Edition No. 8

The significance of change

bergsicht

CHAPTER 1

Apocalyptic potential

The world is drifting apart. What could previously be regarded merely as an intellectual approach to analysing the situation, and encounter agreement or rejection depending on personal preferences and beliefs, is now receiving empirical confirmation. Until very recently it would have been quite out of order to give consideration to anything other than integrational global moves: inclusive measures, not exclusive ones, regulatory mechanisms that open possibilities, not close them off. Never mind the idea of putting any other sort of measures into practice. Risk reduction through interaction was the doctrine of the era of globalisation. Isolation was reserved exclusively for so-called "rogue states"; the rest of the world was set on togetherness – naturally including the powerful pursuit of individual interests, when we consider, for example, the vast investments by American, British and French oil giants in Russia.

But the fact is that for some months now we have been experiencing a conflict in Europe, in which one side is pursuing territorial expansion by means of subversive tactics and semi-clandestine warfare, while the other side – no less driven by the desire for territorial acquisition – is using economic sanctions as weapons. The preparatory stage of the conflict is clearly long past. War. In Europe. Between East and West. Who, in 1989, would have thought that possible?

The problem is that there are *nuclear powers* involved on both sides, which makes the situation *extremely dangerous*. Those who did not experience the Cold War may not be able to assess correctly how serious the threat is. Between 1960 and 1989 the world on several occasions escaped self-destruction by only a hair's breadth. We have, for example, the refusal by a low-ranking Russian officer to obey orders in 1983 to thank for the fact that we are here at all. At that time, the USA had made moves with its strategic armaments that should in theory have triggered a first strike by the Soviets. But Stanislav Petrov didn't press the button.

However "rogue" (whatever that may mean, taking an arm's length view of one's own behaviour ...) we regard President Putin's actions with regard to the Crimea and the eastern Ukraine, the fact that we have to do with a perhaps slightly weakened, economically somewhat lame, but nevertheless overall fully-fledged global power should surely trigger de-escalatory reflexes in the West. That, for instance, the inconsistent behaviour of the President of the Ukraine, Petro Poroshenko was ignored, or at most greeted with a shrug of the shoulders, raises questions. Is there a lack of assertiveness? Or are there perhaps forces at work that do not want any de-escalation? Or does the West lack the historical understanding to realise that the dissolution of the Soviet empire in 1989 might leave behind one or two bits of unfinished business? We know that since Khrushchev, who was in power in Moscow till 1964, nuclear technology expertise has been concentrated in the eastern Ukraine. Putin's actions are not without rational grounds. This, merely as a non-judgemental

statement; certainly not as any sort of exculpation, if such has any meaning in this context.

Put perhaps a little simply, there is a lack of understanding, a lack of expertise in dealing with genuinely dangerous international situations. Angela Merkel alone, the vicar's daughter from the ex-GDR, seems to master her role; despite being on holiday, she maintained her links with both Putin and Poroshenko. The UN, the OSCE and other potential platforms for conflict resolution, by contrast, remained largely unused or ineffective. Without incontrovertible evidence of who was actually responsible for the tragic shooting down of the Malaysia Airlines aircraft, immediate action was taken, with the intensification of Western sanctions. Virtually no-one dared to raise the sceptical question of whether, in an era of the comprehensive falsifiability of "facts" by secret services, incontrovertible evidence is at all possible, and so whether it is at all justifiable as a basis for unleashing an economic war likely to escalate further. Saddam Hussein's alleged nuclear rockets really should have made us more suspicious. At *bergsicht* we hold to our views: we believe nothing and we trust no-one (*bergsicht* No. 1, p. 8).

Not on numerical grounds alone is the current situation comparable with that in 1914, when the complex civil and military control structures of the European powers were controlled by "sleepwalkers" (Christopher Clark, 2013). They all believed that they were doing the right thing in triggering the supposedly "unavoidable", and thus plunged Europe into a catastrophe that lasted a decade. What distinguishes today's sleepwalking? The concept, which we defined in *bergsicht* No. 6 as "monistic", that there is only *one* world, and thus only *one* global interest, that must (under the gracious supreme command of the USA) be defended against individual disruptive influences ("rogues") such as radical Muslims or power-crazed North Koreans, but which is confronted by no other, perhaps equally serious and power-based, interest. After 1989, this concept might for once have been valid; today, with the rise of China, and Putin's territorial claims, it certainly no longer is. Consequently, the old recipes for conflict resolution no longer apply. In 2014 it is not a matter of dealing with "rogues", but of confronting more or less *equally-matched opponents.* The world is drifting apart; that is the problem.

CHAPTER 2

Activism has its price

The political side of the conflict in the Ukraine, and the far from encouraging efforts to date at conflict resolution, are only one aspect; another, of perhaps no less consequence, is the economic one. For the drifting apart we observe concerns an economy that has embraced global integration. Anyone discussing "country risks" over the past ten or fifteen years would have been thinking of differences in the progress of economic development, or perhaps mainly legal risks – differences in legislation and regulation, variations in the dynamism of the regulatory sector, possibly also the risk of corruption. But confiscation, destruction, danger to life and limb? War? No way! And that was (and would be) well. For as long as the world can interact it won't go to war: that was the hope and belief. Sadly however, the *global economy* is not a sheltered workshop, but subject to higher-order *social and political developments*. The global economic integration that has happened so far is obviously not sufficient to keep politicians from letting the world drift apart in their blatant pursuit of power.

In other words, it is time to bid farewell to the comforting, but illusory, idea that history came to an end in 1989 (Francis Fukuyama, 1992). At the latest by the beginning of 2014, it had announced its return. To get a picture of the price that *inadequate conflict resolution*, in the Ukraine conflict for instance, can exact, and what is at stake, a few figures may be helpful. Sanctions against Russia, or the reduction or cessation of gas supplies by the Russians, will not shake the pillars of the global economy, but the impact would be far from insignificant. At some 530 billion dollars, Russia is the eighth most important global export nation. The lead country for Russian export is the Netherlands (14.6 percent) – from where a good deal, no doubt mainly gas and oil , is re-exported – followed by China and Germany (6.8 percent each). With regard to Russia's imports, Germany is no. 2 after China, with 12.2 percent. Germany also has a share of around 30 percent of total EU exports to Russia (some 86 billion US dollars in 2010 and still 42 billion in 2012). This is mainly machinery and vehicles (60 percent) and chemical and industrial goods. The trend is declining sharply: according to *Finanz und Wirtschaft* (3. 8. 2014, p. 19), *German* exports have *fallen* by almost 14 percent since summer 2013. So the conflict is already exacting an economic price. Particularly exposed, however, are the Baltic states, especially Finland, whose foreign trade is strongly oriented towards its powerful eastern neighbour.

In the *financial sector*, it is above all the *French* and the *Austrians* who need to be concerned, as creditors of Russian banks. According to *The Economist*, these loans amount to some 50 billion dollars for the French institutions, or around 2 percent of total bank assets – also bearing in mind that 82 percent of the Russian Rosbank is owned by the Société Générale. For the Austrian banks (Raiffeisen International!), Russian credits, at around 20 billion US dollars, amount to some 5 percent of total bank assets. So, a blockade – imposed by whichever side – would undoubtedly be uncomfortable for both sides, to put it mildly.

The interdependencies in the *energy sector* are also interesting. BP (UK) owns 20 percent of the Russian oil group Rosneft, and is also the *biggest foreign investor* of all in Russia. The French Total group has an 18 percent share of the gas producer Novatek. American oilfield service companies like Schlumberger, Halliburton and others are also heavily engaged in Russia; Exxon Mobile is involved in a joint venture with Rosneft for drilling in the Arctic.

There are similar interdependencies in the industrial sector. The German Henkel group has annual sales of some 1.3 million US dollars in Russia, its fourth most important country market, and employs 2,500 people there. In the Ukraine there are about 1,000 employees. The challenges for management are palpable. Nor is Henkel alone with such problems: of around 6,000 German companies with holdings in Russia, 3,000 have a base in Moscow.

All this has not gone unnoticed on the financial markets. The German stock exchange (MSCI Germany) has lost some 6 percent in local currency since June 2014, while the MSCI World global stock index in US dollars has almost recovered from its dip in July. Down 3.4 percent, the Russian stock exchange is the biggest underperformer of 2014; together with the fall of the rouble, it is down 11 percent in US dollars. Stock markets are of course affected by multiple factors. But anyone who believes that the Ukraine conflict has had no impact on the markets is simply wrong. The real losses to the economy may well be higher than those on the financial markets, distorted as they are by the central banks. But we have no figures on this.

CHAPTER 3

A cartel with cracks

The nuclear problem to one side for a moment, the Ukraine, and the conflict over this single state in eastern Central Europe, is not the whole world. It would undoubtedly be premature to move from the particular to the general and to see in the underperformance of the German and Russian stock exchanges against the other markets the beginning of a megatrend. We have endeavoured to substantiate our theory that the world is drifting apart with other available data. The background to the theory is a politico-economic observation that *cartels* are *inherently unstable* constructs. This is because either cartels are attacked by outsiders, or every individual member has a natural incentive to capture a part of the monopoly return, unless it can be forced to remain within the structure. When this happens, the return is gradually reduced, and the cartel moves closer to a competitive situation.

Monistic globalism is undoubtedly a cartel-like construct for global governance, with both military and monetary components. The *military aspect* is provided by the primacy of the USA on the high seas (and consequentially, the protection, and to some degree control, of world trade) – the unique characteristic of being able *to simultaneously intervene at multiple points* around the world – and the extensive penetration of all data collections and data traffic by its secret services. Its drones also provide an execution tool at the lowest tactical level.

The monetary component is provided by the US dollar, so far the only global currency, which means that every transaction must necessarily touch US territory, and can thus be brought to justice or blocked there. The USA keeps a close watch on the absolute nature of its monetary sovereignty. *Dollar clearing outside* its area of influence is *inconceivable*. With the new FATCA regulation (Foreign Account Tax Compliance Act) the USA will in future have complete control of the link between private individuals and their assets, to the extent that US persons or US securities and accounts are involved. The Fed's ultra-low interest-rate policy obliged those responsible for other currencies to drop their rates correspondingly. The Leipzig economist Gunther Schnabl has described this mechanism in his blog (www.wirtschaftlichefreiheit.de); in his view, there is no way back for the non-dollar currencies. Schnabl regards the possibility that dollar interest rates may soon rise again as extremely unlikely, on account of the catastrophic consequences that would have for the financing of state debt.

Despite this apparent situation, we do see signs that this cartel too is going the way of all cartels; that is, it is either being attacked, or breaking up from within. Last year we pointed to *Japan's unilateral* economic and monetary approach under prime minister Abe, and mentioned the military and power-politics ambitions of this highly self-willed politician. In the meantime, our observations have not only been confirmed, but there are signs of further accentuation. This has now reached as far as Japanese business going at arm's length to Abe, on account of no longer being willing to carry the burden of his policy. Enthusiasm for his currency-policy flash in the pan has vanished; what remain are the high expectations for economic stimulation that Abe has aroused in businesses through higher wages for employees. On the military side, mutual provocations between China and Japan have become less frequent again; but either side can quickly provoke another conflict should the need arise.

Meanwhile, *China* continues step by step with the establishment of its power as the most important Pacific nation. In particular, it has obtained a foothold in Africa; evidence that its interests have already collided with those of the USA in Africa is to be found in the investment initiative of over 30 billion US dollars announced a month ago by the White House at a conference in Washington. 30 billion is not a vast sum, particularly in view of Africa's accumulated needs. China's advantage lies in the fact that it is sitting on a vast pile of US dollar *credits*, and is happy to swap these low-return securities for *real assets*. The over-indebted Americans, by contrast, must encourage and persuade businesses to make high-risk investments. How much will actually be invested in what is anybody's guess. For us, there is no doubt that, in the context of its investment initiative, China will sooner or later reinforce its *property claims* with greater naval presence in the Indian Ocean, and possibly troops stationed on African soil.

American military hegemony is now also being seriously challenged in the Middle East. Iraq is increasingly becoming a nightmare for virtually everyone: for the Iranians, who had morphed into acquiescent tolerators and sponsors of the Maliki government installed by the Americans and are now faced with a

shambles; for Turkey, threatened with losing control over its previous policy concerning the Kurds; for the USA, which sees itself deprived of the fruits of two Iraq wars; for the many only half-stable Arab states, for which the Isis caliphate threatens to become a mortal danger; for Israel, whose already complex situation may be made even more complicated through the involvement of further parties, particularly with regard to Syria. Put another way, there is *no longer any question* of the sort of *control* normally to be expected from a global system led by a power with claims to global leadership.

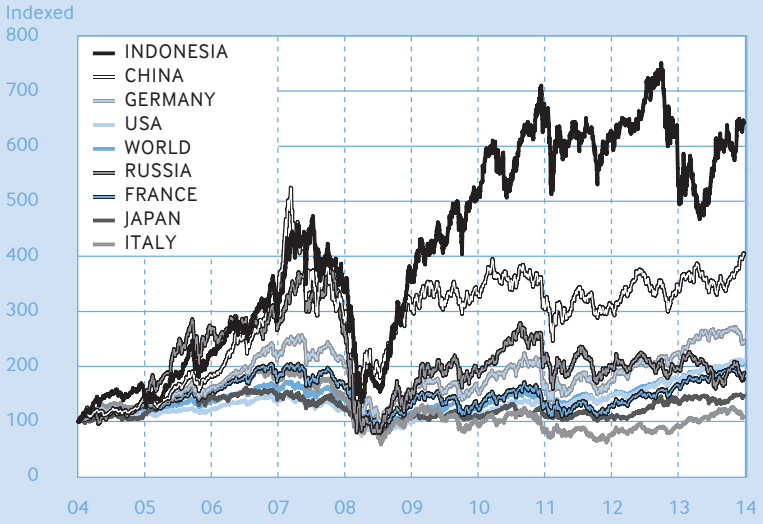
But let us now turn to the data available from the *financial markets*. The financial markets are of course distorted – that is, over-stimulated – by ultra-low interest rates and "quantitative easing": the ongoin, unconditional intervention in the bond markets by the central banks to achieve low long-term rates too. Thanks to their proximity to real events, though, the stock markets continue to send more reliable signals with regard to estimates of the relative expectations for individual country markets, sectors or individual companies. If our theory that the world is *drifting apart* is correct, this must necessarily produce *varying expectations*: correlations between individual countries and markets should be reduced. To come straight to the point: this is the case.

As can be seen in the figure below, showing the performance of key stock markets over the last ten years. An astonishing picture! Performance, still seriously "disturbed" by the financial market crisis of 2008/9, could hardly be more differentiated. The values for Indonesia have increased by a factor of six, while Italy has just got back to where it was ten years ago, followed by Japan, which, as we know, has been stagnating since 1991. But it is also a *reassuring picture*, because, for one thing, it shows that, over a longer period, not even a major event, such as a global financial crisis, can really damage stock prices, and for another, it shows clearly how beneficial broad diversification is. The MSCI World global stock index in US dollars gained 108 percent over the ten years. Which is still 8 percent p.a., after all.

What about *correlations* – how similar is the performance of national stock markets of differing countries over the longer term? The answer is that in general correlations are relatively high, at between 0.6 and 0.9, so developments are very similar. The only real exceptions are Brazil and Italy. But using a significantly *shorter time horizon*, for instance the current year, correlations are sharply *reduced*, i.e. significantly lower. There are of course statistical reasons for this, on account of the smaller number of data points, but this is hardly sufficient as an explanation. Correlations can always turn out arbitrarily high or low. For the data series in question, however, we do not think the explanation lies in arbitrariness. For example, it is apparent that in the years after the technology bubble burst, correlations were particularly high, probably as a result of the consistent stimulation of the monetary system by the Fed from 2001 onwards. The data thus also show that the global financial markets were then particularly integrated. Things look very different now. Quantitative easing (QE) seems to have had less of an integrational effect than the Greenspan put from 2001 onwards. This means that it is again possible for *specific real* events to be *reflected* on the financial markets. So we note, for instance, that both Russia and Germany (!) currently march to a very different drummer with regard to correlation data, at just 0.2 and 0.3 against the global stock index. Italy has also been far removed from the average developments on the global stock markets this year; what is now striking is France's proximity to Italy in correlation terms. Stock prices, and the correlation between them, reflect market participants' expectations in the context of the global stock markets, or the development of other country markets. To this extent it must give food for thought that estimates for Germany are close to those for Russia, and those for France have become "Italian".

Without claiming to have provided an exhaustive correlation analysis, we would go so far as to regard our *theory of a world drifting apart* as *confirmed* by the financial markets, at least at the present moment. On this theoretical basis, we believe it possible to derive a tendency for global development over the coming years. Below, we think through, and evaluate, the consequences.

Before and after the crisis...



Source: Bloomberg; MSCI country indices in USD. Time period: 20.8.2004 to 20.8.2014. Correlations calculated using logarithmic time series.

CHAPTER 4

How flat is the world?

The problem is this: to say that the world is drifting apart is to accept implicitly that there will be, sustainably or at least for long periods of time, *types* of *social order* in the world that have little in common with one another. Put more simply: countries and groups of countries based on democracy and the rule of law, with a capitalist private-sector economy, in the previous Western industrial countries, and possibly also in certain emerging markets, such as Brazil or India; then, theocratic oligarchies in the Islamic region and Russia; and lastly, a collectively organised cluster based on Confucian thought in China's sphere of influence. In other words, the combination of *democracy* and *capitalism didn't win* in 1989, and the global embrace of corresponding standards did not become the determinist end of world history, as the American historian Francis Fukuyama thought at the time. Rather, competition between differing social orders has continued, with all the associated uncertainties and interface problems (which have, if we are honest, already brought about the failure of the WTO as a global trading organisation).

Heavy stuff. For this represents a fundamental challenge to the Western self-image, an erosion of the concept of universalism. Accordingly, in the place of a comprehensive claim to global leadership, there will be a need for a *balanced system*, in the spirit of Metternich or Bismarck. Most strategy papers written by multinational businesses will have to be rewritten. For the management of global concerns across tectonic plates moving in quite different ways might well prove to be a complexity trap. The function of typical interface providers, like Switzerland, Hong Kong or Singapore, will also be affected by such new perspectives. What will serve them better: dependence or independence? Even agile small and medium-sized enterprises that have naturally enough off-shored certain production processes will have to think again. Should they consider "near-shoring"? For they will no longer be able to rely on protection by a higher-order global meta-structure, should the tectonic plates from time to time collide. Lastly, investors wil need to review the *protection* of their *property* in various regions of the world. Is a US-based index fund really the vehicle best suited for an investment in China over the longer term? Or might there be differently based strategies that would cope far better with the transfer risks of highly likely collisions between tectonic plates than instruments that can overnight be declared as "enemy property"?

In posing these questions, we waver between the indicative and the subjunctive. The pursuit of economic efficiency – surely one of the key drivers of human interaction – would argue for a world that is "flat" (Thomas L. Friedman, 2005); that is, largely without complicating factors or obstacles. Fifteen years ago, it was believed that we stood at the beginning of such an era. A glance at the real world shows that such an ideal type of world (not to be confused with an "ideal" world, for Friedman's flat world might be deadly dull) will never exist, for cultural, religious and social factors are at least as important as economic ones.

Interestingly, our thoughts recently intersected with an essay, noteworthy because unpretentious, by an American political scientist, mentioned by Marti Meyer in the NZZ (26. 7. 2014, p. 45). Under the title "Our Illegible Age", Mark *Lilla*, who teaches at Columbia University in New York, lamented the meaninglessness of Western society on both sides of the Atlantic after the end of the Cold War. The fight for freedom and other Western societal values has been replaced by a dull individualism, that seeks nothing more than the gratification of superficial individual desires and lacks any higher-order vector. Lilla blames this development on what he sees as the spread of "libertarianism" or "neoliberalism" – labels that could well be challenged. Freedom thus understood is merely the *absence of content*; nothing more. He accuses the traditional left wing of intellectual indolence, because they have given up working on grand social schemes. In a fairly surprising twist at the end of his essay, Lilla concludes – and this is the crux of the matter – that on account of the emptiness of "libertarian/neoliberal" society, the American global foreign policy of exporting democracy and capitalism has failed, and so the *conversion of other countries* has *run aground*. This means that it is necessary to devise a new strategy, a Plan B, that meets other forms of society and government with tolerance and respect. If societies are to reform at all, each must do so for itself, from within.

Such thoughts are bound to get under the skin of anyone who believes in the significance of shifts in the spirit of the age – and that certainly includes us. What this American political scientist is trying to do is something like an intellectual double somersault. First, he unmasks the prevailing attitude to life of self-indulgence and excess as a-moral in the literal sense of the word, then he relativises the values of freedom and equality – believed since the Enlightenment to be incontrovertibly universal – ultimately to breathe new life into them for his own concept of society. Among other things, such a line of thought leads precisely to what we described above as the formation of "tectonic plates"; indeed, Lilla sets up a sort of *Monroe Doctrine for political philosophy*, that demarcates areas of influence and allows non-intervention. This corresponds to a retreat into the personal, the familiar, the perhaps, though not necessarily, superior, continually open to challenge by an opponent.

As important, even decisive, as they are, shifts in the spirit of the age take time to be effective. We do not expect the Washington administration to give up its claim to universality any time soon. But when similar signals come from two different sides – the "libertarians" so disrespected by Lilla are known to advocate a similar self-effacement in their foreign policy – this will not be without effect. And if at the same time global developments – by which we mean the rise of China and the impossibility of controlling the Muslim belt – point in the same direction, then we may soon see the first signs of a new trend. The self-evident insecurity of President Obama's foreign policy perhaps belongs in this category.

CHAPTER 5

Who will survive?

Systemic competition instead of universal Western values: this obviously raises the question of to what extent such a competition can be won. Chinese state capitalism versus Western maximisation of (according to Lilla) individual benefit devoid of meaning – can that end well? A *planned economy* versus the *uncontrolled meanders of contingency* – why should the wise hand of the politburo, with its five-year plan, not prevail? Here and there in Western business circles, there is already praise, behind closed doors, for the far greater predictability of Chinese economic policy. The *Weltwoche* (no. 34, 21. 8. 2014) recently presented a gallery of "not quite so evil dictators". And we already hear suggestions that computers have now become so immeasurably powerful that the establishment of a planned economy, which failed in the Soviet era, is now almost within our immediate grasp. The modelling of future demand, including subtle propaganda to manage it, and the subsequent consequences for supply and production processes, are likely to be only a matter of time. Then, the Chinese would be far better prepared than the comparatively chaotic West.

We can see something in this argument, not because we regard such a revival of the planned economy as desirable, however comprehensive the computer modelling it might be based on. Rather, because we fear that self-inflicted deficiencies have placed the Western system in an inferior position. Contrary to Lilla, we do not believe that "libertarianism/neoliberalism", and with it the basis for a liberal body of thought, ever really managed to break through; rather, this intellectual approach has been abused and usurped. In an effectively apolitical fashion, Western society after 1989 exploded in a hype, reaching across the political spectrum, of *socio-economic derestriction* with regard to individual and collective short-term profit maximisation – mostly at the expense of third parties or the long term. Since the financial crisis of 2008/9, however, the West now finds itself moving continually, and thus with great effect, in the direction of unfreedom, over-regulation, over-indebtedness and collectivisation. The advantages of the meanders of contingency in a free society cannot any longer be really exploited.

The meaninglessness observed by Lilla is not, in our view, the result of virtually unlimited opportunities for personal fulfilment, but rather of the almost panicky *concentration* of Western social and economic policy on *demand* and consumption. Making money and capital available for free is the latest turn of this neo-Keynesian screw designed to lure the cattle to the trough. Meanwhile, state debts, and state liabilities that will one day have financial consequences, are piling up into such mountains that fear of the need for later generations to pay them off induces collective paralysis and inhibits genuine *joie de vivre*, genuine courage and confidence, and also the inclination to act in solidarity ("meaning" in Lilla's sense). Kafkaesque labyrinths of rules and regulations have long since caused Western economic development to degenerate into a licensing exercise, associated with an immense extension of the power of oligarchically inclined public officials, who are now often presented with opportunities for retrospective modification of the applicable regulations and retroactive criminalisation of the players. Freedom? That would be something rather different. As a result of the financial crisis, the banking system has been part-nationalised; when cash transactions are prohibited, which is foreseeable, the entire monetary system will have been part-nationalised. Citizens are rendered controllable by the authorities via their banks accounts, even if only by hitting them with negative interest rates, and thus taxing, or expropriating, their assets.

Freedom? An illusion by now. Democracy? Thanks to insights from political economy, we have known for over 40 years now about the *asymmetry* between stakeholder groups with specific demands and the taxpayer. The growth of the state is inherent in democracy; demonstrably least so in direct democracies, but there too. In their intellectual indolence, the left, but actually also the "centre" that governs on both sides of the Atlantic, have failed to offer any alternative to their faith in the state – which contravenes the principles of the Enlightenment – or to define for themselves the limits to the growth of the state. Warning voices from the economy were, and are, ignored, as are those of marginalised political interests that care deeply about moderation, decency and social cohesion. The unstoppable decline of the Free Democratic Party – not only the German one – is part of this sad chapter. Western "elites" cannot escape the financial, economic and moral, accusation that they are co-responsible for a Western social structure that, *à la longue*, cannot continue to function in this way, and which also unquestionably disadvantages the Western economy – and with it Western culture and way of life – *vis-à-vis* the structures found on other tectonic plates around the world.

CHAPTER 6

Work in progress

Paradoxically – and this is where our text experiences a similar twist to Lilla's – it is just this apparently relatively desolate situation that offers hope. For we suspect that the supposed end of history after 1989, and the supposedly unstoppable spread of democracy and capitalism across a world supposedly become flat, seduced the West into a mentality and a lifestyle that would best be categorised as arrogant, excessive and undisciplined. This includes excessive salaries for managers, unaffordable national debt, exploding central-bank balance sheets, as well as the presumptuous gathering of data by the secret services. This is how people behave when they think they have *nothing to fear*.

A world drifting apart would be above all a *world that imposed discipline*. There would be competition not only over capital and physical resources, but also over knowledge and discovery. And to this extent, "meaning" would return; perhaps indeed once again also a certain measure for those things to be done and left undone. That celebrities collect money to combat the terrible disease ALS is wonderful. That in the Facebook era they find it necessary to do so by being photographed pouring a bucket of icy water over their head – how stupid can people be? Seriousness where it is appropriate is part of what we understand by "discipline". Somewhat more would be a blessing.

In a world drifting apart, it would probably also be necessary at least in part to rethink a capitalism that appears to have reached the limits of its development. For the *meaninglessness* that Lilla laments with such feeling is particularly prevalent in the *workplace*. A social model based on an economic system in which the most important stakeholder groups feel idle and redundant, suffer in droves from "burn-out" and end up in clinics, has little prospect of sustained success against models on other tectonic plates that pay particular attention to the question of meaning. For the consideration not only of the intellectual left, but also perhaps the "libertarians/neoliberals", let us recall an author who in the early 1920s grappled intensively with the question of meaning in what he saw – in his terminology – as a "mechanising" society: Walther Rathenau (1867 – 1922; murdered). As a German Jew he was confronted, despite his highly patriotic attitude, with the then prevailing discrimination. The son of Emil Rathenau, the founder of AEG, he held entrepreneurial responsibilities in the electrics group, and also political responsibility in public office. What particularly characterised him was his ability to combine theory and practice in his writing. For this reason, certain of his essays still today belong to the basic stock of German management literature.

According to Walther Rathenau, this "mechanisation" of all conditions of life results in a soulless mass society that functions on a wholly materialist basis. He saw potential deliverance in enterprises uncoupled from capitalist market mechanisms. His concept is most resembled by Robert Bosch GmbH, still highly successful to this day. "Development, self-determination and individual responsibility" were Rathenau's recipe for reaching a new level of social progress. It may be that, out of Rathenau's ideas and the insights from more modern management theory, new business models can be developed, offering more "meaning", with significantly less (expensive) regulation, based on solidarity with the workforce, yet still functioning efficiently.

A world drifting apart, differing social models, new or revised business models – is this all just unwelcome and threatening? Threatening undoubtedly, unless the previously so skilfully applied art of striking a balance between co-equals can quickly be recovered in matters of security policy. But beyond that, radical change will increase the range of possibilities. And when this universally distortionate monetary policy is done away with, and capital becomes scarce again, it is foreseeable that this will generate a range of choices – with the disciplining effect already hinted at for those in search of capital. A world drifting apart is synonymous with the outlook that in future capital will (again) be able to choose. The recently observed de-correlation of various country stock markets around the world shows that choice can be highly significant.

The world remains a work in progress. And never more so than when it is supposed that the job is done. This era is coming to an end. The future belongs to diversity, and to those who accept it and can deal with it.

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