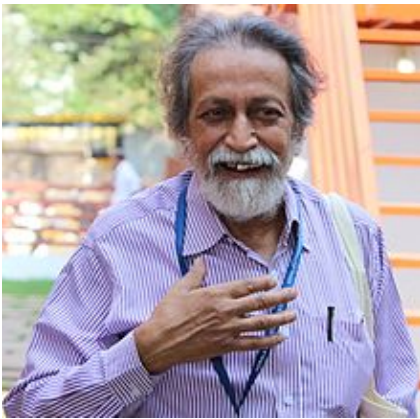


# Imperialism Is Alive And Kicking: A Marxist Analysis Of Neoliberal Capitalism



Prabhat Patnaik - Photo:  
wikipedia

The concept of imperialism has fallen out of the political lexicon of many leftists in the West, with some deeming the concept irrelevant for understanding the dynamics of contemporary capitalism.

Marxist economist Prabhat Patnaik has been one of the leading voices countering this trend. In *A Theory of Imperialism*, a book he co-authored with Utsa Patnaik, Patnaik explores how a new form of imperialism is at work in the unfolding of the capitalist system.

In this exclusive interview for Truthout, Patnaik states the case for the continuing relevance of imperialism as an analytical construct for understanding and challenging effectively the logic and dynamics of contemporary capitalism.

*C.J. Polychroniou:* How do you define imperialism and what imperialist tendencies do you detect as inherent in the brutal expansion of the logic of capitalism in the neoliberal global era?

*Prabhat Patnaik:* The capitalist sector of the world, which began by being located, and continues largely to be located, in the temperate region, requires as its raw materials and means of consumption a whole range of primary commodities which are not available or producible, either at all or in adequate quantities, within its

own borders. These commodities have to be obtained from the tropical and sub-tropical region within which almost the whole of the Third World is located; and the bulk of them (leaving aside minerals) are produced by a set of petty producers (peasants). What is more, they are subject to “increasing supply price,” in the sense that as demand for them increases in the capitalist sector, larger quantities of them can be obtained, if at all, only at higher prices, thanks to the fixed size of the tropical land mass.

This means an *ex ante* tendency toward accelerating inflation as capital accumulation proceeds, undermining the value of money under capitalism and hence the viability of the system as a whole. To prevent this, the system requires that with an increase in demand from the capitalist sector, as capital accumulation proceeds, there must be a compression of demand elsewhere for these commodities, so that the net demand does not increase, and increasing supply price does not get a chance to manifest itself at all.

Such demand-compression occurs above all through the imposition of an income deflation on the petty producers, and on the working population in general, in the Third World. This was done in the colonial period through two means: one, “deindustrialization” or the displacement of local craft production by imports of manufactures from the capitalist sector; and two, the “drain of surplus” where a part of the taxes extracted from petty producers was simply taken away in the form of exported goods without any *quid pro quo*. The income of the working population of the Third World, and hence its demand, was thus kept down; and metropolitan capitalism’s demand for such commodities was met without any inflationary threat to the value of money. Exactly a similar process of income deflation is imposed now upon the working population of the Third World by the neoliberal policies of globalization.

I mean by the term “imperialism” the arrangement that the capitalist system sets up for imposing income deflation on the working population of the Third World for countering the threat of inflation that would otherwise erode the value of money in the metropolis and make the system unviable. “Imperialism” in this sense characterizes both the colonial and the contemporary periods.

We recognize the need for a reserve army of labor to ward off the threat to the value of money arising from wage demands of workers. Ironically, however, we do

not recognize the parallel and even more pressing need of the system (owing to increasing supply price) for the imposition of income deflation on the working population of the Third World for warding off a similar threat.

The fact that the diffusion of capitalism to the Third World has proceeded by leaps and bounds of late, with its domestic corporate-financial oligarchy getting integrated into globalized finance capital, and the fact that workers in the metropolis have also been facing an income squeeze under globalization, are important new developments; but they do not negate the basic tendency of the system to impose income deflation upon the working population of the Third World, a tendency that remains at the very core of the system.

*Those who argue that imperialism is no longer a relevant analytic construct point to the multifaceted aspects of today's global economic exchanges and to a highly complex process involved in the distribution of value which, simply put, cannot be reduced to imperialism. How do you respond to this line of thinking?*

Capitalism today is of course much more complex, with an enormous financial superstructure. But that paradoxically makes inflation even more threatening. The value of this vast array of financial assets would collapse in the event of inflation, bringing down this superstructure, which incidentally is the reason for the current policy obsession with "inflation targeting." This makes the imperialist arrangement even more essential. The more complex capitalism becomes, the more it needs its basic simple props.

I should clarify here that if "land-augmenting" measures [such as irrigation, high-yielding seeds and better production practices] could be introduced in the Third World, then, notwithstanding the physical fixity of the tropical land mass, the threat of increasing supply price — and with it, [the threat] of inflation — could be warded off without any income deflation. Indeed, on the contrary, the working population of the Third World would be better off through such measures. But these measures ... require state support and state expenditure, a fact that Marx had recognized long ago. But any state activism, other than for promoting its own exclusive and direct interest, is anathema for finance capital, which is why, not surprisingly, "sound finance" and "fiscal responsibility" are back in vogue today, when finance capital, now globalized, is in ascendancy. Imperialism is thus a specifically capitalist way of obtaining the commodities it requires for itself, but which are produced outside its own domain.

The post-decolonization *dirigiste regimes* [regimes directed by a central authority] in the Third World had actually undertaken land-augmentation measures. Because of this, even as exports of commodities to the metropolis had risen to sustain the biggest boom ever witnessed in the history of capitalism, per capita food grain availability had also increased in those countries. But I see that period as a period of retreat of metropolitan capitalism, enforced by the wound inflicted upon it by the Second World War. With the reassertion of the dominance of finance, in the guise now of an *international* finance capital, the Third World states have withdrawn from supporting petty producers, a process of income deflation is in full swing, and the imperialist arrangement is back in place, because of which we can see once more a tendency toward a secular decline in per capita food grain availability in the Third World as in the colonial period.

There is a third way — apart from a greater obsession with inflation aversion and a yoking of Third World states to promoting the interests of globalized finance rather than defending domestic petty producers — in which contemporary capitalism strengthens the imperialist arrangement. It may be thought that the value of imports of Third World commodities into the capitalist metropolis is so small that we are exaggerating the inflation threat from that source to metropolitan currencies. This smallness itself, of course, is an expression of an acutely exploitative relationship. In addition, however, the threat to the Third World currencies themselves from a rise in the prices of these commodities becomes acute in a regime of free cross-border financial flows as now, which threatens the entire world trade and payments system and hence makes income deflation particularly urgent. Hence the need for the imperialist arrangement becomes even more acute.

*Not long ago, even liberals like Thomas Friedman of the New York Times were arguing that “McDonald’s cannot flourish without McDonnell Douglas” (that is, the US Air Force). Surely, this is a crude version of imperialism, but what about today’s US imperialism? Isn’t it still alive and kicking?*

The world that Lenin had written about consisted of nation-based, nation-state-supported financial oligarchies engaged in intense inter-imperialist rivalry for repartitioning the world through wars. When [Marxist theorist] Karl Kautsky had suggested the possibility of a truce among rival powers for a peaceful division of the world, Lenin had pointed to the fact that the phenomenon of uneven development under capitalism would necessarily subvert any such specific truce.

The world we have today is characterized by the hegemony of *international* finance capital which is interested in *preventing* any partitioning of the world, so that it can move around freely across the globe.

Contemporary imperialism therefore is the imperialism of international finance capital which is served by nation-states (for any nation-state that defies the will of international finance capital runs the risk of capital flight from, and hence the insolvency of, its economy). The US, being the leading capitalist state, plays the leading role in promoting and protecting the interests of international finance capital. But talking about a specific US imperialism, or a German or British or French imperialism obscures this basic fact.

Indeed, a good deal of discussion about whether the world is heading toward multi-polarity or the persistence of US dominance misses the point that the chief actor in today's world is international or globalized finance capital, and not US or German or British finance capital. So, the concept of imperialism that [Utsa Patnaik and I] are talking about belongs to a different terrain of discourse from the concept of US imperialism *per se*. The latter, though it is, of course, empirically visible because of US military intervention all over the world, in order to acquire a proper meaning has to be located within the broader setting of the imperialism of international finance capital.

Some incidentally have seen the muting of inter-imperialist rivalry in today's world as a vindication of Kautsky's position over that of Lenin. This, however, is incorrect, since both of them were talking about a world of national finance capitals which contemporary capitalism has gone beyond.

*The concept of imperialism originates with Hobson (who was not a Marxist), but it was Lenin, indeed, that put it at the center stage of Marxian international political economy. Marx himself did not use the term "imperialism," but there is plenty in his analysis that anticipates imperialism and globalization. How do you think Marx would interpret today's dynamics and contradictions of the global capitalist economy? Would he be using the term "imperialism"?*

There are, in fact, two Marxes. In *Capital* (I refer here to Volume I which Marx completed), the focus is on the sphere of production in a capitalist economy, which means an abstraction from its international setting. But in his numerous pieces on colonialism, many of which were written almost at the same time that

he was writing *Capital*, and in his notes, Marx showed an acute awareness of the mechanics of colonial exploitation. He even talks about the “drain” of surplus from India. These writings of Marx, however, are less known; and since colonial exploitation did not get incorporated into the discussion of *Capital*, there is a general underestimation of the role of imperialism in the dynamics of capitalism even among Marxists, especially in the advanced countries.

It is also true that Marx had to rely on the material available at that time, which was not much and which came largely from colonial administrators with an axe to grind. He also, until quite late in his life, tended to over-emphasize the revolutionary role of capitalism vis-à-vis the earlier modes of production, and the sheer impact of its greater productiveness. For instance, in the *Manifesto*, he and Engels talk about the cheap prices of capitalist goods being the artillery through which all Chinese walls against their entry are battered down. As a matter of fact, in China itself there was very little demand for the cheap British textiles, even when Marx and Engels were writing this. To balance its trade, therefore (it imported much from China), Britain forced Indian peasants to grow opium and the Chinese to consume it. The Opium Wars were fought on this very issue. Marx's insights into colonial exploitation are particularly remarkable in the light of the paucity of information he had.

Given his absolute scientific honesty and openness to fresh evidence, I have no doubt that Marx would have given imperialism its proper role in the dynamics of capitalism (as distinct from simply recognizing capitalism's general annexationist drive, as in the *Manifesto*). And once this was done, perceiving an imperialist arrangement within the setting of contemporary globalization would have become merely the next inevitable step.

But it is not just fresh historical evidence that Marx would have taken note of. I believe that Marx's *theory* itself is incomplete without imperialism. Once we recognize the obvious fact that capitalism is not a vertically integrated system that produces all its required inputs (even if not within the same period) but depends on imports from “outside,” some arrangement for preserving the value of money through an imperialist relationship becomes essential; and Marx would certainly have taken note of this fact.

*One final question: How should radical movements and organizations, in both the core and the periphery of the world capitalist economy, be organizing to combat*

*today's imperialism?*

Obviously, the issue of imperialism is important not for scholastic reasons, but because of the praxis that a recognition of its role engenders. From what I have been arguing, it is clear that since globalization involves income deflation for the peasantry and petty producers, and since their absorption into the ranks of the active army of labor under capitalism does not occur because of the paucity of jobs that are created even when rates of output growth are high, there is a tendency toward an *absolute immiserization* of the working population. For the petty producers, this tendency operates directly; and for others, it operates through the driving down of the “reservation wage” owing to the impoverishment of petty producers.

Such immiserization is manifest above all in the decline in per capita food grain absorption, both directly and indirectly (the latter via processed foods and feed grains). An improvement in the conditions of living of the working population of the Third World then requires a *delinking* from globalization (mainly through capital controls, and also trade controls to the requisite extent) by an alternative state, based on a worker-peasant alliance, that pursues a different trajectory of development. Such a trajectory would emphasize peasant-agriculture-led growth, land redistribution (so as to limit the extent of differentiation within the peasantry) and the formation of voluntary cooperatives and collectives for carrying forward land-augmentation measures, and even undertaking value-addition activities, including industrialization.

Small Third World countries would no doubt find it difficult to adopt such a program because of their limited resource base and narrow home market. But they will have to come together with other small countries to constitute larger, more viable units. But the basic point is that the question of “making globalization work” or “having globalization with a human face” simply does not arise.

The problem with this praxis is that it is not only the bourgeoisie in the Third World countries, but even sections of the middle-class professionals who have been beneficiaries of globalization, who would oppose any such delinking. But the world capitalist crisis, which is a consequence of this finance-capital-led globalization itself, is causing disaffection among these middle-class beneficiaries. They, too, would now be more willing to support an alternative trajectory of development that breaks out of the straitjacket imposed by imperialism.

# Henk A. Becker ~ Generaties van geluksvogels en pechvogels



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Grote maatschappelijke gebeurtenissen smeden losse aantallen tijdgenoten tot generaties samen. Elke generatie heeft met bedreigingen en kansen te maken. Elke generatie herbergt geluksvogels en pechvogels. Bij sommige generaties gaat het om relatief veel geluksvogels, bij andere om relatief veel pechvogels. De geluksvogels proberen hun gunstige positie te behouden en zo mogelijk te



versterken. De pechvogels doen hun best om hun lot te verbeteren. In onze tijd moeten de jongere generaties assertief hun kans op gunstig opgroeien en een stevige economische positie verdedigen. De oudere generaties vormen met hun zilvergrijs menselijk kapitaal een goudmijn, die wij in de komende decennia hard nodig zullen hebben om de te verwachten reeks explosies van de demografische tijdbom op niveau te overleven.

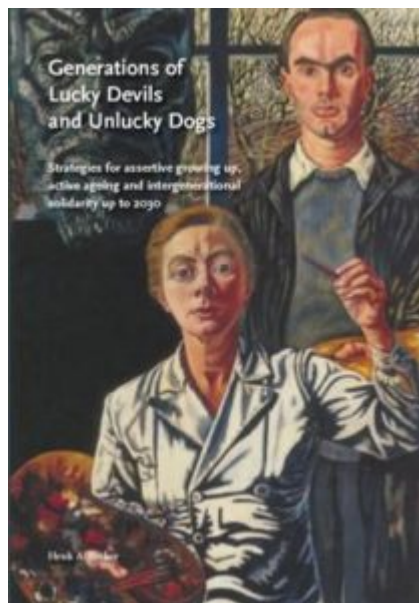
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Het boek is afgestemd op een brede lezerskring. In enkele duidelijk aangegeven tekstfragmenten staan verwijzingen naar de vakliteratuur.

*Henk A. Becker* (1933) is emeritus hoogleraar sociologie aan de Universiteit Utrecht. Zijn specialisaties vormen een 'tripod'. Bij de inhoudelijke poot gaat het om cohorten en generaties. De methodische poot bevat methoden voor generatieonderzoek en strategieën voor generatiebewust beleid. De derde poot heeft betrekking op enkele meta-aspecten van zijn discipline, namelijk de 'state of the art' in de sociologie. Het Tripod model kan wetenschappers ervoor behoeden om een vakidoot te worden.

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## **Henk A. Becker ~ Generations of Lucky Devils and Unlucky Dogs**



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Silver-grey manpower is a gold mine to society. One by one, the baby boom cohorts will reach the age of 65 starting from 2010. They are large cohorts, relatively well educated and healthy with considerable pension and health care rights. In short, they are lucky devils. As a result of ageing, cohorts that were born in 1985 onwards and that enter the labour market as from approximately 2010 will be required to pay many additional taxes during the course of their entire working life spanning more than forty years. They are, in short, unlucky dogs. Redistribution of joys and burdens could trigger conflicts between generations. A better solution is to identify and deploy society's hidden resources.

Taking this issue as a basis, the book in hand explores strategies that enable senior citizens and young people to give meaning to solidarity among generations, for a start in 2012 as the European Year for Active Ageing, but also as part of Europe 2020, the European Commission's 2010-2020 strategy.

With these two strategies journalists and television producers will swing into action. In secondary and higher education as well as in universities more papers on life courses and patterns of generations will be written than ever before. Senior citizens' unions but actually all social organizations will organize lectures. Educated laymen will wish to go deeply into this issue.

Henk A. Becker (1933) is Professor Emeritus of Sociology at Utrecht University in the Netherlands. He has worked on a research project focusing on generations since 1985.

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# Michael Dagan ~ Online Privacy Guide For Journalists 2017



**A Guide for the  
Savvy Journalist in  
a World of Ever  
Decreasing Privacy**

Many veteran journalists, but not only these, surely noticed that we are all of a sudden bombarded again from all-over with mentions of Watergate. Books like George Orwell's 1984 are on display at bookstores and an air of danger to

freedom of speech and freedom of the press is spreading slowly like a dark cloud over the Western Hemisphere, raising old fears.

When an American serving president accuses a former president of surveillance; when he prevents central US media outlets access - so far always granted, and taken for granted - to press conferences he holds; and when he incessantly knocks and accuses the media of being the country's enemy number one, it isn't surprising that memories of President Nixon surface up more with every self-pitying tweet about SNL, and that even Republican Senators such as John McCain express fear for the future of democracy.

And McCain is not alone. Many journalists whom I have spoken with recently, expressed concern for whatever lays ahead for the freedom of the press. At a time when it's possible to express the following statement - "Donald Trump controls the NSA" - and not be held a liar, anything's possible. Add that to the fact that recent news on CIA taught us that almost all encryption systems can be compromised, if someone has the perseverance to crack them - and you are en route to envisioning an utterly Dystopian world, where you cannot even get too comfortable laying on your sofa, in front of your own smart TV.

The good news is that it is nevertheless possible to make it difficult for anyone to try and intercept your emails, the text messages you're sending or your phone calls. You can take measures to make the lives of those who want to uncover your

sources and the information being revealed to you, much harder. Of course, the degree of effort you're prepared to take to protect your privacy, your sources' anonymity and your data's safety, should be commensurate to the likelihood of a real threat, be that hacking or spying.

Read more: <https://www.vpnmentor.com/blog/online-privacy-journalists/>

See also: <https://www.cloudwards.net/online-privacy-guide/>

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## Het begrip 'joods-christelijk' en taboe herinneringen



Midden in de huiskamer van mijn ouders stond een grote boekenkast. Vroeger zat ik daar op de grond fotoalbums te bekijken. Of de kinderbijbels en sprookjesboeken. Die stonden op ooghoogte.

De rest van de boeken zag ik later pas. De bruine banden van Lou de Jong en vooral veel boeken van joodse schrijvers over de

tweede wereldoorlog: Abel Herzberg, Primo Levi, Emmanuel Levinas en Elie Wiesel. Ieder jaar haalde mijn vader de kast zorgvuldig leeg, plank voor plank, boek voor boek, maakte alles schoon en zette de boeken op precies dezelfde plek terug. Al snel wist ik: dit was geen gewone kast, zoals de servieskast dat was, maar een bijzondere plek: een plek van herinnering.

Het begrip 'joods-christelijk' zou je ook zo kunnen zien. Als een manier om te herinneren. Een soort bril die je opzet om naar de geschiedenis te kijken. Dat kan een absurdistische bril zijn: bijvoorbeeld bij Sybrand Buma in een verkiezingsdebat. Daar claimde hij dat seksegelijkheid een typisch 'joods-christelijke' waarde is die duizenden jaren teruggaat. Alsof de geschiedenis van het christendom een eeuwenlange geschiedenis was van vrouwenemancipatie. Ik zeg hier nadrukkelijk 'christendom', want met Joods-zijn en jodendom heeft de

uitspraak van Buma weinig te maken: hij gebruikt 'joods-christelijk' en christelijke gewoon door elkaar. Zijn beroep op een 'joods-christelijke beschaving' lijkt er vooral op gericht een contrast te creëren met de niet-'joods-christelijken': moslims.

Die boekenkast van m'n ouders was een poging om serieuzer over de relatie tussen joods en christelijk na te denken. Door te herinneren dat joden in het christelijke Europa hooguit als voorwaardelijke burgers zijn geaccepteerd. Dat christelijke en later seculiere denkers het jodendom en joden nauwelijks als onderdeel van 'hun' beschaving hebben gezien. In het beste geval is het begrip 'joods-christelijk' dus het herinneren dat 'joods-christelijk' in Europa nooit zo harmonieus heeft bestaan. Bij auteurs als Levi en Levinas is daar geen ontkomen aan: ze schrijven terug en claimen hun visie op de Europese of nationale cultuur. Die boeken waren voor m'n vader geen goedkope verwijzing naar een ideale beschaving, zoals bij Buma, maar een herinnering dat wij onderdeel uitmaken van een geschiedenis die verre van ideaal is.

Tegelijk blijft de vraag: wat werd er niet herinnerd in die kast? Waarom stonden er wel boeken van de Italiaans Primo Levi, maar niet van de Tunesische Albert Memmi of de Arabisch Joodse Ella Shohat? Allebei ook joodse schrijvers die kritisch reflecteren op de rol van Europa: niet vanuit Europa, maar vanuit de (voormalige) koloniën waar hun wortels liggen.

Een boekenkast is niet alleen een plek om te herinneren, maar ook om te vergeten. Zo is het ook met het begrip 'joods-christelijk'. Het maakt sommige vragen en herinneringen mogelijk, maar onderdrukt andere. De vraag die ik hier wil stellen is: welke herinneringen worden met het begrip 'joods-christelijk' eigenlijk taboe gemaakt? Wat zijn de taboeherinneringen van het begrip 'joods-christelijk'?

De Zuid Afrikaanse wetenschapper David Theo Goldberg stelt dat we in Europa ras/racisme netjes hebben opgesloten in de Tweede Wereldoorlog. Voor veel mensen is de Shoah, de moord op 6 miljoen joden, het racistische project bij uitstek. Ras is zozeer gekoppeld aan het lot van de joden, stelt Goldberg, dat andere slachtoffers van het Nazisme, zoals Roma en Sinti, tot voor kort zelfs bijna onzichtbaar waren.

Met het motto 'dat nooit meer' hebben we dat racistisch project keurig

afgebakend. We leggen ieder jaar een krans, herdenken (selectief) de doden en feliciteren onszelf met onze tolerante waarden.

Herinneren op 4 mei is zo een ongevaarlijk ritueel geworden: het Europees antisemitisme hoort tot het verleden en heeft nog maar weinig met het heden te maken. Ras en racisme, zo stelt Goldberg, zijn daardoor moeilijk bespreekbaar: Europa of vooral, het ideale Europa, is tenslotte postraciaal, kleurenblind en tolerant.

Wat taboe is geworden is de continuïteit van voor en na de oorlog. Bijvoorbeeld in de manier waarop politici inspeelden op een weerstand tegen vluchtelingen en migranten: een aversie die heerste tegen arme Oost Europese Joden die naar West Europa vluchtten. De Ostjuden. Met hun vreemde kledij en orthodoxe religieuze praktijken werden zij gezien als een bedreiging voor de westerse beschaving. Net als nu was men bang voor de 'barbaren' aan de grenzen van West Europa.

Maar er wordt nog een andere parallel verdrongen. Terwijl de Shoah duidelijk onderdeel is van Europa, zegt Goldberg, wordt het andere racistische project, kolonialisme, als iets van 'buiten Europa' gezien. Iets wat weinig met het hedendaagse Europa te maken heeft.

Kolonialisme wordt op die manier iets wat we kunnen vergeten. Zoals in de boekenkast van m'n ouders. In die kast stonden geen boeken van invloedrijke antikoloniale denkers zoals Frantz Fanon, Aimé Césaire, of Anton de Kom. Geen literatuur van Gloria Wekker en Philomena Essed die decennialang over racisme, seksisme en de erfenissen van het Nederlandse koloniale verleden hebben geschreven. Die stemmen waren blijkbaar geen onderdeel van 'ons verleden'.

Maar die tweedeling is vreemd. Niet alleen omdat het naziproject kon voortbouwen op genocides en experimenten met concentratiekampen in de koloniën: zoals in Namibië gebeurde waar 80.000 mensen werden vermoord. Maar vooral ook omdat er veel langere parallellen zijn tussen wat er binnen en buiten Europa gebeurde. Niet voor niets stelt hoogleraar Joodse studies Sussannah Heschel dat Europese joden de 'interne kolonie van Europa' vormden. Joden waren de raciale ander binnen Europa, met bijbehorende economische, politieke en religieuze ongelijkheid.

De eerdergenoemde Franz Fanon uit Martinique had dit haarfijn door. Hij zei tegen zijn zwarte lezers: 'Let op als je iemand de joden hoort misbruiken, want ze hebben het over jou'. Fanon bedoelde hier niet alleen dat er ook veel joden in de

koloniën leefden, maar vooral dat in de raciale verbeelding van Europa joden en zwarte mensen vaak met elkaar werden vergeleken. Er lag een vergelijkbare logica ten grondslag aan anti-zwart racisme en antisemitisme.

Duitse intellectuelen van begin 20 e eeuw noemde joden bijvoorbeeld 'the white negroes'. Soms werd gezegd dat het zwarte en joodse ras zich vroeger had vermengd. De Franse filosoof Voltaire ging nog een paar stappen verder. Hij zei tegen de joden: 'Jullie zijn het meest gestoord van allemaal. De Kaffirs, de Hottentots en de Zwarten van Ginea zijn redelijker en eerlijker dan jullie. Jullie hebben alle naties voorbijgestreefd met jullie impertinente fabels, met jullie slechte gedrag en jullie barbarij. Jullie verdienen het daarvoor bestraft te worden, want dat is jullie lot.' Dit zegt de grote Verlichtingsfilosoof Voltaire.

Een nog nauwere verwantschap zagen Europese denkers tussen moslims/Arabieren en joden. Dit is zo mogelijk een groter taboe. Joden en Arabieren worden nu voorgesteld als elkaars aartsvijanden, maar de filosoof Immanuel Kant noemde joden al 'de Palestijnen die onder ons leven'. Hegel beschreef het jodendom als een Arabische religie. En het begrip Semiet in de 19 e eeuw verwees naar zowel Joden als Arabieren. Er is een nauwe verwantschap tussen hoe nu over de islam wordt gesproken en eerder over het jodendom. Net als de islam werd het jodendom gezien als een politieke religie, met een hang naar fanatisme.

Het zijn begrippen als 'joods-christelijk' die deze geschiedenissen buiten ons blikveld houden. Ze bevestigen ons zelfbeeld als tolerant, democratisch en liberaal. Alles wat buiten dit zelfbeeld valt wordt actief vergeten of in de geschiedenis opgesloten, zoals de tweede wereldoorlog waar we van hebben geleerd en die we achter ons kunnen laten. Tegelijk is dit zelfbeeld minder stabiel dan je zou denken. Op de Zeedijk in Amsterdam zijn Jessica de Abreu, Mitchell Esajes en Miguel Heilbron 'the black archives' begonnen. Boeken over de geschiedenis van zwarte Nederlanders en het Nederlandse koloniale verleden. Dat is niet zomaar een aanvulling op archieven die er al zijn. Ze zijn een radicale ondermijning daarvan en een ongemakkelijke spiegel voor Nederland.

Hetzelfde geldt voor het project van moslimfeminist Berna Toprak om de geschiedenis van islamitisch feminisme en islamitisch denken over rechtvaardigheid naar boven te halen en daarop voort te bouwen. Ze ondermijnt daarmee het islamofobe cliché van 'de onderdrukte moslima' en ruïneert



tegelijkertijd het zelfbeeld van witte Nederlanders. Blijkbaar is Nederland niet zo feministisch dat het ruimte biedt voor moslima's met een kritische stem. Deze 'Black Archives' en het project van 'moslimfeminisme' kun je zien als herinneringen aan geschiedenissen en verhalen die taboe zijn geworden. Die niet passen bij het plaatje van de 'joods-christelijke beschaving'. Ze brengen stemmen naar boven die naar radicale gelijkheid streven en zetten tegelijkertijd het zelfbeeld van witte christelijke/seculier Nederlanders volledig op zijn kop.

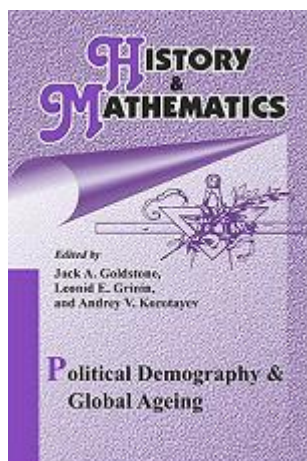
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# Global Population Ageing, The Sixth Kondratieff Wave, And The Global Financial System



## *Abstract*

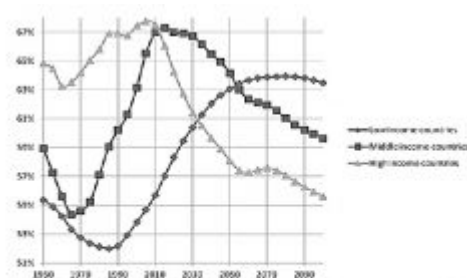
Concerns about population ageing apply to both developed and many developing countries and it has turned into a global issue. In the forthcoming decades the population ageing is likely to become one of the most important processes determining the future society characteristics and the direction of technological development. The present paper analyzes some aspects of the population ageing and its important consequences for particular societies and the whole world. Basing on this analysis, we can draw a conclusion that the future technological breakthrough is likely to take place in the 2030s (which we define as the final phase of the Cybernetic Revolution). In the 2020s - 2030s we will expect the upswing of the forthcoming sixth Kondratieff wave, which will introduce the sixth technological paradigm (system). All those revolutionary technological changes will be connected, first of all, with breakthroughs in



medicine and related technologies. We also present our ideas about the financial instruments that can help to solve the problem of pension provision for an increasing elderly population in the developed countries. We think that a more purposeful use of pension funds' assets together with an allocation (with necessary guarantees) of the latter into education and upgrading skills of young people in developing countries, perhaps, can partially solve the indicated problem in the developed states.

**Keywords:** the sixth Kondratieff wave, the sixth technological paradigm, Cybernetic Revolution, population ageing, world finance, pension funds, human capital, developed countries, developing countries.

Human capital is one of the most important drivers of economic development whose contribution to the growth of production and innovations is constantly increasing. According to the OECD definition, human capital is 'the knowledge, skills, competencies and attributes embodied in individuals that facilitate the creation of personal, social and economic well-being' (OECD 2001: 18; see also Kapelyushnikov 2012: 6-7). Human capital is central to debates about welfare, education, health care, and retirement. However, we think that the latter (i.e., retirement) is less frequently debated than it should be. Meanwhile, in the West the rapid population ageing actually devaluates the national human capital in every developed country. There are certain grounds to expect that if the ageing generation is not substituted by a more numerous generation of young specialists, the share of the elderly population will increase and the human capital is likely to decline.



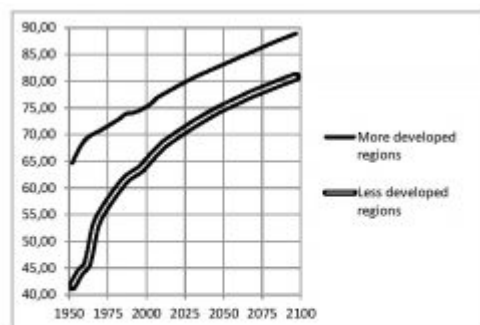
**Fig. 1.** The dynamics of the working age population percentage in the total population, 1950-2015, according to the UN medium forecast to 2100  
Source: UN Population Division 2015.

Thus, while the human capital as well as its contribution to the economic development is significantly larger in the developed countries than in the developing ones, the situation with demographic structure of human capital is different. The developing countries' situation is significantly better at this point, and this

can increasingly contribute to the economic competition between the First and Third worlds. We should also take into consideration the fact that the generation of highly educated pensioners in the developed states has increased the demands on society and they play a more active political role than the generation of

uneducated 'old men' in the developing countries. While the West has apparently depleted its demographic dividend, many developing countries, in fact, are only in the process of its accumulation. And consequently, in this context they can get the most important advantage in the coming decades (see Fig. 1).

This also confirms the idea of growing convergence between the developed and developing countries that we adhere to, as the current differences in the demographic structure and potentialities of the demographic dividend will contribute to the fact that at least in the next two decades the developing countries' growth rates will be on average higher than those of the developed countries, although this process can proceed with certain interruptions (see Grinin 2013a, 2013b, 2013c, 2014, 2015; Korotayev and Khaltourina 2009; Khaltourina and Korotayev 2010; Korotayev, Khaltourina, Malkov et al. 2010; Korotayev and Bozhevol'nov 2010; Korotayev, Malkov et al. 2010; Malkov, Korotayev and Bozhevol'nov 2010; Malkov et al. 2010; Korotayev, Zinkina et al. 2011a; 2011b, 2012; Korotayev and de Munck 2013, 2014; Zinkina et al. 2014; Korotayev and Zinkina 2014; Korotayev, Goldstone, and Zinkina 2015; Grinin and Korotayev 2014a, 2014b, 2015a).



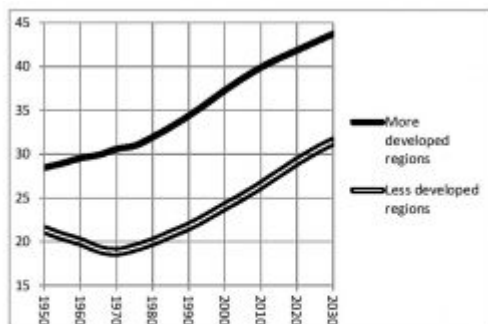
**Fig. 2.** Dynamics of the expected lifetime at birth (years) in the developed and developing countries, 1950–2015, the UN medium forecast to 2050  
Source: UN Population Division 2015.

### *Problems of Population Ageing and Their Possible Solutions*

The population ageing (and an increasing number of disabled people) as well as the change in the population age structure (see Figs 2–5) alongside with forthcoming progress in medicine, innovation technologies, and increasing life expectancy in the developed countries will

also bring great problems associated with a) the scarcity of labor resources; and b) problems of pension support for the older population.

In some countries they are rather acute already today, but they are to become much more pressing.

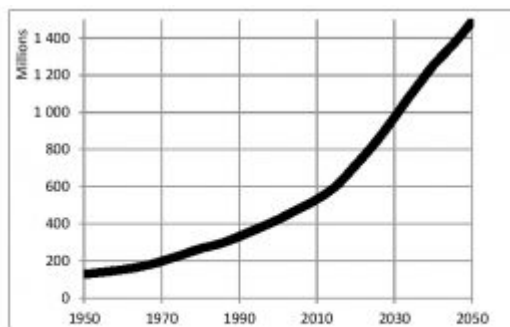


**Fig. 3.** Dynamics of the median age of population (years) in the developed and developing countries, 1950–2015, with the medium forecast of the UN till 2030

Source: UN Population Division 2015.

We would like to remind that if the median age of population of a given country equals, for example, 40 years, it means that half of the population of this country is younger than 40 years, and the other one is older.

As is shown in Figure 4, a rapid global increase in the number of retirement-age persons is expected just in the next 20 years when their number will actually double within a small historical period, thus it will increase almost by 600 million and the total number will considerably exceed a billion.

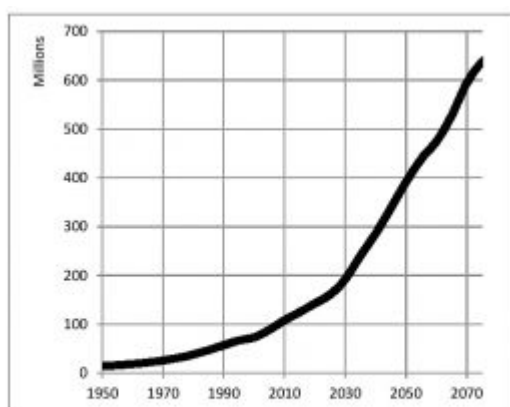


**Fig. 4.** Increasing number of persons of retirement age (over 65), 1950–2015, with the UN medium forecast till 2050

Source: UN Population Division 2015.

However, a rapid acceleration will be observed in particular as regards the population of people aged 80 years or more. While by 2050 the number of persons of retirement age will approximately double, the number of elderly people aged 80 years or more will practically quadruple, and in comparison

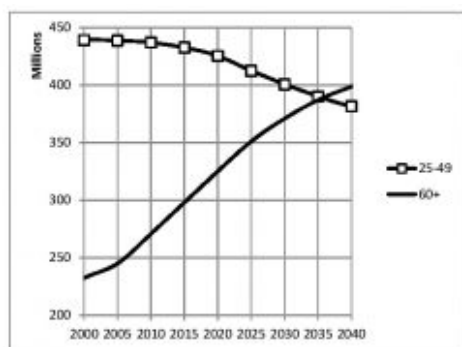
with 1950 their number by 2075 will increase almost by 50 times (see Fig. 5).



**Fig. 5.** Increase of global number of elderly people (aged 80 years), 1950–2015, with the UN average forecast till 2075

Source: UN Population Division 2015.

The First World countries will face particular difficulties in the next 20–30 years due to a rapid increase in the number of retirement-age people accompanied with an accelerated reduction of the active working age population, and in 20 years the number of the former will exceed the number of the latter (see Fig. 6).



**Fig. 6.** Dynamics of active working-age (25–49 years) population and number of persons of retirement age (aged over 60) in the more developed countries of the world,<sup>3</sup> in millions, 2000–2015, with the medium forecast of the UN for the period till 2040

Source: UN Population Division 2015.

*Incl. note i*

*As one can notice, the number of older people per a working age adult will increase. This is very likely to lead to the decline in living standards and to the increasing tension between generations.*

*One should keep in mind that the older population will form a major part of voters, thus making the politicians to follow their will. Besides, the highly educated generation of pensioners in the advanced countries has certain demanding social requirements and they are more politically active than the generation of uneducated old people in the developing states. The transition to such a sort of gerontocracy also poses many other threats to a society and to its homogeneity because older people are more apt to conservatism and are less inclined to purchase expensive products, novelties and property, as well as to saving and this may reduce the focus on innovation and lead to considerable change of the contemporary economic model based on the expansion of consumerism. In particular, the population ageing in Japan is one of the reasons of the current deflationary trend (for more details see Grinin and Korotayev 2014c, 2015b).*

In theoretical terms, it is possible to distinguish the following possible solutions for the specified problems (here we suppose that all those solutions will be applied, whereas none of them can solve the problem comprehensively):

1. To increase the number of immigrants in the developed countries. Still the opportunities of this pattern are to a large extent depleted and besides, it leads to the erosion of the society's major ethno-cultural basis (today we face serious challenges in this direction).
2. To raise the retirement age (together with active rehabilitation of the disabled people). Against the background of the forthcoming revolution in

medical and rehabilitating technologies this looks like an important (although insufficient) resource.

3. The development of labor-saving technologies, in particular robot techniques for nursing, as well as elder and disabled people care (for more details see Grinin L. E. and Grinin A. L. 2015a, 2015b; Grinin A. L. and Grinin L. E. 2015b). This will allow a partial reduction of expenses for care and different services, but it can hardly bring a complete solution of the problem of scarce resources.

4. Finally, the development of the financial system opens another path to the solution of problems with the pension system. The population ageing is directly related to the financial system not only within national systems, but within the global financial system as well. Due to the increasing number of retirees the pension savings have become not simply important, but essential to a certain extent.

Besides, we should note that, on the one hand, today pension and other social funds are not isolated only within a framework of national system, but make an important component of the world finance in the long run. On the other hand, stable pension system substantially depends on the stable and efficient global financial system, even to a greater extent than on the national one.

In the present article we will consider the second and the third directions in the solution of the problem of global population ageing which are closely interconnected, and then we will pass to consideration of the fourth (financial) one.

### *Global Population Ageing and the Sixth Technological Paradigm*

The Cybernetic Revolution is a great breakthrough from industrial production to production and services based on the operation of self-regulating systems.

Its *initial* phase dates back to the 1950–1990s. The breakthroughs occurred in the spheres of automation, energy production, synthetic materials, space technologies, exploration of space and sea, agriculture, and especially in the development of electronic control facilities, communication and information. We assume that the *final* phase will begin in the nearest decades, that is in the 2030s or a bit later, and will last until the 2070s.

We denote the initial phase of the Cybernetic Revolution as a *scientific-information* one, and the final – as a phase of *self-regulating systems*. So now we are in its modernization phase which will probably last until the 2030s.

This intermediate phase is a period of rapid diffusion and improvement of the

innovations made at the previous phase (e.g., computers, internet, cell phones, etc.). The technological and social conditions are also prepared for the future breakthrough. We suppose that the final phase of the Cybernetic Revolution will lead to the emergence of many various self-regulating systems (for more detail see Grinin 2006, 2009, 2012, 2013d; Grinin A. L. and Grinin L. E. 2013, 2015a, 2015c; Grinin L. E. and Grinin A. L. 2015a, 2015c).

So we expect the beginning of the final phase of the Cybernetic revolution in the 2030s and 2040s. We assume that this technological breakthrough at first will be connected with a breakthrough in the field of new medical (and related to them) technologies. Thus, the increasing process of population ageing (as we will show further) will become one of the most important reasons of development of the final phase of Cybernetic Revolution.

This phase, according to our forecasts, will be imposed on the sixth Kondratieff wave (which will probably last from the 2020s to the 2060s). Therefore, the sixth technological paradigm (known also as technological system or style)**[ii]** will be connected with major transformations of the Cybernetic Revolution. We consider the widespread ideas that the basis of the sixth technological paradigm will be formed by the NBIC technologies (or NBIC-convergence), which are nano-bio-information and cognitive technologies (see Lynch 2004; Dator 2006; Pride and Korotayev 2008; Akaev 2010, 2011; see also Fukuyama 2002)**[iii]** to be only partially true.

We believe that the basis of the sixth technological paradigm will be significantly wider. In general medicine, bio- and nanotechnologies, robotics, information and cognitive technologies will become the leading technological trends. They will create a complex system of self-regulated production.

We could define this complex as MBNRIC-technologies, by the first letters of the listed technological directions. Thus, it makes sense to speak about medicine as the central element of the new technological system (see also Nefiodow 1996; Nefiodow L. and Nefiodow S. 2014). Medicine more than any other field has unique opportunities for merging all these new technologies into a single system. Besides, a number of demographic and economic reasons explain why this is precisely medicine that should start the transition to the new technological paradigm.

This will be supported by particularly advantageous situation developing by 2030 in economy, demography, culture, a standard of living, etc. that will define a huge

need for scientific and technological breakthrough. By advantageous situation, we do not mean that everything will be perfectly good in economy; just on the contrary, everything will be not as good as it could be. Advantageous conditions will be created because reserves and resources for continuation of previous trends will be exhausted, and at the same time the requirements of currently developed and developing societies will increase. Consequently, one will search for new developmental patterns.

Let us describe the background.

- By this time the problem of population ageing will show up to the full (for more detail see the previous section). Moreover, this issue can turn simply fatal for democracies in developed countries (because the main electorate will be represented by elderly cohorts, and also the generation gap will increase [see also Fukuyama 2002]). In addition, the problem of population ageing will become more acute in a number of developing countries, for example, in China and even in India to a certain extent (about ageing in Asia see contributions of Park and Shin to this volume).

- The pension payments will become an urgent problem (as the number of retirees per an employee will increase) and at the same time the scarcity of labor resources will increase, which is already felt rather strongly in a number of countries including Russia (for more detail see Grinin and Korotayev 2015c, 2010; Korotayev and Bozhevolnov 2012; Korotayev, Khaltourina, and Bozhevol'nov 2011; Arkhangelsky et al. 2014; Korotayev et al. 2015). Thus, the problem of scarce labor and pension contributions will have to be solved in such a way that people physically could work for ten, fifteen and even more years (certainly here we can also face a number of social problems). This also implies the disabled people's adaptation for their fuller involvement into labor process due to new technical means and achievements in medicine (for more detail see Grinin L. E. and Grinin A. L. 2015b).**[iv]**

- Simultaneously, by this time, the birth rate in many developing countries will significantly drop (for example, such developing countries as China, Iran, or Thailand already experience below-replacement fertility). Therefore, the respective governments will begin (and some of them have already started) worrying generally not about the problem of restriction of population growth, but about promotion of population growth and population health.

- A huge volume of medical services in the world makes about 10 % of the GDP (and in a number of developed countries it makes more than 10 %, as, for example, in the USA – 17 % [calculated on the basis of World Bank 2015 data]).

The population ageing will make these volumes grow rather significantly.【v】

- The development in the Third World countries leads to the growth of a vast stratum of middle class, while poverty and illiteracy are reduced. As a result, the emphasis of these countries' efforts will shift from the elimination of unbearable living conditions to improvement of the quality of life, health care, etc. Thus, large opportunities open up for the development of medicine which will get additional funds.

So by the 2030s, the number of middle-aged and elderly people will increase; economy will desperately need additional labor resources while the state will be interested in increasing the working ability of elderly people, whereas the population of wealthy and educated people will grow in a rather significant way. In other words, the unique conditions for the stimulation of business, science and the state to make a breakthrough in the field of medicine will emerge, and just these unique conditions are necessary to start the innovative phase of revolution!

It is extremely important to note that enormous financial resources will be accumulated for the technological breakthrough, such as: the pension money whose volume will increase at high rates; spending of governments on medical and social needs; growing expenses of the ageing population on supporting health, and also on health of growing world middle-class. All this can provide initial large investments, high investment appeal of respective venture projects and long-term high demand for innovative products, that is, a full set of favorable conditions for a powerful technological breakthrough will become available.

In the context of population ageing problem we will consider some characteristics of the global financial system.

### *The Crisis and the Characteristics of the Financial System*

The 2008 crisis and subsequent years aggravated both financial and economic, as well as some global social problems. One of the most important problems among them is the problem of secure social guarantees for rapid ageing population of the World System core. In each country the security of these guarantees is connected with stability of the world financial system.

Let us recollect some important reasons of the global financial economic crisis:

- Random and extremely rapid development of new financial centers and financial flows;
- Non-transparency of many financial instruments, which led to the actual



concealment of risks and their global underestimation;

- An excessive level of public debt in many developed and developing countries combined with ineffective use of credits.

They often also say that modern financial technologies are fundamentally deleterious and only bring the world economy into various troubles and that they are only beneficial to the financiers and speculators. Thus, it would hardly be an exaggeration to maintain that the global crisis, as well as other events, has demonstrated, in an especially salient way, the necessity for major changes in the regulation of international economic activities and movements of world financial flows.

Nevertheless, we believe that it is reasonable to speak not only about the negative role of the world financial flows. On the whole, new financial technologies decrease the risks in a rather effective way and expand opportunities to attract and accumulate enormous capitals, involve actors, and penetrate markets.

The positive effects of the new financial technologies consist in the following:

1. A powerful expansion of the range of financial instruments and products, which leads to the expanding opportunities to choose the most convenient financial instrument.
2. The standardization of financial instruments and products provides a considerable time-saving for those who use financial instruments; it makes it possible to purchase financial securities without a detailed analysis of particular stocks; this leads to an increase in the number of participants by an order of magnitude.
3. The institutionalization of the ways to minimize individual risks. Some financial innovations and new regulations help to minimize both the individual risks of unfulfilled deals and also of bankruptcies in the framework of certain stock markets.
4. The increase in the number of participants and centers for the trade of financial instruments. Modern financial instruments have made it possible to include a great number of people via various special programs, mediators, and structures.

We also suppose that new financial technologies and modern financial sector have also got such important positive functions as the 'insurance' of social guaranties at the global scale. The matter is that the rejection of the gold standard resulted in the movement of the function of the protection of savings

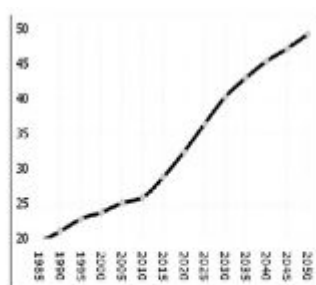
from an 'independent' guarantor (i.e., precious metals) to the state. However, there was no state left for the capital owners to entirely rely on as on a perfectly secure guarantor.

The absence of secure guarantees *is especially important in terms of the ways to preserve pension and other social funds*.

The sharp increase in the quantity of capitals, the necessity to preserve them from inflation and to find their profitable application objectively pushed the financial market actors to look for new forms of financial activities. Generally, the faster are the movements and transformations of financial objects, the better is the preservation of capitals.

Another important point is the distribution of risks at the global scale. We observe growing opportunities to distribute risks among a larger number of participants and countries, to transform a relatively small number of initial financial objects into a very large number of financial products. This makes it possible to achieve the maximum diversification by allowing people to choose convenient forms of financial products and to change them whenever necessary.

The next point is the growth of financial specialization (including various forms of deposit insurance) that supports diversification and the possibilities for expansion.



**Fig. 7.** Dynamics of number of pensioners aged 65 and older, per 100 working age adults aged 25-64 years in developed countries, 1985-2050 with medium forecast of UN for the period till 2050

Source: UN Population Division 2015.

In 2010, there was one pensioner per four working-age adults, whereas in 2025, according to the forecasts of the UN Population Division there will be less than three working-age adults per a pensioner in the developed countries, and there exist even more pessimistic forecasts (see Fig. 7). Who will fill the pension funds

in the future? Who will fulfill the social obligations with respect to hundreds of millions of elderly voters?

Here one should take into account that most pension funds are concentrated not in the state pension funds, but in thousands of private (non-state) pension funds (OECD 2014b) that rather actively search for the most secure and profitable investments. The amounts of money concentrated in pension and other funds are enormous: dozens trillion US dollars (see, e.g., Shtefan 2008; OECD 2014a; 2014b, 2015; see also Fig. 8).

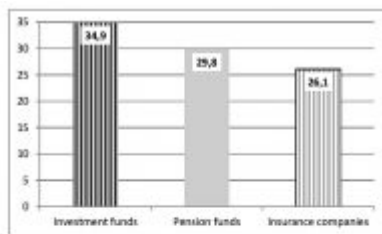


Fig. 8. Amounts of capital accumulated in the countries of OECD by 2013 by the main types of institutional investors (in trillions US Dollars)

Source: OECD 2014b: 7.

In 2012, the accumulations in pension funds of the OECD countries amounted 77.1 % of their GDP, but in 2013 this indicator grew to 84.2 % (OECD 2014b: 7).

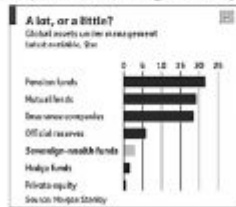


Fig. 9. Assets under management of various types of funds

Source: Economist 2008.

Meanwhile, in the developing countries we observe a huge number of young adults; and it is extremely difficult to provide all of them with jobs and education (see Fig. 10).

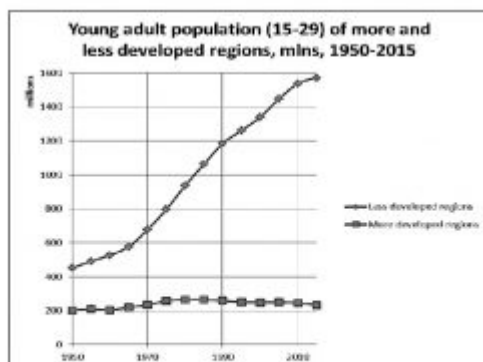


Fig. 10. Young population (aged 15-24 years old) of more and less developed regions, mins, 1950-2015

Source: UN Population Division 2015.

It is difficult or even impossible to solve this task without active integration of the peripheral economies into the World System economy as well as without diffusion of capitals and technologies from the World System core; in its turn, such integration cannot be achieved without the development of the world financial system.

The situation favors this in some respects because the number of pensioners in the developing countries is still relatively small, the social obligations with respect to them are relatively few, and only after a significant period of time the problem of the pensioners' support will become acute in those countries.

Consequently, the point is to involve pension and other social funds in boosting the developing countries' economies more actively. **[vi]** It will assist the latter to provide jobs and education for the young people at present and will multiply the funds in the future. In this case under certain agreements between developed and developing countries it will be possible to achieve a situation when the rising economies will allocate some assets to support the growing layer of older people in the West, the latter will act as a rentier in this case (recently Joseph Stiglitz has expressed similar ideas [Stiglitz 2015]).

Then, there will be no need in the direct migration of millions of young people from the Third World to the First one; thus, there could emerge a sort of solidarity between different generations of the global world. Of course, such a system will demand considerable measures with respect to security and reliability of such investments. But at the same time, it would provide a certain convergence of different countries' interests.

Thus, we may say that:

- The participation of pension and insurance funds in financial operations leads to the globalization of the social sphere.
- The countries poor in capital, but with large cohorts of young population, are involved more and more in a very important (though not quite apparent) process of supporting the elderly population in the West through the unification of the world financial system, its standardization, and the search for the ways to make it more fair and socially oriented.
- Modern financial assets and flows became global and international; a considerable amount of money circulates within this system (though, of course, not all its participants make equal profits).
- At the same time, one should realize that a considerable part of the circulating sums is the money from social funds (in particular from the pension ones) and their loss can lead to disasters with such consequences that are very difficult to predict.
- Safe management of the global capital (in addition to its obvious economic and social merits) assures the safe future for the elderly and those who needs social protection.
- Therefore, the problem of institutional support of financial globalization becomes more and more important.

Let us indicate some key points which clarify the opportunities and difficulties of the suggested scheme; besides, let us outline some of the most important institutional decisions which could help this scheme to function in practice.

*First.* The pension monies play a certain role in the financial system and depend on well-being and normal functioning of the latter. Money from pension funds is still one of the major systemic components of national and world financial systems. Actually, this means that these are just pension funds that remain one of the leading traders buying government bonds, and also actively buying shares and other securities at stock markets. While the conservative investment policy of

pension funds is quite reasonable in general, at the same time it makes them as well as many other subsystems of the financial system highly dependent on the manipulations of the Central Bank, rating agencies and other actors. Particularly, the income of pension funds has considerably decreased in recent years due to deflationary tendencies and low rates on the government debt securities (as the government pays low interests rates to pension funds on the most reliable debt bonds).

*Second.* Mounting crisis phenomena in financial system are able to radically undermine the well-being of pension funds. The latter have actively invested in securities; therefore, the cost of their assets largely depends on the price of securities. On the one hand, the governmental authorities and exchange players wish to manipulate this cost and its artificial high price (e.g., the so-called buyback transaction of the securities by firms), and on the other hand, in case of crisis the assets' slump can be quite serious. For example, while in 2007 the asset value of US pension funds amounted to 78.0 % of the American GDP, during the crisis in 2008 it dropped to 59.6 % of GDP. The situation returned to pre-crisis level only in 2013 (OECD 2015: Funded Pensions Indicators: Occupational pension funds' assets as a per cent of GDP); in other words, pension contributions have become entirely dependent on the economic situation. Therefore, we need some mechanisms of preserving accumulations, including the opportunity to lean on the world financial system.

*Third.* As we have said earlier, today the secure preservation of the value of accumulated funds depends on the speed of their circulation. However, finances do not exist by themselves, they can hardly break from the production base for a long time and has to rely on real production (the increasing separation of the financial system from production is one of the main problems of the current situation which is largely supported by the monetary doctrine). Thus, we face the necessity of driving the finances (and pension money) beyond national borders. Especially at present, since the production is rather actively moved to the developing countries. Therefore, no wonder that many pension funds invest into emerging markets to increase their income (OECD 2014a: 15). Only few funds do not invest in foreign assets, while some, on the contrary, invest a large amount of their capital abroad (*Ibid.*). Certainly, the foreign investments do not always imply investments into developing countries. Nevertheless, some investments are made, and thus, the proposed scheme already functions in a certain way. But we can face several serious problems.

First, this is most often 'short', in fact, speculative money, whereas generally

these are long-term investments that can serve a real source of economic development and income.

Second, this money is almost the first to leave the emerging markets because of their volatility (not least connected with the policy of FRS and ECB) and fully justified conservatism of pension funds; and this also increases the volatility.

Third, the emerging markets certainly offer less guarantees than the developed ones, and therefore, the cautiousness of the funds is fully justified.

Fourth. For an effective functioning of the proposed scheme some highlevel agreements are necessary. Here various forms could be used, for example, investment of money of pension funds in the assets of such largest international financial institutions, as the IMF, WB, ADB, etc. These investments would be non-voting, but the money would be much securer there, and special obligations could guarantee that these funds would be allocated to increase the level of education and qualification of young people in the developing countries.

It would be quite reasonable to develop some global organizations for the sake of cooperation between pension and other funds, as well as establishing common insurance funds that will make it possible to support countries in case of a crisis. One could establish an International Pension Fund or something of the kind which would realize financial transfers so that the assets of the 'older' population of some countries could help to raise the economy in the countries with 'young' population and to accumulate funds for donor countries for the future. Some specific arrangements between countries with certain guarantees for safety of funds would seem rather appropriate. In brief, there could be many options. But the main problem is that despite the fast population ageing, the versions of global solution for the problem are poorly considered.

The Russian philosopher, Alexander Zinoviev, deported to Germany in the 1970s, quite accurately described the Western society as a society of monetary totalitarianism (Zinoviev 2003) where the mechanism, realizing and preserving it, had reached enormous scales and had become one of the most important pillars of the society. This mechanism had formed in the period of the gold standard and after its cancellation the scale of financial economy had grown tremendously, having spread all over the world. In fact, a new huge sector of financial services has emerged which in some countries amounts to 25-30 % of their GDP. But the importance of this sector will increase in almost all countries, and will also involve their most important social functions.

Hence, the issue of the institutional support of the financial globalization becomes more and more important. We can speak about an extraordinary importance of the reliability and controllability of this system. Its changes should include the increasing coordination between governments and unified international legislation which regulates financial activities and movements. Besides, one should take into account that today the developed countries generally get more benefits from this system and constantly use it to solve their national issues (thus, affecting the whole world) and also they willingly use it as a means to impact other countries' economies.

We suppose that important guarantees for the future Western pensioners will consist in the development pattern of the global economy which should transform into a single organism. Thus, the global financial system would become strong but will be used neither to get the developing countries under control nor as a means to collapse the Third World countries' economies, nor as a means of unwarranted sanctions and suppression of societies and regimes which the West considers uneasy. There should occur some transformations in the global financial system that would take into account the growing economies' interests and thus allow the developing countries to more actively use the social funds accumulated by the West. And at the same time, this will prevent certain governments from expropriating the invested funds.

Actually, the world needs a new system of financial-economic regulation at the global scale.

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## NOTES

- [i]** More developed countries/regions according to the UN classification.
- [ii]** Within this approach every Kondratieff wave is associated with a certain leading sector (or leading sectors), technological system or technological style (see Korotayev and Grinin 2012; Perez 2002, 2010). For example, the third Kondratieff wave is sometimes characterized as 'the age of steel, electricity, and heavy engineering. The fourth wave takes in the age of oil, the automobile and

mass production. Finally, the current fifth wave is described as the age of information and telecommunications' (Papenhausen 2008: 789).

**[iii]** There are also researchers (Jotterand 2008) who consider GRAIN (Genomics, Robotics, Artificial Intelligence, Nanotechnology) to be the leading set of the technological directions in the future.

**[iv]** About the influence of ageing on growth rates see the papers of Goldstone and Park and Shin in this volume.

**[v]** Some studies find that health care costs of patients aged 75–84 years are almost twice as large as the costs of 65–74 years old patients; and the expenses on patients of the 85+ age group increase by more than three times in comparison with the latter (Alemayehu and Warner 2004; Fuchs 1998). The cost of home care and short-term stay in the hospital also to a large degree depends on the patients' age (Liang et al. 1996).

**[vi]** It is worth noting that they already participate in this process. Thus, in the large private retirement funds surveyed in 2014 by OECD staff, an average of 36.6 % of all capital were invested abroad (OECD 2014a: 15), whereas more than a half of the surveyed large pension funds invested a part of their capitals in developing economies (OECD 2014a: 13, 31, 43).

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