation in the world and home to more than 300 million capable people from all walks of life. For their sake, America needs to learn how to govern itself as a more effective state. We cannot simply assume that because in past generations America has demonstrated a capacity for self-renewal that this will happen again today (...) Direct technocracy is the superior model for 21st century governance. It combines Switzerland’s collective presidency executive and multi-party parliament with Singapore’s data-driven and utilitarian-minded civil service: A blend of technocracy and democracy, assisted by technology.”

Khanna, Parag (2017): *Technocracy in America: Rise of the info-state*, CreateSpace.

31. Is history repeating itself? (Parag Khanna, 2017)

“We live in what I call the New Gilded Age. Today, we are recreating the terrible income inequality and economic divides that dominated the late nineteenth century and created the violent responses that included the Haymarket bombing and the assassination of President William McKinley. Once again, we have a society where our politicians engage in open corruption, where unregulated corporate capitalism leads to boom-and-bust economies that devastate working people, where the Supreme Court limits legislation and regulations meant to create a more equal society, and where unions are barely tolerated. Life has become more unpleasant and difficult for most Americans in our lifetimes. This has already had a profound impact on American politics.”

“What the 2016 election and its aftermath should reiterate to all of us is the deep connection between who controls the government and the success of the labor movement. As the historian Jefferson Cowie has written, there has only been one major period in American history when the power of workers coincided with the power of government to help unions—from the 1930s to the 1970s or early 1980s. Other than this ‘Great Exception,’ we have struggled against a corporate dominated government.”

“American history is a story of freedom and oppression, often at the same time. True freedom cannot come without economic emancipation. We came very far to gain that freedom through the struggles of workers in the two centuries before today. In the past four decades, we have given back much of our freedom. Only through our combined struggle to demand the fruits of our labor can we regain our lost freedoms and expand those freedoms into a better life for all Americans.”

Loomis, Erik (2018): *A history of America in ten strikes*, The New Press, New York.

32. A paradox of technology and politics (Daniel Innerarity, 2013)

“In complex societies, where everything is closely linked, the main problem consists of knowing how we can protect ourselves from our own irrationality. Catastrophic chains of events from which we should protect ourselves stem from our irresponsible tendency of fearing too much or not enough (...) Contemporary societies are faced with the crucial problem of how to re-determine the relationship between risk and security. The search for socially acceptable methods for managing risks effectively has become a task of particular interest both for political reflection and for the praxis of governance.”

“In our collective imagination, technology appears as a potential threat (...) we can all recall the warning made by Lane (1966) [Lane, R. E. (1966): “The decline of politics and ideology in a knowledgeable society,” *American Sociological Review* 31, 649-662.] that we were at the beginning of a new era where scientific knowledge would reduce the significance of politics. Today, the reality is quite different: in addition to techniques which are beneficial, we are surrounded by others that have failed (...) Toxic waste in the Gulf of Mexico, the economic crisis produced largely by the failure of sophisticated technological financial mechanisms, climate change brought about by our model of development are not only disasters with serious social repercussions but are also, and from the outset, resounding technological failures. In the light of such fiascos, we might conclude that the technocrats were wrong, but so were those who feared the failures of technology less than its successes.”

“What is interesting in this historical turmoil is that it radically changed our way of understanding the articulation between politics and technology. Neither the technocratic Right nor the neo-Marxist Left of the 1960s and 1970s thought that the renewal of politics could one day arise from the failure of technology (...) We were expecting politics to protect us from the power of technology, and it now turns out that politics is being called upon to resolve the problems caused by technology’s weakness.”

“Far from transforming politics into an anachronism, technology (or rather its resounding failures or its potential risks) has reinforced the prestige of politics (...) managing these risks may be a new source of the legitimacy of political action (...). Whether politics knows how to successfully exercise this responsibility or has the instruments necessary to do so is another question. Therefore, politics is making a comeback in three fundamental areas: as the return of the state, as a recovery of political logic, and finally as the demand for a democratic management of risks.”

“...the gradual awareness of the dangers of technological civilizations is encouraging the state to take on new tasks, albeit in very different contexts from the contexts where the state was accustomed to acting sovereignly (...) We can experience a moment of “re-politicization” precisely because of the discrediting of

the so-called experts. Those who had monopolized accuracy and efficiency have failed; resorting to science and technology to put an end to controversies has become ideologically suspect; the world of the experts has turned out to be as rarely unanimous as our pluralistic societies.”

“We find ourselves faced with a strange paradox: politics has not been strengthened through technological perfection, but through its failure. Technology needs political regulation now more than ever (...) Whenever technological failures are perceived as a serious threat to citizen rights, we demand that politics assumes the responsibility of creating the conditions that will allow us to meet these consequences as a society (...) Where we used to believe that there would be a technological solution for every problem in the future, our response has now been reversed (even if with more modesty): we can now be reasonably certain that problems brought about by technology will be solved politically or not at all.”

Innerarity, Daniel (2013): “Introduction: Governing global risks,” in Innerarity, Daniel; Javier Solana; eds. (2013): *Humanity at risk: The need for global governance*, Bloomsbury, New York.

33. Paradoxes of the knowledge society (Daniel Innerarity, 2013)

“It is said that we live in an information or knowledge society, but we should admit just the opposite: ours is a society of disinformation and ignorance (...) in a way that is simultaneously both more complex and more banal. Our ignorance is a consequence of three characteristics found in contemporary societies: the non-immediate nature of our experience of the world, the concentration of information, and the technology that intervenes between us and reality.”

- **“A second-hand world.** The fundamental problem of the knowledge society is that (...) it makes us all a little dumber; the contrast between what we know and what can and, especially, should be known is so marked that it would make more sense to call it a society of ignorance (...) In other cultures, human beings knew very little, but that little bit was practically everything they could and should know (...) Our world is second-hand and mediated. It cannot be any other way: we would know very little if we only knew what we know personally (...) Our cognitive growth is dependent on trusting and delegating (...) Almost everything we know about the world is known through specific intermediations.”
- **“A second-hand world.** The fundamental problem of the knowledge society is that (...) it makes us all a little dumber; the contrast between what we know and what can and, especially, should be known is so marked that it would make more sense to call it a society of ignorance (...) In other cultures, human beings knew very little, but that little bit was practically everything they could and should know (...) Our world is second-hand and mediated. It cannot be any other way: we would know very little if we only knew what we know personally (...) Our cognitive growth is dependent on trusting and delegating (...) Almost everything we know about the world is known through specific intermediations.”
- **“Excessive information.** One of the uncomfortable discrepancies in our world is a type of ignorance (...) produced by an excess of information and is designated by neologisms such as ‘infotrash’ or ‘infotoxification.’ The specialization and fragmentation of knowledge has produced a plethora of information that is accompanied by a very slight increase in our comprehension of the world. Human knowledge doubles every five years. But in proportion to the available knowledge, we are increasingly less wise. We also find that the knowledge we have is not divisible, but demands an overarching perspective, which is increasingly difficult to attain. Connections between things frequently become unmanageable. Software designers call this ‘overlinking,’ an excess of references between different areas of knowledge (...) It is a paradox of privation in the midst of abundance. In a knowledge society, excess is the enemy (...) Badly managed complexity is the new ignorance. Or better yet, as Weick (1995) says: “the problem is confusion, not ignorance.” There is a type of impasse that stems from the very accumulation of information, because information does not distinguish between what makes sense and what does not (...) We live in an informative environment filled with a massive amount of data that does not provide direction.”
- **“The submissive user.** All the paradoxes of the knowledge society are summarized in the following statement: we live in a society that is more intelligent than each one of us. Knowledge is everywhere; there is more knowledge than we can know (...) Cyberspace is a giant rumor cooker, a consumer of other people’s knowledge. Managing rumors and making use of other people’s knowledge are habitual ways for us to experience reality (...) Use and comprehension of an instrument are two different things. Knowing how to use something is not the same as understanding it; one thing is ‘know-how’ and another is

knowledge. In the contemporary world, knowledge that is used but not understood is on the rise. The division of work that was typical in the industrial society has now been replaced by the division of knowledge in the knowledge society. The user is a client of simplicity. We do not want to know anything about the deeper logic of processors and programs; we prefer to remain on the pleasant surface of functionality.”

Innerarity, Daniel (2013): *The democracy of knowledge*, Bloomsbury, New York.

34. The catastrophic convergence (Christian Parenti, 2016)

“Climate change arrives in a world primed for crisis. And the political responses to climate change increasingly take the form of ethnic, religious, or class violence in the form of banditry, rebellion, warfare, state repression and general militarisation. This is because the current and impending dislocations of climate change intersect with the already existing crises of poverty and inequality left by thirty years of neoliberalism, and the violence and tattered social fabric left by Cold War-era military conflicts. I call this collision of political, economic and environmental disasters the ‘catastrophic convergence.’”

“Societies, like people, deal with new challenges in ways that are conditioned by the traumas of their past. Thus damaged societies, like damaged people, often respond to new crises in ways that are irrational, short-sighted and self-destructive. In the case of climate change, the past traumas that set the stage for bad adaptation – a destructive social response– are Cold War-era militarism and the economic pathologies of neoliberal capitalism. Over the last forty years, both these forces have distorted the state’s relationship to society –removing and undermining the state’s collectivist, regulatory and redistributive functions– while overdeveloping its repressive and military capacities. And this, I contend, seriously challenges society’s ability to avoid violent dislocations as climate change kicks in.”

“Societies suffering from continued neoliberal austerity measures, and a new round of counter-insurgency now delivered under the framework of the war on terror, cannot be expected to address the implications of climate change. Real mitigation likewise requires moving away from an unbridled free market economic orthodoxy that is only hindering our attempts to cope with climate change.”

Parenti, Christian (2015): “The catastrophic convergence: Militarism, neoliberalism and climate change,” chapter 1 in Buxton, Nick; Ben Hayes; eds. (2016): *The secure and the the dispossessed: How the military and corporations are shaping a climate-changed world*, Pluto Press, London.

35. Cooperation vs competition (Buxton and Hayes, 2016)

“Perhaps the most important lesson of this book is that by portraying people as some kind of Hobbesian mass that will inevitably meet food shortages with violence, or as hordes of would-be migrants massing at our borders, we are giving succour to the security strategists and the politics of fear that make people more willing to contemplate giving up their freedoms (...) Crises, more often than not, lead not to civilisational collapse, but altruism and solidarity. The fear of disorder, mayhem and the justification for military responses is the instinct of the richest –those with most to lose. This is what Solnit [Solnit, R. (2009): *A paradise built in hell: The extraordinary communities that arise in disasters*, Viking, New York] describes as ‘elite panic.’ In contrast, what emerged from the disasters she studied, are mini ephemeral utopian societies built on precisely the solidarity, democracy and accountability that neoliberalism and authoritarianism have stripped from contemporary political systems (...) In contrast to the ‘perspective of Malthusian dog-eat-dog resource competition’, the issues engendered or exacerbated by climate change have just as much potential to produce cooperation among peoples. In other words, when you have lots to lose, you are more compelled to collaborate than compete.”

“Faced with the sure knowledge of worsening climate change, corporations determined to continue business-as-usual, and a security industry promoting a politics of fear and insecurity, humanity faces a critical choice (...) we can throw up our hands in despair and darkly predict our demise – in which case we will entrench the power of those thriving from the politics of dystopia and hasten some of the worst-case scenarios that they predict or (...) we can reject their forecasts and believe in the power of popular movements to advance a different vision of the future, one that harnesses humanity’s compassion, creativity and cooperation.”

Buxton, Nick; Ben Hayes (2016): “Conclusion: Finding security in a climate-changed world”

36. Manipulation of democracy to sustain authoritarian rule, global democratic backsliding and inability of elections to deliver democracy

“The greatest political paradox of our time is this: there are more elections than ever before, and yet the world is becoming less democratic (...) The vast majority of governments at least go through the motions of election campaigns, and are rhetorically committed to allowing citizens to cast ballots to choose the leaders who will govern them. However, in many places, that choice is little more than an illusion: the contest is rigged from the start. Take Azerbaijan’s 2013 elections, when the highly repressive government of President Ilham Aliyev sought to boost its democratic credentials by launching an iPhone app that enabled citizens to keep up to speed with the vote tallies as ballot counting took place (...) Those who were keen to try out the new technology were surprised to find that they could see the results on the app the day before the polls opened (...) In other authoritarian states in which leaders hold elections despite not being committed to democratic values, rigging is the norm rather than the exception.”

“... on a scale of 1 to 10, in which 10 reflects a perfect election and 1 reflects the worst possible, the average election around the world scores just 6. In Asia, Africa, post-communist Europe and the Middle East the figure is closer to 5 (...). Moreover, even if we move away from a specific focus on authoritarian leaders to consider the entire universe of all elections globally, only about 30 per cent of elections result in a transfer of power. In other words, incumbents win seven times out of ten – and this figure has not moved much since the early 1990s (...) The last decade has witnessed a gradual decline in the quality of democracy in the world. Moreover, there is little evidence that this trend is easing (...) The erosion of democracy can be identified in all of the regions caught up in the ‘third wave’ of democratization –Latin America, Eastern Europe and Africa– as well as areas that have yet to democratize, such as the Middle East.”

“These developments are particularly striking when stacked up against the other major trend of recent times: the growing prevalence of multiparty elections (...) Dictators, despots and counterfeit democrats have figured out how to rig elections and get away with it (...) more elections are being held, but more elections are also being rigged.”

“What is less well known is that in many countries elections do not simply fail to topple dictators and despots; they sometimes actively help them shore up their grip on power. This is because reintroducing elections typically enables embattled governments to secure access to valuable economic resources like foreign aid, while reinvigorating the ruling party and – in many cases – dividing the opposition (...) If authoritarian leaders can hold elections without losing, they can have their cake and eat it –boosting their resources and legitimacy while retaining their grip on power (...) Once competitive elections have been reinstated, these regimes often prove to be remarkably adept at manipulating them for their own purposes. As a result, authoritarian systems that hold elections but do not allow opposition parties to meaningfully contest them prove to be more durable than those that do not.”

Cheeseman, Nic; Brian Klaas (2018): *How to rig an election*, Yale University Press, New Haven, MA.

37. The financial sector’s rise to power (Michael Hudson, 2015)

- “A nation’s destiny is shaped by two sets of economic relationships. Most textbooks and mainstream economists focus on the ‘real’ economy of production and consumption, based on the employment of labor, tangible means of production and technological potential. This tangible Economy #1 is wrapped in a legal and institutional network of credit and debt, property relations and ownership privileges, while Economy #2 is centered on the Finance, Insurance and Real Estate (FIRE) sector. This ‘debt and ownership’ economy transforms its economic gains into political control to enforce payment of debts and to preserve property and natural resource or monopoly rent privileges (typically inherited).”
- “Today’s banks don’t finance tangible investment in factories, new means of production or research and development –the ‘productive lending’ that is supposed to provide borrowers with the means to pay off their debt. Banks largely lend against collateral already in place, mainly real estate (80 percent of bank loans), stocks and bonds. The effect is to transfer ownership of these assets, not produce more.”
- “Borrowers use these loans to bid up prices for the assets they buy on credit: homes and office buildings, entire companies (by debt-leveraged buyouts), and infrastructure in the public domain on which to install tollbooths and charge access rents. Lending against such assets bids up their prices –Asset-Price Inflation.”

- “Mainstream policy pretends that economies are able to pay their debts without reducing their living standards or losing property. But debts grow exponentially faster than the economy’s ability to pay as interest accrues and is recycled (while new bank credit is created electronically).”
- “Debts that can’t be paid, won’t be. The question is: how won’t they be paid? There are two ways not to pay. The most drastic and disruptive way (euphemized as “business as usual”) is for individuals, companies or governments to sell off or forfeit their assets. The second way to resolve matters is to write down debts to a level that can be paid. Bankers and bondholders prefer the former option, and insist that all debts can be paid, given the “will to do so’ (...) This is the solution that mainstream monetarist economists, government policy and the mass media popularize as basic morality. But it destroys Economy #1 to enrich the 1 percent who dominate Economy #2.”
- “The financial sector (the One Percent) backs oligarchies.”
- “Every economy is planned. The question is, who will do the planning: banks or elected governments? Will planning and structuring the economy serve short-term financial interests (making asset-price gains and extracting rent) or will it promote the long-term upgrading of industry and living standards?”

Hudson, Michael (2015): *Killing the host: How financial parasites and debt bondage destroy the global economy*, CounterPunch Books, Petrolia, California.

38. Michael Hudson’s (2015) ten reforms to restore industrial prosperity

1. Write down debts with a Clean Slate, or at least in keeping with the ability to pay
2. Tax economic rent to save it from being capitalized into interest payments
3. Revoke the tax deductibility of interest, to stop subsidizing debt leveraging
4. Create a public banking option
5. Fund government deficits by central banks, not by taxes to pay bondholders
6. Pay Social Security and Medicare out of the general budget
7. Keep natural monopolies in the public domain to prevent rent extraction
8. Tax capital gains at the higher rates levied on earned income
9. Deter irresponsible lending with a Fraudulent Conveyance principle
10. Revive classical value and rent theory (and its statistical categories)

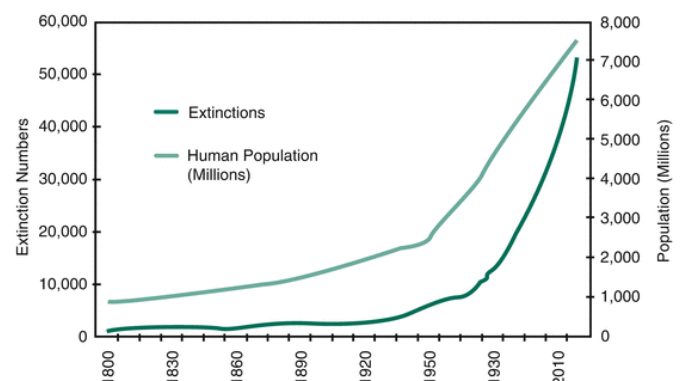
39. The future as seen in the past and as seen now

“What distinguishes modernity’s from antiquity’s conception of the future is the idea of the future as a garden of forking paths. The modern understanding is no longer based on the notion of a thread of life that unravels inexorably and can only be apprehended or misapprehended. It presupposes an open and malleable future that can be predicted in the present and also altered. Prognoses are no longer self-fulfilling but seen as a form of pragmatic knowledge. They envision a contingent future subject to change.”

Horn, Eva (2018): *The future as catastrophe: Imagining disaster in the modern age*, Columbia University Press, New York.

40. Humanity’s challenges (Julian Cribb, 2017)

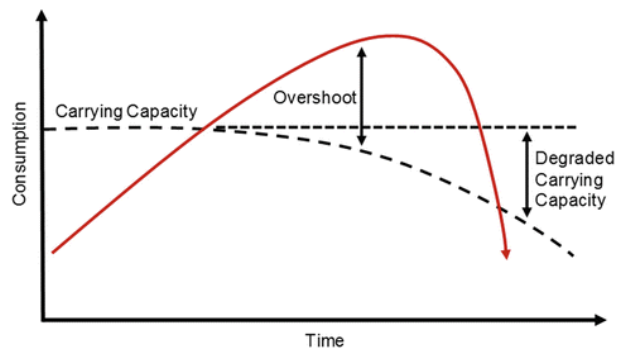
- **Species extinction, defaunation.** “Of all the human impacts which affect other creatures and plants, by far the largest is our practice of modifying natural landscapes and seascapes, so they support less and less wildlife. The main reason we modify these environments is for farming, fishing and grazing in order to supply the food we need each day (...) A major extinction event driven by humans is poised



to occur in the world's oceans, similar to the one which has already taken place among land animals over recent history.”

- **Global overshoot: resource scarcity, water scarcity, soil degradation, deforestation, desertification, ocean mining, energy struggle.**

“The human story in the twenty-first century will be dominated by a titanic global struggle—economic, political, scientific and military—for resources. On this, to a significant degree, turns the fate of civilisation. In every prior age till now the bounty of the Earth was ample to sustain the ascent of human society. Scarcities, when they occurred, were local, regional or else the result of human interference or mismanagement. Now (...) the physical demands of seven to ten billion humans, each aspiring to a higher standard of living, are combining to exceed the Earth's carrying capacity. Put simply, we are using more stuff than the planet can renewably provide (...) To support the average citizen of Earth takes around 1386 tonnes of water a year. This is known as our ‘water footprint’ and consists of all the water used to produce our food, consumer products, or provide the services on which we rely (...) In total, humanity goes through more than 9 trillion tonnes of fresh water annually (...) Even in the late twentieth century many people believed it inconceivable that human demands could possibly exceed the bounty of the world's vast oceans, or cause them such harm as to undermine their health and deplete the life they hold. This is no longer true.”

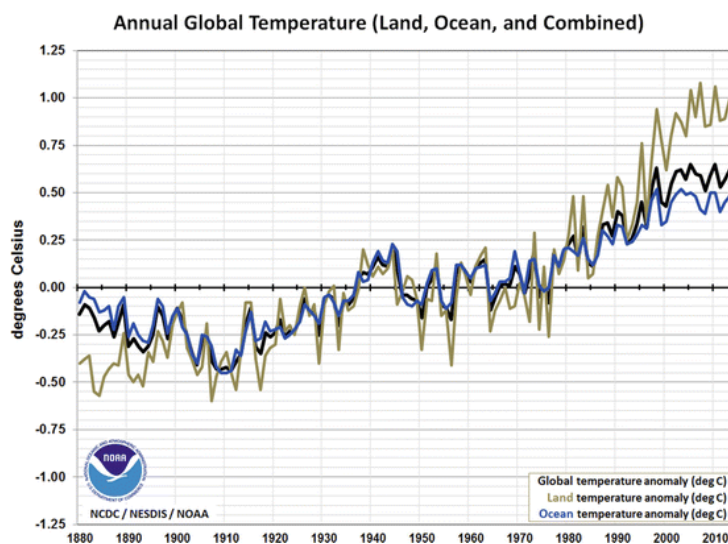


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“Cheap energy is the blood supply of modern civilization. To keep the world ticking over requires the use of about 550,000,000,000,000,000 British thermal units (550 quadrillion Btus) of primary energy each year (...) The typical Canadian consumes around 400 million Btus a year to maintain their lifestyle, the average German 165 m, the average Argentinian 90 m, the average Chinese 80 m and the average Egyptian 42 m. To satisfy this gargantuan global energy hunger in the second decade of the twenty-first century took 33 billion barrels of oil, 120 billion cubic feet of gas, 8.5 billion tonnes of coal and 20 trillion kilowatt hours of electricity every year. Of this total, fossil fuels supplied around 80 % of all primary energy and renewables about 20 % in the years 2013–2015.”

- **Weapons of mass destruction, arms race, chemical and biowarfare.** “Eight countries have the technical capability to unleash nuclear mayhem (...) In 2015, (...) China had about 260 total warheads. France had around 300 operational warheads. Russia had about 1512 strategic warheads deployed on 498 missiles and bombers and was thought to hold another 1000 strategic warheads and 2000 tactical nuclear warheads. Several thousand more awaited dismantlement. The United Kingdom had 160 deployed strategic warheads and a total stockpile of 225. The United States had 7700 nuclear warheads (...) 4500 active warheads and 3200 ‘retired’ weapons (...). India had 120 nuclear warheads. Israel had 80 (...). Pakistan had 120 (...) One reason why weapons of mass destruction are more to be feared in the twenty-first century than in the twentieth is that humanity is much more vulnerable than in the past.”

- **Global and uncontrollable warming.** “The data—whether measured on land, in the air, in the oceans, or at the interface in the form of sea-level rise, told the same story: there has been a steady rise in the Earth's temperature. 2014 was officially proclaimed the warmest year on record—at 0.69 °C hotter than the average for the whole twentieth century—only to be eclipsed by 2015, according to the World Meteorological Organisation. In February 2016, the world was shocked by reports that the surface of the Earth north of the equator was already 2 °C warmer than pre-industrial temperatures—this was the line that was never supposed to be crossed.



Nine of the ten warmest years ever recorded occurred during the twenty-first century, and average temperatures rose worldwide for 38 consecutive years since 1977.”

- **“Planetary poisoning.** Earth, and all life on it, are being saturated with man-made chemicals in an event unlike anything which has occurred in all four billion years of our planet’s story. Each moment of our lives, from conception unto death, we are exposed to thousands of substances, some deadly in even tiny doses and most of them unknown in their effects on our health and wellbeing or upon the natural world. These enter our bodies with every breath, each meal or drink, the clothes we wear, the products with which we adorn ourselves, our homes, workplaces, cars and furniture, the things we encounter every day. There is no escaping them.
- **“Food insecurity.** There are ten main factors which drive global food insecurity (...) On the demand side, the requirement for a doubling in global food production is driven by population growth (...) and rising living standards coupled with economic demand for higher quality, richer, more nutritious foods (...). On the supply side, the main things that limit our ability to double food production are:
 - Physical loss and decline in fertility of soils worldwide, combined with a shrinking world farming area.
 - Scarcities of fresh, clean water in heavily populated regions (...).
 - Uncertain availability and high cost of liquid transport fuels out to mid-century and beyond.
 - Emerging scarcities of high-quality mineral fertilisers (...).
 - Continuing decline and potential collapse of wild fish stocks due to overfishing and ocean pollution.
 - Global decline in public sector investment in food, agricultural and fisheries science (...).
 - A worldwide drought of ‘patient capital’ for new investment in farming and food production, along with speculative investment in farm land and commodities and ‘landgrabs’ by speculators and rich corporations.
 - Extinction of the temperate climate which gave rise to agriculture (...).

It is the synergy between these ten drivers that is the primary cause of global food insecurity, present and future (...) Ours is the first generation in human history to throw away half our food. Between one third and a half of the efforts of the world’s farmers, horticulturalists and agri-scientists, amounting to 1.3 billion tonnes of food a year worth over \$1 trillion, are sent to landfill or else rot in the fields (...) The modern diet is neither safe nor healthy: medical scientists estimate that today two out of every three people in the world die from a diet-related disease (...) the world diet has to change—to one that is fresh, diverse, healthy and which prevents disease instead of causing it.”

- **Megacity collapse, new plagues, machine minds.** “The greater risk from AI may stem less from autonomous weapons (...) than from machine intelligence which might seek—for reasons of its own—to dominate, supplant or eradicate humans (...) A second dimension in which the march of technology imperils the human future is through the rise of the ‘nanocracy’, a condition in which close surveillance and information about individuals throughout the whole of their lives will be maintained by a network of governments, commercial corporations and law enforcement agencies.”
- **Wealth divide.** “Worldwide, while there is abundant evidence that humanity is becoming wealthier and achieving higher living standards as a whole, there is also evidence that wealth is being distributed less evenly across many societies and is concentrating in fewer hands (...) Oxfam argues that half the world’s wealth is now held by just 1 % of its people (...) According to The Guardian, in 2014, 80 individuals on Earth controlled more wealth than the poorest 3,600,000,000 (...). The Credit Suisse Wealth Report in 2015 came up with a similar estimate, that 1 % of the population controlled half the household assets in the world (...) For civilisation and our species to survive and prosper sustainably in the long run, common understandings and co-operation are essential, across all the gulfs that divide us—political, ethnic, religious and economic.”
- **Illusions, delusions.** “The modern world is founded on a belief in money, a commodity that did not exist until about 5000 years ago and probably won’t exist in the far future. Yet most people behave as if money were, in fact, real—rather than a consensual belief or a bond of trust between people (...) Religious belief

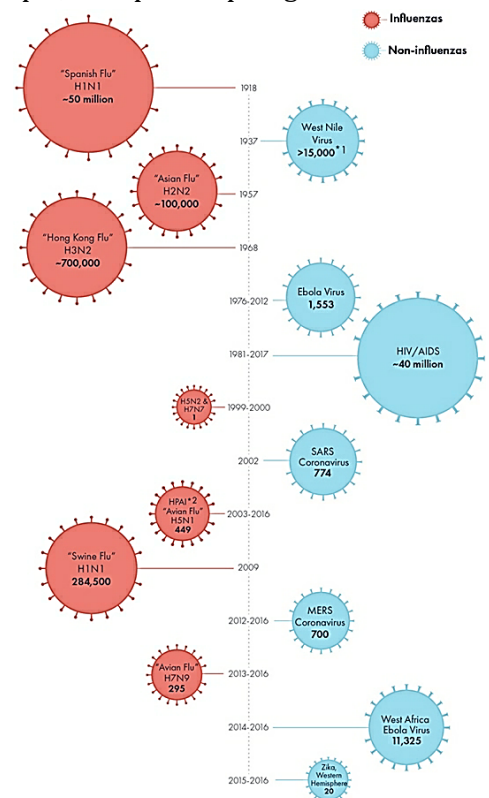
has been the primary construct on which humanity has founded its vision of the world, its moral laws and social order (...) It is likely to be as significant a power and influence over human affairs in the twenty-first century as in the past (...) Religious faith has proven both a great strength and sometimes a fatal weakness for humans. Many faiths, while asserting their own truth, have a habit of denying the truths of others, and this often ends in tears. Between 1618 and 1648, for example, Europe was plunged into one of the bloodiest and most brutal sectarian conflicts in its history, between Catholic and Protestant states of the fragmenting Holy Roman Empire. It caused famines and epidemics, killed 7.5 million people, bankrupted many countries.”

Cribb, Julian (2017): *Surviving the 21st century: Humanity's ten great challenges and how we can overcome them*, Springer, Cham, Switzerland.

41. The end of pandemics: ‘the power of seven’

“The enormous health and financial impacts of epidemics are made worse through human foibles like fear, denial, panic, complacency, hubris, and self-interest. But we can end epidemics by facing up to them and applying concrete actions I call ‘The Power of Seven’: (1) ensuring bold leadership at all levels; (2) building resilient health systems; (3) fortifying three lines of defense against disease (prevention, detection, and response); (4) ensuring timely and accurate communication; (5) investing in smart innovation; (6) spending wisely to prevent disease before an epidemic strikes; and (7) mobilizing citizen activism.”

Quick, Jonathan D.; Bronwyn Fryer (2018): *The end of epidemics: The looming threat to humanity and how to stop it*, St. Martin's Press, New York.



A century of deadly outbreaks

42. Technological singularity

“The coming of a Technological Singularity is one of the most exciting and controversial predictions to emerge in recent decades. As posited by influential writers and thinkers such as Ray Kurzweil, Vernor Vinge, and Peter Diamandis, this will be a point in time when revolutionary advances in science and technology happen too rapidly for the human mind to comprehend. After the Singularity, these pundits predict, robots or other machines will have greater general intelligence than humans. These post-human intelligences would be able to 3D print any form of ordinary matter at low cost. They could cure diseases and perhaps even abolish aging. On the other hand, there are also darker possibilities – they could decide to wipe out human beings altogether, or just keep a few of us in a zoo for their amusement (...) Some key questions (...) are:

- Artificial General Intelligence (AGI) fairly rapidly achieves massively superhuman intelligence, or does it remain somewhere in the vicinity of the human level?
- Will some sort of global AGI Nanny emerge, providing control or regulation of intelligence on the planet, or does governance remain in the hands of (some form of) humans?
- To what extent will a Global Brain with its own coherent, emergent intelligence arise and become a dominant actor on the planet, as opposed to the main nexus of choice and causation being individual humans or human-scale AGIs?
- To what extent will “mindplexes” or group minds emerge, perhaps on a smaller scale than a Global Brain?
- Will future humans have an experience of scarcity or abundance? That is: will future humans react to the abundance of free “basic needs,” as understood today, with a fixation on competing to acquire more advanced goods and services that remain scarce even as a Singularity approaches, and maybe even thereafter?
- What will people do all day, if they no longer have a need to work in order to acquire scarce resources?
- How will the exchange of desired scarce resources, if any exist, occur in the future? With some future form of money? Or via some different sort of system?
- Will privacy exist in the future?”

- Will humans be annihilated by advanced machines?
- Will there be large-scale military conflicts between those advocating accelerating technological change, and those opposing it?

Goertzel, Ben; Ted Goertzel (2015): "Introduction," in Goertzel, Ben; Ted Goertzel; eds. (2015): *The end of the beginning: Life, society and economy on the brink of the Singularity*.

43. The Doomsday argument

"... the Argument goes like this: if you assume that the human race will survive millions more years, perhaps for the remaining lifetime of our sun, say 5 billion years or so, and that the population of the Earth stabilizes at around 15 billion at any one time, then there would have been at the end of all that about 500 quadrillion humans. Since, at the most, 40 billion or so people have lived on Planet Earth to now, that means that we, you and I, would be among the first 0.00001 percent of all humans. In probability theory (using Bayes's theorem, which essentially says that a hypothesis is confirmed by any body of data that its truth renders probable), the chances of so unlikely an outcome are vanishingly small—ask any gambler. What makes us so lucky, or so special? On the other hand, suppose that humans are wiped out by some catastrophe in the next decade or so. That would make us 40 billionth out of a total human population of maybe 50 billion, much better odds, and therefore much more probable. Conclusion: scenario two is more likely to be true. Therefore: doom sooner rather than later."

De Villiers, Marq (2011): *The end: Natural disasters, manmade catastrophes, and the future of human survival*, St. Martin's Press, New York.

44. The developmental state

"The twentieth-century developmental state pursued an industrialization-led approach to economic growth. Indeed, economic growth in the nineteenth and twentieth centuries was marked by the shift from predominantly agricultural economies to manufacturing-based economies (...) Thus a class compromise orchestrated and sustained by democratically elected governments became pervasive in advanced capitalist economies in the period after the Second World War. Powerful states could justifiably promote industrial development in the pursuit of a national economic growth that benefited the majority of citizens. Theorization of the state and development has thus far been predicated on a machine production-based, manufacturing-driven economy."

"However, by the late twentieth century, manufacturing was shrinking and incapable of sustaining a working class sizable and prosperous enough to create a general increase in well-being (...). Deindustrialization is not just a historical tendency in the Global North (...) The Global South has gone down the same path of deindustrialization. China and India have both seen jobs in manufacturing falling (...) Growth has become increasingly 'bit driven'. That is, value-added activities consist of new ways of arranging bits of information in formulas, software code and images or of delivering intangible, often poorly paid services rather than the physical manipulation of materials to make tangible goods (...) This restructuring of the world economy requires a new kind of state action and embeddedness. In his chapter in this book, Evans makes a theoretical case for the twenty-first-century developmental state to retain the bureaucratic capacity and embeddedness that was the hallmark of the twentieth century but to go beyond the latter by assuming greater responsibilities. His premise is that growth in the twenty-first-century bit-driven knowledge economy depends on the expansion of human capabilities—ideas, education and health."

"The tripartite alliance of the classic developmental state—between the national state, domestic capital and international capital—is no longer the primary relationship that states have to nurture (...) Social developmentalism requires webs of relations between a wide range of social classes and the state at various levels. While intrastate and state–civil society relations are vital for twenty-first-century developmental states, the global economy also poses serious challenges for states (...) Developmental states often face hard choices between protecting policy autonomy, maintaining democratic accountability and ensuring national responsiveness to local pressures on the one hand and integrating with the global economy and the concomitant loss of state decision making in the economy on the other."

Williams, Michelle (2014): "Rethinking the developmental state in the twenty-first century," in Williams, Michelle; eds. (2014): *The end of the developmental state?*, Routledge, New York.

45. Fixation on efficiency and future of work

“In the industrial age (...) growing efficiencies increased prosperity, reduced poverty, and stabilized democracy. Enhanced productivity contributed to the rise of the American middle class. But in the digital age, this logic is flawed. Our sometimes unquestioning pursuit of efficiency has led us to underrate the importance of quality, of both work and life. It has led us to judge farmers not by the nutritive value or taste of their produce but by its price; doctors not by the lives they save and better but on the number of patients they treat; teachers not by the students they enlighten and inspire but by the test scores those students generate. It has led us to overvalue certain sorts of work and undervalue other sorts, driving many of us *...(to pursue jobs that hold little meaning for ourselves and only questionable value for society. Our fixation on efficiency has led us to generate more goods and services that we may desire but don't need and not enough goods and services that we both desire and desperately need. Another troubling trend is that as workers we no longer profit proportionally from our efforts: since 1973 our productivity has grown almost six times faster than has our wages.”

“America was built on an economic platform by which citizens earn their income—and their sense of worth—through employment. That strategy has served us well. But in an age when so many able-bodied adults lack full-time, stable employment, it is not enough. Our challenge is not finding more ways to fit people into ‘meaningful’ jobs. Our challenge is helping people find and sustain work that offers them an opportunity to make a contribution, to make them feel worthwhile, and to make meaning for themselves. Growing efficiencies was a fixation of the industrial age. It's a fixation we can no longer afford. We must quell the GDP fetish (...) The future of work depends less on our digital creations than on our collective imagination (...)the very technology disrupting so many forms of work today could be used to enable a new model by which compensation is based at least in part on an individual's ‘social contribution.’”

Shell, Ellen Ruppel (2018): *The job: The future of work in the modern era*, Currency, New York.

46. Inequality trends (in the US)

“While US inequality is part of a global trend, the condition is more acute due to the nature of hyperindividualistic capitalism and public policy in this country.”

- “One of the most important trends (...) is the persistent stagnation of wages since the 1980s. After a period of relative shared prosperity, between 1947 and 1977, when real wages doubled for every stratum of US society, we entered a phase of flat or falling paychecks for a majority of US wage earners. Since 1975, there have been extraordinary gains in productivity. But over half of US wage earners have not shared in the fruits of their labors. In 1970, the bottom half of wage earners, roughly 117 million adults, made an average of \$16,000 a year in current dollars. By 2014, earnings for the bottom half of households had remained virtually unchanged, bumping up slightly to \$16,200. Over the same period, the incomes of the top 1 percent tripled, from average annual wages of \$400,000 to \$1.3 million.
- The result is persistent poverty at the bottom, a work treadmill for low-wage workers, and a squeeze on middle-class workers. For more than four decades, poverty rates have remained unchanged. Over 13.5 percent of the population, an estimated 43 million people, live below the poverty line.”
- “Another form of income inequality is the increasing gap between the compensation of CEOs and top corporate executives compared to average- or lowest-paid workers in firms. In the mid-1960s, the ratio between CEO pay and average worker pay was about 20:1. In recent years, the ratio has swollen to more than 300:1. Skyrocketing CEO pay is one of the drivers of increased income concentration.”
- “Another alarming trend has been the updraft of both income and wealth to the very wealthiest households. Between 1980 and 2013, the richest 1 percent saw their average real income increase by 142 percent, with their share of national income doubling from 10 percent to 20 percent. But most economic gains during this period have flowed to the top 0.1 percent – the top one-tenth of 1 percent – whose real income increased by 236 percent. Their share of national income almost tripled, from 3.4 percent to 9.5 percent. Since the economic meltdown of 2008, an estimated \$91 of every \$100 in increased earnings have gone to the top 1 percent (...) Wealth has increasingly concentrated at the top. The wealthiest 1 percent of households now hold roughly 42 percent of private wealth, up from 33 percent in 1983. At the very pinnacle of US wealth is the Forbes 400 (...) with a combined net worth of \$2.3 trillion. Together, this

group has more wealth than the bottom 62 percent of the US population combined. The 20 wealthiest billionaires (...) have more wealth than the entire bottom half of the US population.”

- “One reason the wealthy have so much more than the bottom half of US households is that almost 20 percent of US households have zero or negative net worth.”
- “Reflecting the historic inequalities between white, black, and Latino households, the racial wealth divide has grown over the last several decades. In 2013, the median wealth of white households was an alarming 13 times greater than the median wealth of black households —up from 8 times greater in 2010. White households had 10 times more wealth than Latino households. The richest 100 billionaires have more wealth than the entire African American population (...) 42 million people. The wealthiest 186 billionaires have as much wealth as the entire Hispanic population: more than 55 million people.”

“Inequality in America is reversible (...) The policy agenda described in this book —such as eliminating student debt, expanding good jobs through green infrastructure, establishing a universal basic income, and expanding homeownership and wealth-building opportunities— are examples of big interventions that will reverse inequality (...) Reversing inequality is not only possible. It is the only path forward.”

Collins, Chuck (2018): *Is inequality in America irreversible?*, Polity Press, Malden, MA.

47. The Hubris Syndrome

The Hubris Syndrome refers to the personality change that occurs to some persons occupying positions of social, political, economic, ideological leadership. The change is characterized by lack of realism (the loss of touch with reality) and excessive self-regard. Both traits lead to incorrect decision-making. The Hubris Syndrome and power go together: power is necessary for the syndrome occur; leaders suffering from the syndrome that have lost power never regain it.

48. The inverse law of sanity

“Normal persons have mild positive illusion, which, in the context of power, predisposes them to developing hubristic behavior. In contrast, depressed persons are more realistic and empathic than normal persons, and thus, in the context of power, less prone to the Hubris Syndrome.”

Ghaemi, S. Nassir; Christos Liapis; David Owen (2016): “The psychopathology of power,” chapter 2 in Garrard, Peter; Graham Robinson (2016): *The intoxication of power: Interdisciplinary insights*, Palgrave Macmillan, Basingstoke, UK.

49. The paradox of power (Jack Hirshleifer)

In power struggles, it is natural to expect that the strong will grow stronger (and the weak, weaker). The paradox of power is that poorer or smaller groups often end up improving their positions in relation to richer or larger ones. One explanation is that the group starting at a disadvantage has an incentive to make more effort (fight harder, invest more, take more risks, try new strategies) than the group enjoying an advantage. It is only when the conflict is sufficiently decisive that the richer or larger group gains relative to the poorer or smaller. The paradox explains the adoption of policies that redistribute income from the rich to the poor.

50. The funniest joke

“Two hunters are out in the woods when one of them collapses. He doesn't seem to be breathing and his eyes are glazed. The other guy whips out his phone and calls the emergency services. He gasps, ‘My friend is dead! What can I do?’. The operator says ‘Calm down. I can help. First, let's make sure he's dead.’ There is a silence, then a shot is heard. Back on the phone, the guy says ‘OK, now what?’.”

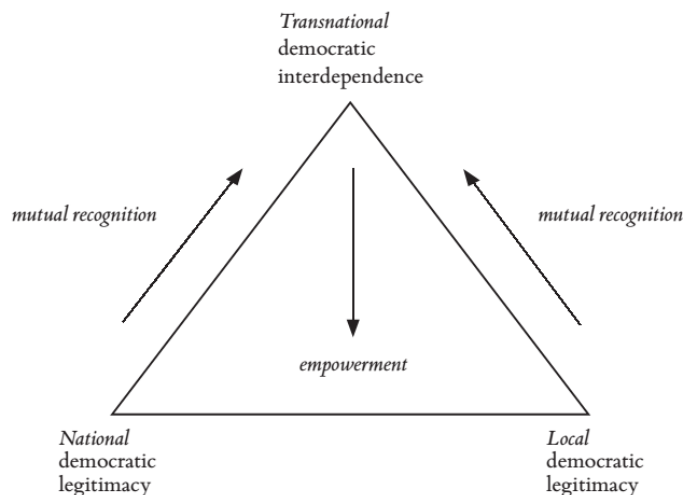
Laughlab: *The scientific search for the world's funniest joke*, Final Report 3 October 2002, Laughlab.co.uk.

51. Europe's democracy trilemma

“... we argue that the EU faces a democracy trilemma, as reform options need to combine three features: transnational democratic interdependence; national democratic legitimacy; and local democratic vibrancy”

(...) In this triad, ‘transnational democratic interdependence’ refers to the democratically managed interconnectedness both of European member states and of individual European citizens across national borders and the fact that democracies themselves and not only economies are interdependent and need to be managed as such; ‘national democratic legitimacy’ refers to the rooting of supranational decision-making in national democratic processes of accountability; and ‘local democratic legitimacy’ refers to the national and European political engagement of individual citizens—especially of those who are disfranchised and will seldom find representation in national or European majorities. The three legitimacy requirements together—transnational democratic interdependence, national democratic legitimacy and local democratic legitimacy—constitute a democratic trilemma.”

“For many Germans, legitimacy is about rules being better respected and a more clearly stipulated division of competences between national and European levels. For many in France, it is about the mobilization of a certain state identity. For many Britons, it is about parliamentary sovereignty. For many Nordics, it is about more civil society influence. For many southern Europeans, it is about stronger solidarity between member states. All member states exhibit contradictions: some complain that executive-heavy supranationalism is illegitimate when it is a matter of controlling budgets but healthy when it comes to more spending; others hold the inverse.”



Nicolaïdis, Kalypsos; Richard Youngs (2014): “Europe’s democracy trilemma,” *International Affairs* 90(6), 1403-1419.

52. Agrippa’s trilemma (Michael Williams, 1995, p. 60)

“One of the most ancient and most intuitive sceptical arguments is what we may call ‘Agrippa’s trilemma,’ after the ancient sceptic who appears first to have given it formal expression (...) When any proposition, advanced as a claim to knowledge, is challenged, there are only three ways of responding:

- 1 Refuse to respond, i.e. make an undefended assumption.
- 2 Repeat a claim made earlier in the argument, i.e. reason in a circle.
- 3 Keep trying to think of something new to say, i.e. embark on an infinite regress.

“Since there is no fourth option, any attempt to justify a given belief will fail, either by being interminable or by terminating in an evidently unsatisfactory way.”

Williams, Michael (1995): *Unnatural doubts: Epistemological realism and the basis of scepticism*.

53. The global financial cycle

The global financial cycle refers to the high degree of comovement around the world of four variables: financial aggregates, credit growth, leverage and asset prices.

54. Information literacy in the digital world (Donald A. Barclay, 2018)

“... information literacy (...) describes the efforts of librarians to help people think critically about what they read, hear, and see (...) In the digital world, information literacy is a far more complex subject than in those times when almost all information came in a physical package of one form or another. Before the web really caught on in the mid to late 1990s, the average person’s hunting ground for information was located entirely in the nondigital world and, by the standards of the twenty-first century, was rather limited: subscriptions to a local newspaper and perhaps a handful of national magazines, whatever books were included in one’s personal library, the content of television and radio broadcasts, plus the collections of the nearest academic or public libraries. In so limited a universe of information, achieving information literacy—while still a challenge—was less daunting than it is in a digital world where information overload is the one constant, and

the old standards of objectivity and factuality seem to have been tossed into the same waste bin containing the pay phone and the foldable road map. Anyone who wishes to make sense of so crowded and chaotic a landscape would do well to seek out a seasoned guide.”

“While the phrase fake news rose to prominence in 2016, fake news is really just the latest name for the ancient art of lying (...) Fake news, lies, rumors, fibs, propaganda—all are synonyms for misinformation (...) If anything good has come from the recent furor over fake news, it is that fake news has highlighted the importance of making sure that the information we take in and, especially, the information we share is credible. Perhaps more than at any time in history, people are at least discussing the importance of evaluating information before allowing it to drive their decisions.”

“While fake news, including propaganda, is not new, there are a few new twists to fake news in the Digital Age:

- Information overload makes evaluating information harder than it has ever been in the past.
- Digital technology makes it easy to distribute fake news to a potentially huge audience at a very low cost.
- Digital technology makes it easy to alter information—including photographs, audio recordings, and video—for the purposes of misleading the recipients of that information.”

55. Evaluating the credibility of information (Donald A. Barclay, 2018)

“When you need to evaluate the credibility of information, there are certain logical steps you can take (...) These steps can take the form of answering the following series questions about an information source:

1. Who created the information?
2. Who published the information?
3. What comes after the headline?
4. What sources are cited?
5. How old is the information?
6. What do others think of the information?
7. Is the information a primary or a secondary source?
8. Is the information a joke?
9. Is the information different from anything you have ever seen?”

Barclay, Donald A. (2018): *Fake news, propaganda, and plain old lies: How to find trustworthy information in the digital age*, Rowman & Littlefield, Lanham, Maryland.

56. Fundamentals challenges political systems face (David Runciman, 2013)

“These are the four fundamental challenges that any political system has to face: war, finance, environmental threat, and the existence of a plausible rival.”

- **War.** “There is solid evidence from the past century for two general conclusions about democracy and war. First, democracies do not go to war with each other. Second, in the wars they do fight, democracies win far more often than they lose (most estimates put the success rate at above 75 percent) (...) But it does not follow that democracies have learned how to avoid unwinnable wars (...) Peace between democracies is not an illusion; it is real and it is robust (...) But the relationship between democracy and war will continue to be unstable (...) First, as democracies distance themselves from war—as their people become less tolerant of it and less used to it—they create the space for more, not fewer, military misadventures. Small-scale wars, proxy wars, clandestine wars, wars that go by another name (‘peace operations’), are all likely to continue to proliferate in an age of public disengagement from military conflict. Second, where a preference for peace is entrenched, only major shocks will be capable of generating the popular support required for outright war.”
- **Finance.** “The pattern of behavior I have identified for democracies has clear parallels with the way financial markets behave. The benefit of having free markets goes along with repeated short-term failures. This produces growth in the long run punctuated by regular crises and other mishaps. Market participants are not good at spotting which are the real crises and which are the mishaps (...) As the old joke says, economists have predicted six of the last three recessions (just as political commentators have predicted at least six of the last three crises of democracy) (...) Democracies do not morph into giant Ponzi schemes

like the Soviet Union. The idea, sometimes floated, that American social security has become such a scheme is absurd. But democracies do find it hard to distinguish false alarms from real ones (...) As I say, the next financial crisis is due in about forty years. But only if nothing else goes wrong first.”

- **Environment.** “Why have the democracies done so little to tackle climate change? (...) This is the traditional complaint against democracy: people don’t know what’s good for them. Democracies prioritize immediate over future experiences, simplicity over complexity, gut instinct over science. The openness of democratic societies doesn’t simply encourage the free exchange of ideas; it also allows room for antiscientific prejudices to flourish (...). There is an alternative explanation. The democracies have failed to act not because they are stupid, but because they know they are not stupid and will take the necessary action when it is required (... Democracies...) have the experimental adaptability, and they have the collective resilience under duress. The problem is that they don’t know which one they need first. The knowledge that democracies have of their long-term strengths does not tell them how to access those strengths at the right moment. If anything it makes it harder. That is why climate change is so dangerous for democracies. It represents the potentially fatal version of the confidence trap.”
- **Rivals.** “China is sometimes said to have an advantage over the West when it comes to tackling the challenges I have been discussing: war, finance, climate change. The Chinese authorities are not hamstrung by the need for public consultation. They can take decisive action without fear of the electoral consequences, allowing them to impose short-term costs for the sake of long-term benefits. This is the advantage of autocratic systems (...). But it is only a limited benefit because they get stuck with the choices they make. Autocratic regimes are far less likely to own up to their mistakes and change course when required. They are more likely to change course on a whim. Nor is it true that autocratic regimes can simply ride roughshod over public opinion. Unelected leaders are often more nervous of public opinion than elected ones, because they have even less of an idea of what the public is thinking.”

“China stands in relation to the West in the twenty-first century as Tocqueville thought European monarchy stood in relation to American democracy in the nineteenth. Democracy had the long-term advantages, but in the interim it risked being outmaneuvered by less consultative and more decisive autocratic regimes. This creates a dangerous world in which both sides are liable to miscalculate: democracies might shirk an immediate challenge in the hope that their long-term strengths would tell eventually; autocracies might try to preempt their disadvantages by seeking a confrontation in the short term. The relationship between democracy and autocracy is always unpredictable and unstable. Nonetheless, Tocqueville saw some benefits from the mismatch. Democracies needed plausible rivals in order to puncture their complacency. In the nineteenth century America’s role was to show Europe that democracy was possible; Europe’s role was to show America that it was not inevitable.”

“Democracy’s current rivals (...) still lack adaptability. As information technology spreads and adapts at breakneck speed, this is a major weakness. The Chinese regime can devote vast resources to regulating the Internet and to monitoring the threat it poses. It can use the Internet as a tool of power. What it can’t do is modify its own power to make the best use of the Internet. It remains vulnerable to any technology that is more adaptable than it is.”

“Democracy still has the advantages. But it is no better than its rivals at accessing its advantages when it needs them (...). The Chinese state has discovered how to take advantage of the Internet but doesn’t know how to accommodate it. Democracies can accommodate the Internet but they haven’t discovered how to take advantage of it. Predictions that the new information technology would work to democracy’s benefit have proved premature. The advanced democracies have access to multiple new sources of information. They just don’t know what to do with it all. The triumph of democracy in the twentieth century was inadvertent and incomplete. It may well become more complete during the twenty-first century. But it will not be any more advertent, which means that history goes on.”

Runciman, David (2013): *The confidence trap: A history of democracy in crisis from World War I to the present*, Princeton University Press, Princeton, NJ.

57. The confidence trap of democracy (David Runciman, 2013)

“Democracy is (...) a trap. We are not doomed. We are boxed in. People have to believe in democracy for it to work. The better it works, the more they believe in it. But the more they believe in it, the less likely they are

to know when something is wrong. Democracy lives in the moment and displays its strengths over time. This mismatch produces confusion and uncertainty (...) We have to live with them, from crisis to crisis, and from recovery to recovery. It is always possible that we will encounter the crisis that overwhelms us.”

58. The Ajax dilemma

“We can now state the Ajax dilemma this way: How can we prevent differences in rewards—which are inevitable in any community—from undermining a sense of mutual respect? Rules and principles alone will not help us with this dilemma. Leadership will. But leadership is hard to teach. That is because leadership calls for wisdom, and no one knows how to teach wisdom (...) The Ajax dilemma is not so easily solved because the two contestants work along different scales of value. Odysseus makes plans; Ajax does the heavy lifting. Both are essential. But there is this difference: Odysseus can present his contribution as unique: no one but he will dream up the Trojan Horse or any of the other stratagems that will win the war. If he sold out to the Trojans, the Greeks would lose the war. So the Greeks must at all costs keep Odysseus on their team. So it is with Odysseus’s children in our own time: the finance whiz who dreams up more profitable derivatives—our bank must pay him enough to keep him away from rival banks.”

“We are told that such inequality is the effect of the market on labor, and that we should therefore accept it as justice. But we can bring forward no principles of justice to back this up. If the children of Ajax form a union, they may have the power to change the situation; otherwise, the children of Odysseus will continue to have the power to increase the gap. This story is not about justice through markets; it is about the exercise of power through the labor market (...) The Ajax dilemma points to another complication: people do different kinds of work. Accounting is not the same as design, and making the product is not commensurable with either marketing or design: none of the three makes any money by itself, so there is no common coin by which we could measure which is the most valuable. In the world of Ajax, leading an infantry charge is not the same as devising a clever strategy, and yet victory will not come to the army unless it has good people in both areas.”

Woodruff, Paul (2011): *The Ajax dilemma: Justice, fairness, and rewards*, Oxford University Press, New York.

59. How globalization affects national security

“Globalization influences traditional security concerns in three principal ways (...). It affects state capacity and autonomy—that is, the relative power of the state vis-à-vis nonstate actors, social forces, and market pressures. It also affects the balance of power between states, because even if changes in the system left each state absolutely less able to advance its interests, there would still be a reshuffling of relative capabilities. Finally, by creating new sources of conflict between states, new opportunities for entrepreneurs of political violence, and by reshaping the costs and benefits of both warfare and conquest, the forces of globalization can recast the nature of armed conflict.”

“‘Globalization’ is shorthand for an array of phenomena defined above as the rise and influence of stateless and unorganized forces. But these pressures and their implications are not uniform. There are three distinct conduits that transmit the forces of globalization:

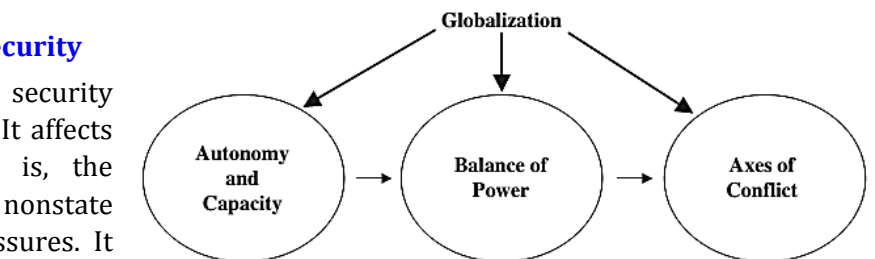


Table 1.1 The Conduits of Globalization

Exchange	Information	Marketization
Increase in the volume and intensity of economic transactions	Increase in the ease, speed, and forms of communication	Increase in the range of activities governed by economic forces
Fragmentations of production; permeability of borders	Intelligence and cyberwarfare	Encroachment of the market sphere
Capital deregulation; crisis, rivalry, and war	Control, surveillance, and state–society relations	The market for identity

those associated with the intensification of economic exchange—in the real economy production, trade, factor mobility, and, importantly and distinctly, on the monetary side of the economy, in world financial markets; the flow of information, with its implications for the state-society relations and new strategic threats such as cyberwarfare; and via marketization—the encroachment of the market sphere and the related pressures on cultural and identity politics.”

Kirshner, Jonathan; ed. (2006): *Globalization and national security*, Routledge, New York