

Global Enslavement or the Collapse of the Western Economic Model

David Tangye, October, 2001 (minor changes March 2002)



I remember that during my college years, around 1970, a teacher told us that by the 21st century technology and automation would have obviated the need to have everyone in work in order to produce the goods that the population would need to live happily. Now, thirty years later, the key element of that assertion has come to pass. Technology and automation has displaced the value of people in the workforce. The typical scenario now is that a select few people cycle through ever-increasing periods of education at their expense and then spend a relatively short period working for a relatively high remuneration, while an increasing number of people fall out of this group, or never get to be included in it at all. In 1970, he did not seem to know what to do about all those people who would not be included within this workforce. These days it seems that no-one yet knows. In late 2001 the Australian Prime Minister advised people to embrace volunteer work, and the "Work for the Dole" scheme was introduced as another way to ensure that the less-skilled are kept busy and occupied without them claiming a traditional "fair day's pay for a fair day's work". "Work for the Dole" represents a new way of once again having public servants actually do some work, instead of sit in head offices and "administrate" (essentially hold meetings and write reports to each other in the name of "monitoring" something). The new working public servants - the "workers for the dole" - do not get paid enough, however, to lead fulfilling lives. No-one knew the answer thirty years ago; no-one has provided the answer now, whereby the mass of the population gets to get paid when they are not an essential part of the economic system. However few people are saying that the problem is with the system. Few people, except perhaps a few of these new dispossessed.

There are many types of dispossessed: the poor in the developed and developing world who see the wealth all around them and do not get to enjoy much of it, and whole countries of the third world who have never yet got to enjoy any wealth, but who now are becoming more and more enveloped in the initial trappings of the western world, for example television. Television exposes the poor to wealth and leads to an expectation for at least some of that wealth. Multinationals like Coca Cola, MacDonalds, Tupperware, and cigarette companies, having found not much new business in their local worlds, move into the populous developing countries to feed their own need for expansion. In these new countries they undertake slick marketing which tends to enrapture the inhabitants, leading them to throw their traditional values and lifestyle away under the relentless pressure of marketing, to become sucked in as fodder into the western commercial consumer world.

In Australia, as in much of the developed world, many traditional producer companies have lost their traditional markets. Technology, automation and volumes of production over the past decades, together with relatively stagnant populations and enlightenment of many individuals within these countries to not feel the need to constantly update their possessions, have all lead to producers running out of a readily expanding customer base. Most companies require expansion as a means to survive. This is a treadmill for these companies that has been the essence of the western economic commercial model since the days of the Industrial Revolution. IT works on a few simple and flawed principles, the significant steps of which are:

1. Borrow money,
2. Use it to buy capital as a means to mass produce a product or service,
3. Apply knowledge to the production system such that the price of the product or service output is greater than the cost of the inputs, including the costs of the knowledge capital needed for the transformation. Effectively this translates into paying the collective staff less than the true value

of their knowledge and keep the difference as company profit, ie pocket the value of the synergy of bringing the knowledge together.

4. Mass produce and sell in sufficient volume to make more money than that borrowed, giving a profit to the shareholders after the expenses and repayments to the banks/lenders are taken out.

The principles so far are not flawed. The flaws are in the following attendant situation:

1. The banks/lenders factor into the cost of the borrowing the expectations of the above. Hence the treadmill of efficient mass production and also expansion is already assumed. In addition, new competitor companies use the knowledge gained by their predecessors to start up using newer more efficient means of production. These factors force companies into always new territory. Treading water is not good enough, it will not provide the returns necessary to attract new borrowings, as the lenders ensure that their funds, their means of profit, are always directed to the most profitable and expansionist sectors of the global economy, and therefore the most ruthless companies.
2. Companies typically move production operations into third world countries, for two significant reasons.
Firstly third world people are seen as the new consumers in their expanding market. Production is moved to be physically close to the market, in order to cut costs and improve efficiency.
Secondly, in many cases third-world workers have little power. Therefore global corporates do not need to pass the same portion of profit to their third world employees. Other production is subcontracted out to attempt to be seen as detached from the workers and so avoid moral responsibility for them and the lower rates paid to them.

Sooner or later the significant areas of the planet that have the capability to provide for this voracious system are all sucked into this vortex of activity. Sooner or later the last large populations will all be swallowed into this system. In the past decade the last significant countries outside the western economic system, eg China have been targeted. However some of the last significant countries are not falling into the system quickly enough to feed the system adequately. The result is that many producer companies are still producing furiously to feed their own financial needs: increased profits and returns, but their existing customer base has got all it needs and is unwilling to continue to buy more of the same for no good reason. Other trends are exacerbating this:

- The trend towards conservation and away from materialism in the developed western world: people are adopting "green" values, and not wanting to partake in a throw-away society.
- Many companies are attempting to move to a service based, customer focussed, value provider model. However many are finding, they do not really have anything of value and no ready customer base in a new market that values them.

The result of all this is a huge number of companies that are failing because, despite in many cases having names that were renown in the past as producers, in the current world they have no value. As these major companies fail, governments attempt to fine-tune whole economies to compensate for the loss of income tax now unpaid to the government coffers. However fine-tuned economies have little resilience and they become more and more fragile. In today's global economy, entire economically sick countries are kept alive so they can hopefully recover to somehow again feed the developed world's consumer system. Sooner or later however, something breaks the camel's back and they tumble. Sooner or later there will be no resilience or fat left in the system to prevent collapse.

The writing has been on the wall for many years now. The leading world economies, the USA and Japan for instance, are in recession. When is the next big depression like that of the 1930's going to come? How long can new consumer nations be found to feed the system? Of those who spend time trying to analyse the situation, everyone has a different opinion.

On Sunday 9th September 2001 I decided to sell all my shares which were in two companies on the Australian stock market, as I had considered that there was a significant imminent risk of a stock-market collapse in the USA which would immediately flow through into Australia. I placed a sell order for the main parcel, which sold on Monday. On Tuesday the Al Qaeda hijackers crashed the jets into the World Trade Center. I happened to arrive home and turned the TV on at about 10:50, which was just after the first jet hit, so I saw the second jet hit. Within a few seconds I guessed that it was a terrorist attack, ahead of the TV commentators, who were almost stunned and seemingly in disbelief for a minute or two afterwards of what was occurring.

In the days immediately following I held on to my earlier prediction of a crash in the stockmarkets. However by the second week after the attacks it became apparent that the old drivers of the world economy, tired and weak as they were, were now probably going to be replaced by much more powerful even if eventually destructive forces. These forces would be focussed on military activity which would be typified by production of high technology products, particularly in the military, security, communications and medical sectors. A feature of production would be a return to a cycle of wastage and reproduction of the military goods. These drivers would see sectors of the economy that had been relatively dormant now surge into new life, and for the next year or three, is likely to be one of the most significant drivers of the western world's economy.

After the plunge in stock prices the week after the terrorist attack I decided to not buy back stocks. While I was still expecting the traditional "dead cat bounce", I expected that there was still a significant risk of either steady decline or catastrophic collapse.

After a fortnight of warrior rhetoric from the key national leaders of the western world, it became apparent that the military activity is likely to be strong for a significant period of time. At the time of writing (19 October, 2001) the stocks that I had sold had climbed back to the price I sold them at, after dropping about 20%, which is a lot for blue chip banking stocks. If I thought the gains would continue I would be buying back in. However I do not expect the new world and its military-led activity will sustain the bankrupted economies for long. After the western government runs out of money to pour into the markets they will still collapse, as I believe they were going to before 11th September. Military activity will also keep them alive longer. The American leaders and their allies know this. Like times of strife in the past, they know that the energy generated by military activity will stimulate economies. However it will also help empty government coffers and the fundamental problem of a flawed economic system based on commercial expansion will eventually collapse these economies. Another factor to bring on the collapse is the global human reactions to the strife ahead.

The Australian leaders have declared that this fight is unlike previous wars of the 20th century that Australia had participated in, because this time there is no question of fighting a particular country or regime, just a group of criminal terrorists. However the Australian public is not fooled. Several people have publicly stated opposite views. It appears to me that the most significant features between this conflict and previous conflicts show similarity, not dissimilarity. The features of this conflict which are similar to previous conflicts and which gave rise to significant problems, are:

- The so-called "terrorist" regime claims to represent a people who are downtrodden by the rich developed western world, and who are not making any headway towards any share in the wealth of the west, and especially are not being assisted by the developed west, but are instead being taken advantage of by the policies particularly of the leader of the western countries: the USA, to which their anger is vented. Almost all conflicts in the past are caused by people who genuinely feel aggrieved, even if many of their population might have been somewhat manipulated into feeling that way.
- The Australian leaders are seen to be blindly following the demands for military reaction by the USA, without making any constraints on the actions. There are no stated limits to extent of involvement by the Australian military forces.

The Australian leaders have stated emphasis on full support "to eradicate terrorism". There is no statement by the Australian leaders to suggest that they have not simply accepted that militant enemies of the USA can be readily labelled as terrorists by the USA, and Australia will simply join in to fight them. It appears that any downtrodden group that has the temerity to fight back with certain abhorrent methods will be branded terrorists and attacked by the combined weight of the USA and its close supporters. The group to be labelled terrorists is unlikely to include Israel, nor both sides in the Northern Ireland struggle, because they are not committing their atrocities directly against the USA, nor are protesting that their poverty is caused by the western economic model.

I fear that the conflict is looking like escalating in a fashion similar to how World War 1 started. It seems that it might escalate as more groups and regimes are labelled as terrorists and are subsequently attacked. The USA has already indicated that this is its plan. Australia has already indicated that it will assist fully for as long as it takes. The more this goes on the more the USA and its allies will end up upsetting a huge number of people already feeling subjugated by western commercialism, the "American way of life".

The propaganda within many of these "terrorist" countries will focus on religious differences. This is the known most powerful weapon of fear that can inspire people to fight back.

As time goes on, and the "War on Terrorism" continues:

- The USA and Australia will continue to publish propaganda to justify the war and hide the fact that it is assisting to avoid breakdown to their own national economies.
- People in third world countries will increasingly become hostile to the USA (and Australia), even if tacit support is bought by their own corrupt governments. The hostility will be fuelled by a general feeling of oppression of cultural and religious values and by economic subjugation to the western economic model. These represent subtle modern-day colonialism. This concept is not understood by many in the "advanced" countries: the oppressors.

Hopefully the few Americans asking "Why does the world hate us?" in the days after September 11 2001, will influence more in their country to ask the same question.

It seems to me that like the North American Indians and the Australian aboriginals in the past, some oppressed people are going to fight back against the oppression that they perceive the "advanced" countries are subjugating them to. It seems to me that they are not going to accept being colonised in the way I have described above. It seems to me that they, unlike us in Australia, are not going to accept enslavement as inevitable. We have accepted enslavement to our own system, however they might not. The western economic model is not theirs. The American way is not theirs. Unlike Australia, many of them are not as willing to accept the inevitability of its replacing their own ways. Unfortunately, given that the "advanced" countries need to subjugate the third world to support the western economic model, it seems that the "terrorist third world" have an enormous fight on their hands. Can they last out long enough for the economies of the "advanced" countries to collapse? Or will it be the end of military action that will then cause the economies of the "advanced" countries to collapse?