

THE WORLD IN TURMOIL: SURPLUS OF MONOLOGUE – DEFICIT OF UNDERSTANDING

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Editorial

While the Armistice Day and the 100th Anniversary of World War I was being marked in Paris on 11 November 2018, as if the world had been bedazzled. There could not have been any better presuppositions for a cooperative phase of stable post-crisis growth and development, nor any more confrontations, disruptions and conflicts. As if the world of today is resonating to the screams from the dreadful past, more focused towards stopping the competitors than to the efforts to improve one's own position. Trade wars wage on, whereby Ukraine declared a state of war following the incident with the Russian fleet. Nowadays, extremism, isolationism and an unconventional form of deglobalization, or in other words – general obstruction, disbelief in the power of negotiation and communion, and even despair can be seen nearly everywhere. Just like a frightened man, whose ignorance and fear of the unknown cause him to react negatively and aggressively towards anything and anyone different, so the leaders of the countries, including the entire nations of today's world, act rather aggressively, maintaining short-sighted and erroneous conduct towards anything that may make them worry or cause any reason for concern.

DEGLOBALIZATION, INCREASE OF RISK ON GLOBAL GROWTH

The greatest global risks remain climate change, migrations, terrorism, the future, the abundance and redistribution of natural resources, artificial intelligence and cybercrime, the arms race ... However, all of the above is supported by general misunderstanding, lack of willingness to cooperate, and lack of actual, serious dialogue. Regardless of the numerous meetings and conferences devoted to world peace, economics, disarmament, climate changes and control, security, migrations... the participants seem to attend such summits solely to present their own public monologue, only to finally conclude that they have listened to one another and continue to maintain their previous standpoint. On the other hand, even after the autumn (although minor, but still negative) revision of the IMF's global growth forecast from 3.9% to 3.7%, the growth rate remains relatively high, both for year 2018 and for 2019. The effects of new customs wars, economic sanctions and political pressures on global trade and development have been estimated at 0.2% shift downwards, which should not be too disturbing if there hadn't been for a domino effect. Any bad signal and practice of political protectionism is immediately manifested onto „small players“, which tend to imitate „big, global players“ in those worst actions. The case of 100% taxes imposed by the Pristina administration (Kosovo and Metohija) on imports of goods from Serbia and Bosnia and Herzegovina for purely political reasons, are to cause colossal damage to the local economy and citizens, with the possibility of causing enormous risks to security and possible conflicts that may include innocent people. One should bear in mind that, as a rule, the consequences of the global turbulence onto the small national economies cause incomparably more difficulties than they do to the large economies. The problem of expanding the practice of customs wars is caused not only by economic but also by geopolitical and military-strategic goals, as well as by the reconfiguration of global power. However,

that issue threatens to establish itself as a practice with the possibility of escalating into open military conflicts, drastically increasing the costs and risks to the economy of the entire planet.

It took the world “without borders” more than 100 years to come to the realization that the administrative restriction of trade, the use of customs and other barriers, as well as the protectionism in general - are harmful for everyone, only to have today’s dominant behavior gradually turning towards isolationism and emergence of new “borders”. Short-term “gains” from customs wars and new tariffs and restrictions in the short term are one thing, whereas the long-term damage to global growth, technological advancement, economic and socio-cultural cooperation, as well as actions required to save the Planet Earth - are something completely different.

BREXIT IN THEORY AND IN PRACTICE

Growth in the European Union is under intense pressure from Brexit, which is due to be finalized by March of the following year. The European Union and Great Britain, in the final phase of their „divorce“, seem to experience the same traumas as spouses from a bad marriage do. The United Kingdom is particularly troubling due to internal strategic disagreements about the method and goals of withdrawal from the EU. Divorce can sometimes be worse than marriage itself. There is no consensus in the parliament on the exit method, not even within the same parties, not to mention majority attitudes in Scotland or the possibility of new divisions and conflicts between Northern and Southern Ireland. In any case, the resignations of Ministers in the government of Theresa May that were loyal until just recently, show that political problems and the perception of a different future, without the burden of harmonizing a large community of people, create a feeling of great uncertainty and stress. Let alone the issues in Britain that put pressure on the value of the pound sterling, or a drop in large companies’ stocks, i.e. disturbances in the London Stock Exchange.

Today’s developments and events regarding the possible increase in the costs of mutual trade (customs fees and custom offices and bureaus, bureaucracy, controls, paperwork and time, inspection of goods at the borders would be the worst possible solution for both sides, and especially for Great Britain, so the probability of such a rough break (core brexit) is relatively small. However, what is left to be done, firstly in Britain and then in the EU, is to untie all the knots of disagreement regarding the breakup, which will definitely lead to increased costs and slowdown in international cooperation. Of course, a decline is to occur as well, not only of British growth rates (which currently amount only to 1.5%), but also of the global preconditions for further growth and global trade. Brexit in practice definitely differs from the theoretical one. Economists would most certainly recognize in Brexit many more negative than positive effects in terms of the social well-being of the Union, and particularly with regards to the Great Britain, if only their opinion had been requested more.

REPOSITIONING OF BIG GLOBAL PLAYERS AND GLOBAL CLIMATE

Most of the „big players“ from the economic-political and military-strategic stage tend to disqualify what the other ones do. The US, China and Russia play their own games packed with mutual accusations, but with the intention to cause damage to the rival. At the end of the 20th and in the first decade of the 21st century, at the time of the general liberalization of global trade, it was almost impossible to assume that the time of protectionism, tariffs, and even of real trade wars would ever return. That is the code of conduct of the great powers of the world in the process of reconfiguration of global power. China is trying to infiltrate into all pores of the global technological and economic system, including political and military power, whereas the United States strive to prevent any change, apart from strengthening its own insecure position. Europe has found itself confused between the alliance with America, the fear of China’s increasing superiority and the natural necessity to normalize relations with Russia. Russia, in turn, is trying to regain the military and political superiority formerly held by the Soviet Union, but it is hampered by the remnant effects of the recession, supported by Western sanctions. Russia’s economic power is insufficient to enable it to successfully control a part of the world’s economic, political and technological segment.

However, Russia is being imposed as a new, rather ambitious player on a military-strategic plan. Nowadays, just as before, sanctions, customs fees and export quotas are an integral part of global trade and politics, whereas the cooperation on the issue of climate action is hardly even mentioned. Who will provide for and how will the functioning of a global “green” fund be ensured in the amount of 100 billion USD by means of which the actually developed countries should financially support “green technologies” and ecologically sustainable growth in developing countries? Which ones of the „big players“ will expose themselves to the risk of losing the ongoing race to attract investors and generate jobs on the cost of carbonless energy-saving and other eco-industrial projects? There are currently no answers to these questions, although the United Nations, and in particular the European Union, do not deviate even the slightest bit from the proclaimed concept of carbonless green growth, circular economy and sustainable development.

THE WORLD IN THE JAWS OF POLITICAL AND ECONOMIC INTERVENTIONISM

Global ecological awareness is transforming significantly, but the behavior of politicians has not changed even the slightest. How should they be forced to pay attention to the interests of the people, of the ordinary man? While Britain is undergoing a siege of the bridges by the Extinction Rebellion (an organized campaign by which the British want to make politicians aware of the need to more actively support the climate action), France shows a completely different picture. An ordinary man, in the outburst of dissatisfaction, is able to block all roads in France in an organized manner (occurred on 17 November 2018, whereas this type of public rebellion is likely to repeat itself) in their protest against the introduction of environmental taxes on fossil fuels, which is why their prices went up. The public protest brought France to its feet, whereas the action “Green Vests”, supported via social networks, paralyzed not only traffic, but almost the whole system in the country, with one casualty at the beginning of the protest, 277 injuries, whereby the French president Macron found himself with almost half of his party being dissatisfied with the situation. This certainly is not a matter of low environmental awareness, but it more concerns those parts of the French population that actually suffer due to any such reforms, being exposed to what is nowadays called “social injustice.”

Nowadays, excessive interventions dominate on all grounds. The dominance of political and geo-strategic interests over the principles of free trade and an equal international technology race is nearly omni-present. These two factors feed and support each other.

Justice or injustice are the categories that are generally called upon by the materially poorer and generally helpless population. This is natural, as exactly such types of people (poor or at risk of poverty, the unemployed and the ones low income and low pensions) are struck by the global changes that bring the increase in inequality. The inequalities are on the rise in every single country of the world, despite the fact that globally, the median income of certain large nations is approaching the mean income of the OECD countries. The intervention, in principle, may imply an incentive for social inclusion in terms of equalizing the income and living a decent life, but on the other hand it can substantially undermine global competitiveness. There are simply too high expectations from the politics, with extremely few political and social innovations nowadays that may counteract the technological, organizational and economic innovations and risks that, as a rule, increase inequalities and social risks.

It would be favourable if the Planet’s most influential people were to deeply contemplate over the possible consequences of actions they could instigate.