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The Seven Secrets of 2020

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ATHENS – A house of cards. A set of lies we have unconsciously accepted. That’s what our certainties seem like during profound crises. Such episodes shock us into recognizing how unsafe our assumptions are. That is why this year has resembled a rapidly receding tide, forcing us to confront submerged truths.

We used to think, with good reason, that globalization had defanged national governments. Presidents cowered before the bond markets. Prime ministers ignored their country’s poor but never Standard & Poor’s. Finance ministers behaved like Goldman Sachs’s knaves and the International Monetary Fund’s satraps. Media moguls, oil men, and financiers, no less than left-wing critics of globalized capitalism, agreed that governments were no longer in control.

Then the pandemic struck. Overnight, governments grew claws and bared sharpened teeth. They closed borders and grounded planes, imposed draconian curfews on our cities, shut down our theatres and museums, and forbade us from comforting our dying parents. They even did what no one thought possible before the Apocalypse: they canceled sporting events.

The first secret was thus exposed: Governments retain inexorable power. What we discovered in 2020 is that governments had been choosing not to exercise their enormous powers so that those whom globalization had enriched could exercise their own.

The second truth is one that many people suspected but were too timid to call out: the money-tree is real. Governments that proclaimed their impecunity whenever called upon to pay for a hospital here or a school there suddenly discovered oodles of cash to pay for furlough wages, nationalize railways, take over airlines, support carmakers, and even prop up gyms and hairdressers.

Those who normally protest that money does not grow on trees, that governments must let the chips fall where they may, held their tongue. Financial markets celebrated, instead of throwing a fit at the state's spending spree. Greece is a perfect case study of the third truth revealed this year: Solvency is a political decision, at least in the rich West. Back in 2015, Greece's public debt of €320 billion (\$392 billion) towered over a national income of only €176 billion. The country's troubles were front page news around the world, and Europe's leaders lamented our insolvency.

Today, in the midst of a pandemic that has made a bad economy worse, Greece is not an issue, even though our public debt is €33 billion higher, and our income €13 billion lower, than in 2015. Europe's powers that be decided that a decade of dealing with Greece's bankruptcy was enough, so they chose to declare Greece solvent. As long as Greeks elect governments that consistently transfer to the borderless oligarchy whatever (public or private) wealth is left, the European Central Bank will do whatever it takes – buy as many Greek government bonds as necessary – to keep the country's insolvency out of the spotlight.

The fourth secret that 2020 brought into the open was that the mountains of concentrated private wealth we observe have very little to do with entrepreneurship. I have no doubt that Jeff Bezos, Elon Musk, or Warren Buffett have a knack for making money and cornering markets. But only a tiny percentage of their accumulated loot is the result of the creation of value.

Consider the stupendous increase since mid-March in the wealth of America's 614 billionaires. The additional \$931 billion they amassed did not result from any innovation or ingenuity that generated additional profits. They got richer in their sleep, so to speak, as central banks flooded the financial system with manufactured money that caused asset prices, and thus billionaires' wealth, to skyrocket.

With the record-fast development, testing, approval, and rollout of COVID-19 vaccines, a fifth secret was revealed: science depends on state aid, and its effectiveness is oblivious to its public standing. Many commentators have waxed lyrical about markets' capacity to respond quickly to humanity's needs. But the irony should be lost on no one: the administration of the most anti-science US president ever – a president who ignored, intimidated, and mocked experts even during the worst pandemic in a century – allocated \$10 billion to ensure that scientists had the resources they needed.

But there is a broader secret: While 2020 was a banner year for capitalists, capitalism is no more. How is that possible? How can capitalists flourish as capitalism evolves into something else?

Easily. Capitalism's greatest apostles, like Adam Smith, emphasized its unintended consequences: precisely because profit-seeking individuals have no regard for anyone else, they end up serving society. The key to converting private vice into public virtue is competition, which impels capitalists to pursue activities that maximize their profits. In a competitive market, that serves the common good by boosting the range and quality of available goods and services while constantly lowering prices.

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It is not hard to see that capitalists can do much better with less competition. This is the sixth secret that 2020 exposed. Liberated from competition, colossal platform companies like Amazon did astonishingly well from capitalism's demise and its replacement by something resembling techno-feudalism.

But the seventh secret that this year revealed represents a silver lining. While bringing about radical change is never easy, it is now abundantly clear that everything could be different. There is no longer any reason why we should accept things as they are. On the contrary, the most important truth of 2020 is captured in Bertolt Brecht's apt and elegant aphorism: "Because things are the way they are, things will not remain the way they are."

I can think of no greater source of hope than this revelation, delivered in a year most would prefer to forget.

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