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The Future of Capitalism

“The Sympathetic Triangle”
Against the trend to proclaim the decline of the Western social model

by Hans-Olaf Henkel

After the fall of the Berlin Wall, the “end of history” was trumpeted and the Western social model appeared to have permanently triumphed. Today the Zeitgeist is once again coming from another direction. The day of reckoning seems to have arrived for the advocates of freedom, individualism and self-responsibility; they are now being blamed for the global financial crisis. Even worse: the consequences of that crisis are being seen as the starting point for the collapse of our economic system and of globalization itself. It is hardly surprising that those politicians and journalists who pin their faith on the State are taking this opportunity to cultivate their reservations about the Western social system. More irritating still are those particularly zealous German prophets of doom who are declaring not only the collapse of our economic system but of globalization. But before we let ourselves be taken in by them, or search for a “third way”, or even announce the “return of history”, says Hans-Olaf Henkel, we should take a more careful look at the consequences of globalization.

Globalization is by no means a new phenomenon. The Catholic church has been a global player for centuries, and the socialists and communists who today are especially critical of globalization were themselves once united by the slogan “Workers of the world, unite!”. And economic development has been making its way around the globe for centuries. By the end of the 19th century, international trade had already become so large a part of overall world trade that it was not matched again until after World War II.

In recent decades three driving forces have been the main accelerators of global trade: the growing liberalization of world trade since the 1950s, an unparalleled reduction in transport costs, and the Internet. These three factors have mutually reinforced one another and led to an explosive expansion of world trade and of international direct investments. Even at a time of global downturn, the economic advantages of this development are obvious. Without the impulses they derive from international trade, most of the world’s national economies would be in far worse shape than they are today, with millions of more people out of work. The fact that global trade has generated additional prosperity in developed countries and new prosperity in so-called threshold economies should be common knowledge among those familiar with matters of economic policy. More than any other country of comparable size, Germany has profited from this trend – and continues to do so. One need only imagine how things would be over here if we did not have our present trade surplus. One out of every four German

jobs depends on exports. For this reason alone, it seems particularly strange that the Germans are so critical of globalization.

What is largely overlooked is that globalization not only brings us economic advantages and that it is by no means just an economic phenomenon. Not just goods, investments and capital travel the globe; ideas and values do so as well. I would like to depict the beneficial effects of globalization by using the image of a “sympathetic triangle”:

One side of the triangle is represented by the market economy, which continues its impressive victorious march across the entire world. Whether preceded by the adjective “social”, or in its more competitive Anglo-Saxon variant, the market economy has proved itself unquestionably superior to all socialist models and experiments. There is an impressive correlation: the more socialist a national economy is, the less it provides for its citizens. North Korea and Cuba are extreme examples. It is easy to provide empirical proof of the assertion that, the more freely a market economy develops, the more it provides for its citizens and the less mountainous debt it leaves to the children of those citizens.

At the same time – and this is the second leg of the triangle – despite Guantanamo, Hugo Chavez and the ever-so-pure democrats in the Kremlin, human rights are gaining ground. As an active member of Amnesty International, I have watched as the human rights situation has improved year by year in a growing number of countries. The death sentence, for example, has been repealed in more countries than ever before. And the gratification over the fact that a majority in the UN now openly advocates the worldwide elimination of the death sentence is as great as is the disappointment that, along with China, Iran and Saudi Arabia, the United States finds itself unwilling to follow that recommendation. That 60 years after the Declaration of Human Rights was issued, standards for human rights are slowly but surely gaining ground worldwide, is another direct consequence of globalization.

The third side of the “sympathetic triangle” is represented by the fact that the idea of democracy, as the most successful of all imperfect systems of governance, is spreading increasingly all over the world. There are more democracies today than ever before. None of them functions without a market-based economy. The idea that this fact could as well be reversed over the long haul is opposed these days, usually by pointing to Russia or China.

While it is true that Putin has clearly slowed the democratic developments launched by his predecessor, in my view the Russians will not tolerate a “red czar” in the Kremlin forever.

The same holds true for China. I believe that developments in South Korea, Indonesia and

Latin America are more typical. It is not so long ago that those countries were ruled by generals, military juntas and dictators. A democratically governed land has never

attacked another democracy. Peace and democracy are riding around the world as stowaways along with the “sympathetic triangle”.

I am not so certain about a possible fourth dimension which could turn the triangle into a square: international cultural exchange. Beethoven has been played for a very long time; we collect Chinese art, listen to jazz, and everyone loves the Beatles. Globalization offers the individual more cultural choices than ever before. On the other hand, there are those who point out that globalization is homogenizing the world’s diversity. In opposition to this, it might be remarked that a great deal of newness is being created precisely at the point where cultures are encountering one another thanks to globalization. There is already an appropriate term for this phenomenon in both music and gastronomy: “fusion”.

In contrast to an increasingly widespread notion, I believe that there are no losers in globalization. There are of course societies which lag behind others, especially in Africa. But that is probably more due to the fact that globalization is passing these countries by. There are a few exceptions – such as South Africa, where the “sympathetic triangle” is beginning to take hold after the introduction of a free market, the elimination of apartheid and the introduction of democracy. But aside from those few, there is hardly a market economy on the Dark Continent, hardly any genuine democracies, and human rights all too often are ground under foot by corrupt African feudal dictators. Africa is not a “loser” due to globalization; on the contrary, that continent needs the sympathetic triangle more urgently than ever before. Instead of constantly bemoaning the sad fate of Africans, politicians visiting that continent should push more clearly and insistently for the introduction of the market economy, respect for human rights, and democracy. And instead of demonstrating at G8 summits, WTO conclaves and EU meetings, the critics of globalization should mount their demonstrations before the embassies of those countries in which the ruling cliques withhold the benefits of the sympathetic triangle from their citizens.

Having been victorious against socialism in the early 1990s, the triangle is increasingly in competition with Islam, another system with claims to global dominance. Today we are witnessing an intensifying contest between these two models of globalization. And here too, the same principle applies: instead of exercising culturally- or religiously-toned tolerance toward the rulers of those lands, we should insist ever more loudly that they introduce the “sympathetic triangle”. Out of the more than 50 Muslim countries in the world, only a very few – e.g., Turkey – are on the way to introducing the market economy, human rights and democracy. In nearly all other Muslim countries, human rights are trampled under foot in one way or another and denied to at least half the population. In Nigeria, women accused of adultery are stoned; in Saudi Arabia, women are not permitted to drive automobiles; and between those poles there is every conceivable form of denial of human rights to women and girls.

The sympathetic triangle clearly shows that the economy is not everything. At the same time it remains true that nothing works without a thriving economy.

Competition between nations is subject to the same rules as competition between businesses or athletes. Even when things are moving – as the Great Coalition claims they are – one may fall behind if others run faster.

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