

Part 3: Which image of society made society so vulnerable?

The coronavirus crisis is a global crisis. If this crisis is a social crisis as well, we must look at aspects of global society and its history.

The phase of 'globalisation' that began in the 1990s was largely responsible for the formation of the global society in which we live. After the collapse of state socialism and the fall of the Berlin Wall in 1989, the "end of history" was loudly proclaimed: totalitarian systems, such as communism, no longer represented political alternatives. The future of mankind was liberal democracy and free market economy. In this historical situation, what was overlooked by most was that it was not traditional classical liberalism that had triumphed, but a certain variant that emphasised economic liberalism and forgot political liberalism. This version is usually called neoliberalism; I refer to this as *market fundamentalism*.

The intellectual history of market fundamentalism goes back to the 1920s. Economists and philosopher developed the version of a new society to replace the old liberal version, which has fallen into discredit due to the shock of the First World War and then the Great Depression. This development came mainly from the *Austrian School of Economics* (like Ludwig Mises and Friedrich Hayek), from *German ordoliberalism* (like Walter Eucken and Wilhelm Röpke) and from representatives of the *London School of Economics* (especially Lionel Robbins) and the *Chicago School of Economics* (like Henry Simons). These different theoretical directions began from the 1930s onwards, at that time as blatant outsiders, to relate to each other in theory and to network organizationally; one can speak of a "thought collective".

After the Second World War, the Bretton Woods system created a global economic order. It was based in large part on the concepts of the British economist John Maynard Keynes, and was realized in the struggle between the declining British Empire and the rising American Empire. We can also speak of a *Keynesian period*. Here, inequality of wealth and income was significantly reduced, a social and welfare state was established in Europe, and countries in the Third World were encouraged to embark on independent programs of industrialisation. This phase was characterised in many countries by high growth rates, rising real wages and active trade unions.

The Bretton Woods system entered a crisis in the 1970s and was then replaced by a system that allowed unregulated financial markets, a reorganisation of global trade and the rise of new tax havens. These developments were supported by ideas from the market-fundamental network, such as Milton Friedman's monetarism. At the beginning of the 1980s, in the two most important countries of capitalism, namely in the USA and in Great Britain, with Ronald Regan and Margaret Thatcher, two politicians came to power simultaneously who were directly in contact with the market-fundamental network or, as Thatcher emerged from it. (Thatcher was deputy director of one of the many think tanks founded by the neoliberal thought collective from the 1950s onwards. Its centre is the *Atlas network*, which was set up in 1981 by a follower of Hayek as a think tank for the establishment of think tanks. Today it coordinates almost 500 think tanks worldwide).

Margaret Thatcher stands for two slogans that characterize the market fundamental movement: First "There is no alternative" - which denies the discourse on the transformation of economics and politics. And secondly: "There's no such thing as society." This signifies a significant shift in thinking. The concept of society, which includes the economy as a part of it, has been replaced by the idea of an "order" that permeates society and economy at the same time. It is the order of "the global market" or "the market" in singular - the most central concept of neoliberalism. The idea of "the market" or "globalization" as a superior process to which "we" would have to submit,

which would reward or punish "us" and to which politics would have to submit, provided the central image underlying the process of globalisation from the 1990's..

This concept has important characteristics:

1. First, "the market" is considered the best form of organisation. It coordinates voluntarily undertaken activities in the most cost-effective and efficient way.
2. This is usually juxtaposed with other forms of organisation in dual images, such as a planned economy, as planned elements in a capitalistic system, as the welfare state or finally the state as a whole, which are seen as bureaucratic, cumbersome and inflexible. This leads to the popular question "Do you want more market or more state?" and in many countries to a comprehensive process of privatisation, flexibilisation and deregulation.
3. The "market" as "order" is a concept that imposes no restrictions on itself. It has no limits with respect to nature and society. With it both can be transformed in a fundamental way. The result was, from the 1980s onwards, on the one hand a rapidly growing environmental crisis (Since the 1980s, half of the CO₂ has been released into the atmosphere that people as a whole have caused since the Industrial Revolution) and, on the other hand, the transformation of society into an economised society. An economicised society is characterised by the fact that, in contrast to earlier phases of capitalism, many new areas of society are directly subject to an economic functional logic. Business norms, logics, indicators and guidelines apply to a large extent here. Many processes have been and remain reoriented towards the buzzwords *costs, benefits, rationality, efficiency* and *competition*.
4. In this process, the concept of "the market" contains a critical announcement to the political system as a whole. Politics is given two tasks: firstly, it must actively create "the market" by setting the right regulatory framework, like a rule of law – e.g. in the transformation processes of the former socialist countries. And secondly, once this framework has been established, politics must behave passively and allow "the market" to operate, meaning that it is not permitted to intervene "in the market". Only in cases of "market failure", as the term is used, is the state allowed to "intervene".

This political concept is profoundly contradictory and opens up a field in which politicians of different political orientations can engage in mock battles. Generally, these battles are based on a deeply negative picture of politics, political parties and political actors. Above all, politicians are denied the ability to set explicit goals for "the market". According to this concept, politicians are neither authorised nor able to do so. The success of this concept led to an overall crisis of political imagination. This crisis affects conservative, political liberal and traditional social democratic thinking.

The coronavirus shock marks a crisis in a society that is guided by the concept of "the market" at a global scale. It is also reflected in the lack of international cooperation to combat the pandemic; there is little coordination within the EU, while Donald Trump is unable to organise a common policy across all US states. The UN's budget is spread too thin and the World Health Organization (WHO) has no real powers. Overall, there is no effective "shell" that could manage this crisis covering the global economic system, not only for health concerns. If a capitalist economy must always be embedded in a social shell in order to function, then today's global capitalism does not need a world government, but many functioning global standards that go beyond purely economic concerns: these standards must address human rights, labour rights, hygiene conditions and personal liberties, which today's IT companies (in the new era of surveillance capitalism) blatantly disregard.

Such a shell has not become a reality in the globalisation that has spread since the 1990s, nor have attempts been made to implement it. However, a reduced global economic shell of "the market" was established. This was required because global capitalism is not possible without globally active institutions and without globally binding rules. This shell, which made a global economy possible, consists, among other things, of international institutions, like the World Bank or the International Monetary Fund, the major central banks, which work together in a coordinated manner, the rating agencies, and countless regulatory systems (often described as "governance") and logistics for money, information, financial transactions, trade and transport. In many cases, this framework works with great reliability and precision. It is the basis for the operations of large multinational corporations and global financial institutions. The coronavirus crisis highlights the need to transform this framework. A first step could be the establishment of an assertive international disease control agency.

But these aspirations are being undermined by the new right-wing populists who are demanding that their countries only focus on themselves. In their critique of globalization, global capitalism is not questioned, but only individual aspects such as trade agreements. New scapegoats are named, who are blamed for unpleasant structures, without any attempt being made to think through global society. The right-wing populism represents the perfect form of variants of economic liberalism that have freed themselves from liberal political standards. The unsolved problems of capitalism make this political form a possible variety for the future, I will talk about this in the next video. For the central problem of the environment this would be fatal, because this camp is full of people who simply deny the existence of ecological problems caused by human beings.

