

GLOBAL CAPITALISM HAS BARELY GOT GOING

It is easy to forget how young global capitalism is. The wall fell in 1989 and China joined the WTO in 2000. So global capitalism is somewhere between 25 to 50 years old. It is young, strong and virile and wants to grow and improve. Trade blocks will change shape, development banks and new currencies will form, debt markets will change in maturity as capitalism adapts to its times and pursues efficient capital allocation.

There is no doubt that we have conjured up some road bumps for it, that it will have to navigate in the decades ahead. There may unfortunately be several pandemics besides Covid 19. Not everyone reading this article will know that global debt to GDP is somewhere over 320%. Things tend to go array when you are playing with excessive leverage. I liken it to taking the dishes to the sink. It's safe to take two or three dishes at a time, but if you continually have to carry nine plates, sooner or later some small thing is going to trip you up, and you remember why it was right to only carry two or three at a time.

There is also no doubt that humanity has become so strong that we are ripping the biosphere apart. This global race and its global capitalism have outgrown the old-fashioned mechanisms of caring for the planet. Mechanisms that relied on 2.5 billion people (the post WW2 number) not doing much travel, mining or consumption. We will see revolutionary governance change, hopefully at the global level, and this will involve the proper internalization of multiple externalities at the global scale.

We have entered a new multipolar world. The new seven geopolitical zones are North, South and West Asia, Africa, Europe, North and South America. These new, simultaneously hegemonic, competitive and cooperative tectonic plates are just starting to take early shape. The nuclear weapons paradigm of mutually assured destruction that has held for 50 years is starting to fray with smarter weaponry and the race for hypersonic weapons capable of travelling at Mach 5 to 10 is on.

Beyond this, the global citizenship is nascent and coming into view. Just 33 years after Sir Tim Berners Lee wrote the computer program HTML and gave us the world wide web, 5 billion of us will be online in 2022. Five billion who recognize the similarity of the human race, our common values, our new global culture and ambitions.

This five billion person Venn Diagram includes 1.5bn online aged 13-30, 2.6bn gamers, 1.1bn online Christians, 1.1bn online Muslims, 2.5bn online in Greater Asia (many with Hindu and Confucianism values) and 2.4bn online women. This five billion may well decide that humanity must enter global governance for the first time. Asking of itself, for example, would lives have been saved if the WHO had executive power over the nation state system and coordinated a global program of Covid 19 prevention, by decree?

So, if you can tell me the future of the human race that our young capitalism is about to navigate, you're a better person than I. Pretty much everything we think we know, will turn out to be wrong.

All I would humbly recommend is get ready for a bumpy ride, but ultimately a successful one. Have faith in humanity, particularly in the urban intelligent well-educated global young. Recognize capitalism is essentially a strong virile youth that can adjust to new conditions placed upon it. Buy the dips in measured size but retain more cash than you might have held over the last 30 years. Have a reliable wealth manager (Rosan Helmsley!), based in a law-abiding progressive country like the UK, and continually demand the utmost transparency, liquidity and open communications of them.

Take care out there, it's not going to be boring!

Angus Forbes | March 30th, 2020