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SOCIO-ECONOMIC INEQUALITIES AND THE DIVERSITY OF SOCIAL FEARS CAPITALISM UNDER QUESTIONS?

Radu GHEORGHE, Lecturer PhD

Athenaeum University, Bucharest, Romania

radu.gheorghe@univath.ro

Abstract: *Many results of the Edelman Trust Barometer recalled into question the hypothesis launched by Immanuel Wallerstein in the early twentieth century, that we are already entered in a “period of chaotic transformation of the world system of we are part”, the result being unpredictable (Wallerstein, 2005: 78). According to the Barometer, beyond the presence of a strong global economy and a very low level of unemployment, the people who works in highly developed countries no longer trust institutions. According to the data, even in such favorable living circumstances, they see the future more uncertain than ever, about 56% appreciating that “the current form of capitalism does more harm than good” and that is time has come to make a very serious analysis. The new discoveries in the field of technology, the impact of digital transformations, the climatic changes, the globalization, the migration and the aging process of the population there are factors that contribute to the support of a growing range of social fears. Given the fact that only 18% of respondents believe that the capitalist system works in the public benefit, 34% appreciate that it no longer inspires security, and 48% consider it already failed, we are witnessing of the birth of a new paradigm, who will put pressure on the delegitimization of the current world system? If so, how prepared are we? Who will be the main actors of this change? What will be the consequences? This article will not attempt to answer to such complex questions. It will present only a description of the main trends, an exposition of an arithmetic that is already working in the antechamber of these possible huge changes.*

Keywords: *automation, capitalism, competence, ethics, fake news, immigration, inequality, informed public, mass-population, public benefit, recession, trust,*

JEL Classification: *A14, I32, P19, Z10*

1. General context

Although the issue of unequal distribution of wealth in society is not new, the thematic field of social inequality has begun of becoming over the past few years an increasingly frequented arena by the most field's representative specialists. A fundamental premise for social stratification, the inequality has been in the epicenter of the debates or on the agenda of the most important international conferences or forums.

How normal is it for the wealth to be unequal distributed? How normal is it for some people of being much richer than others? What are the limits of inequality? But the individual and social borders of tolerance? How is this viewed from within companies? What is today the destructive potential of inequalities? And if so, is there an effective solution to the problem of unequal distribution of wealth?

In *"The Great Leveler: Violence and the History of Inequality from the Stone Age to the Twenty-First Century,"* Walter Scheidel, professor at Stanford University, has identified four ways of reducing the inequality: the mass mobilization warfare, the transformative revolutions, the state collapse and the pandemics. They are the "four horsemen of the apocalypse," as Scheidel calls them in his book. According to him, in most of the cases solutions can come on their own, without being analyzed for a long time. As meaning that history provides enough examples to show us that the "four horsemen of the apocalypse" have proved much more effective in reducing inequality than any other more peaceful endeavor (improving education, overcoming economic or financial crises, etc.).

Scheidel asserts that he current levels of inequality are not unprecedented. But their current texture has the potential of becoming much more extreme in the coming years fueled by the emergence of new technologies, the spread of automation, globalization, migration and population aging.

Although all of them are factors that work hard of fueling a potential amplitude, providing it the necessary fuel, not the very high values of inequality should worry us, but rather the fact that the maximum of the tolerance's limit of the society is not yet known when this grows.

It is the lack of scientific knowledge of this limit that represents a great vulnerability for humanity, which may have been at one step away from a hypothetical disaster a long time ago without of knowing it. From this perspective in the Stanford's professor vision, the future seems uncertain and unpredictable, with shades describing both, hope and threats.

Scheidel goes even further and launches gloomy predictions about historical perspective of the human condition: if genetics will allow to the rich people the liberty of ordering that the own newborn babies to be endowed

with some characteristics, we will be witness of emerging a new class: “The Supermen.”

Scheidel’s perspective does not deviate too much from the position of many researchers who do not see anything wrong for now. They assert that within functional system of the capitalism there are not visible signs of a possible paradigm shift: the analyzes which warn about ending of capitalism are wrong, the current modern world system is not in crisis, the crisis is rather caused by the expansion of its borders within perimeters of social life that were not traditionally intended for trade. According to them, the current capitalist system is constantly expanding, covering geographical regions or some aspects of social life where it has built new markets, something unthinkable years ago.

Moreover, thanks to technological developments but also of globalizing, new markets have been created, the private sector “desecrating” some parts of an ensemble considered until recently to belong only to the functional structures of extended families: childcare, eldercare, food preparation, home delivering food, shopping, dog-walking etc. All of that was related to the precise functions of family members.

This continuous expansion of capitalism rather calls into question the survival of the family and its roles, say supporters of the current world system.

And this is thanks to the gradual disappearance of non-commercial activities (division of tasks in raising children) which were essentials until recently for the functioning of a family. Situation already reflected in the large number of single-member households or people who never lived in a partnership or who simply have never been married (in the northern European countries about 30% -40% of households have only one person, in the Copenhagen in 2020 almost 45%, according to Eurostat)

Beyond all, they argue, we can’t debate about the collapse of capitalism as long as geographically the capitalism is the dominant mode of globally production. (According to data in 2019 the share of the private sector in Gross Domestic Product in Romania was about 80%).

2. “Capitalism under questions?”

Beyond the debate around the transformations of the current world system, the results of the Edelman 2020 Trust Barometer come of drawing attention to issues that will certainly be the raw material for many analyzes in the future:

- It is first time in the last twenty years of measurements when economic growth has not led of increasing trust;
- Although significant increases in trust have been observed in the Middle East or Asia, whitin the developed countries of the world, national income inequality was one much more important factor at the beginning

of 2020: for most populations, rising inequality is a factor that currently influences social life to a greater extent than economic growth.

The root of this gnoseological reset seems of extracting its fuel from the ever-increasing pressure that presses on the shoulders of a world whose fears can no longer be mitigate by the implementation of the current system of social and economic policies.

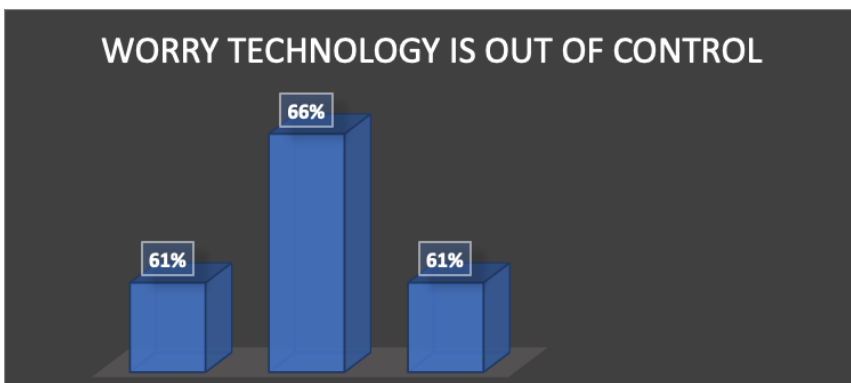
83% of the employees have fears they will lose their jobs, the causes being multiple:

- High dynamics of automation,
- A possible entry of the global world into recession,
- Inadequate professional training,
- Cheap foreign competition,
- Immigration,
- Economy based rather on temporary employment contracts.

There is a genuine concern that erodes social balance while perception that the dynamics of technological change is already out of control further amplifies the fear and uncertainty:

- 61% of respondents consider much too fast the pace of technological change,
- 66% of them expressed concern that it will be increasingly difficult of distinguishing if what they see or hear is real (technology will make it impossible to know if what people are seeing or hearing is real),
- 61% appreciate that in current form governments do not understand emerging technologies enough to regulate them effectively.

Figure 1: Worry technology is out of control



Source: Edelman trust barometer 2020

This explains why in 26 countries trust in the role and importance of technological developments in the social life decreased by an annual average of 4% (the most significant decreases were observed in France - 10%, Canada, Italy, Russia, Singapore - 8%, USA - 7%, Australia - 6%).

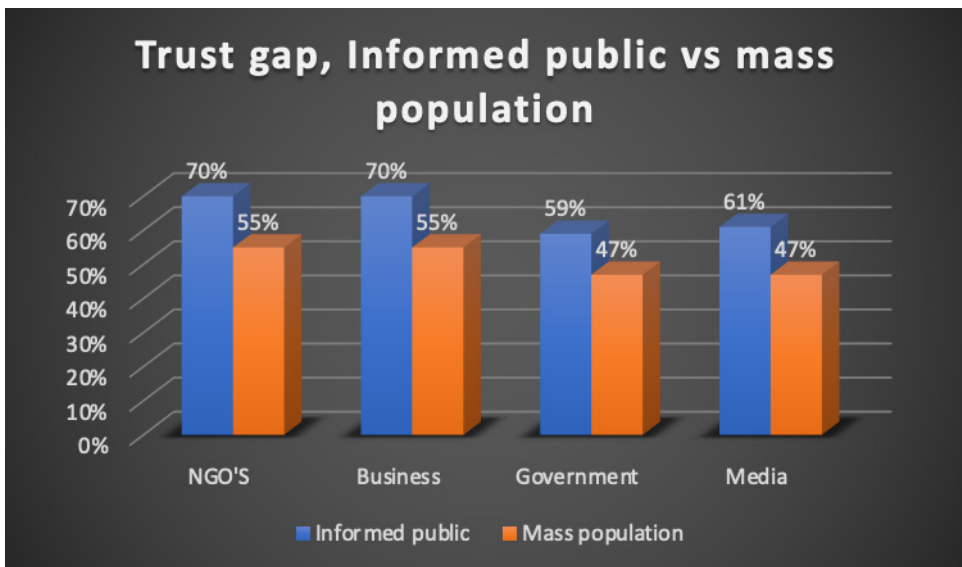
The spirit of this state is further vitaminized by the belief that:

- The global world is helplessly witnessing the demolition of some myths created just by the current world system (“sustained work leads to social ascension”);
- Because of excessive social polarization and growing inequalities, people will lose the respect and the dignity they enjoyed in their countries.

The results of the Barometer also warn of some issues that are really putting pressure on the current global system:

- There is an unprecedented fragmentation of trust, the global gap between the informed public (65%) and the large mass of the population (51%) is huge - 14% (see Figure no.2);
 - Huge discrepancies are founding in 23 of the 28 countries investigated (Australia - 23%, France - 21%, Saudi Arabia - 21%, Germany - 20%, Great Britain - 18%, Spain - 17%);

Figure 2: Trust gap, informed public vs. mass population



Source: Edelman trust barometer 2020

- b) Only 34% of those surveyed are still confident that the leadership in their countries will be able to successfully address the changes of the modern world;

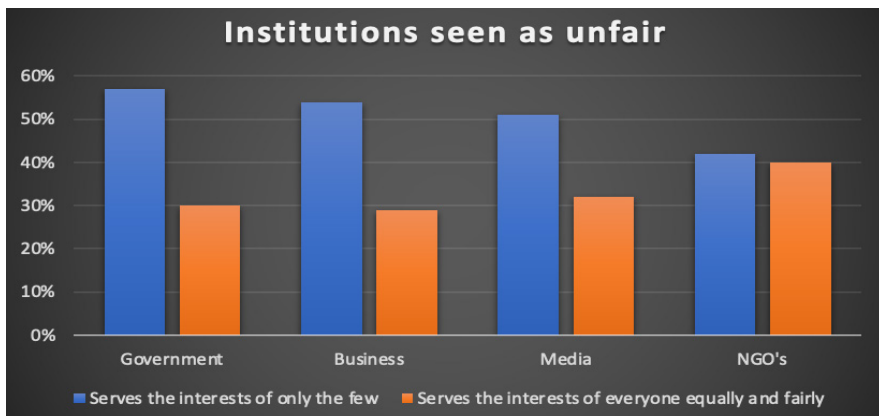
Figure 3: Societal leaders not trusted to address challenges



Source: Edelman trust barometer 2020

- c) At the beginning of 2020, none of the four institutions was confidently invested of generating a vision for the future (government 35%, media 35%, business 41%, NGOs 45%);
 - All four institutions are currently perceived as unfair by society; according the public opinion they generally serve the interests of the few (government - 57%, business - 54%, media - 51%, NGOs - 42% / see Figure 3);

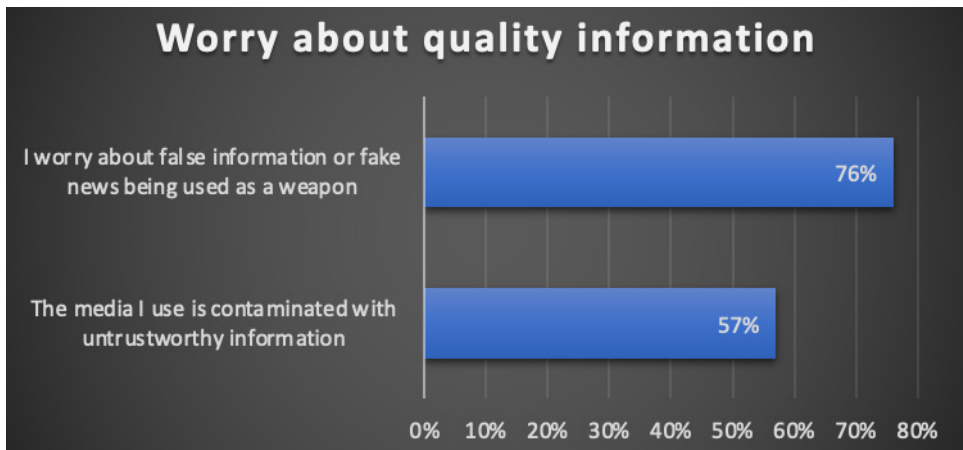
Figure 4: Institutions seen as unfair



Source: Edelman trust barometer 2020

- d) This distrust swims in the murky waters of a perception about media, viewed as incompetent and unethical: 57% of respondents appreciate that media does not use the criterion of objectivity (does not distinguish between opinions and facts), while 76% of them fear that “the fake news phenomenon will be used as a weapon in the future.”

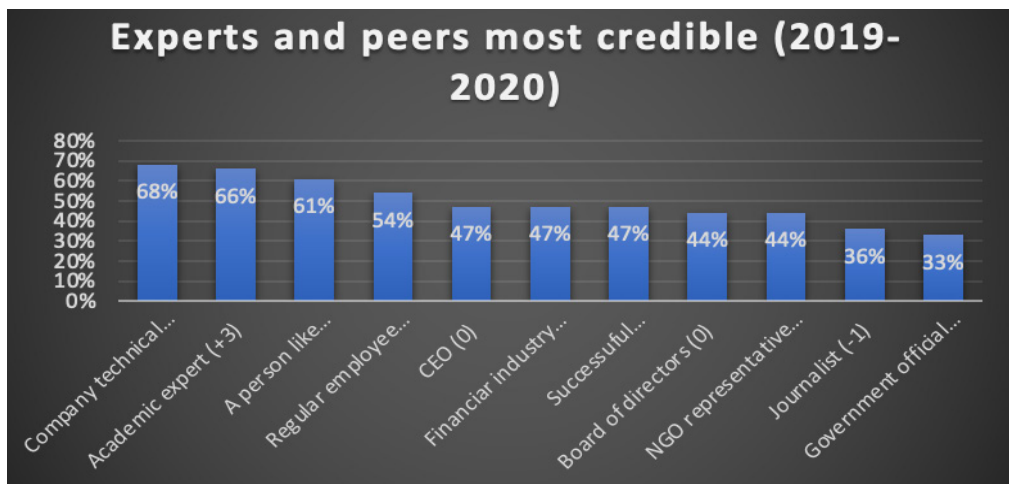
Figure 5: Worry about quality information



Source: Edelman trust barometer 2020

- e) At the beginning of 2020 trust was granted rather to scientists or to ordinary people of the community where they living and work;

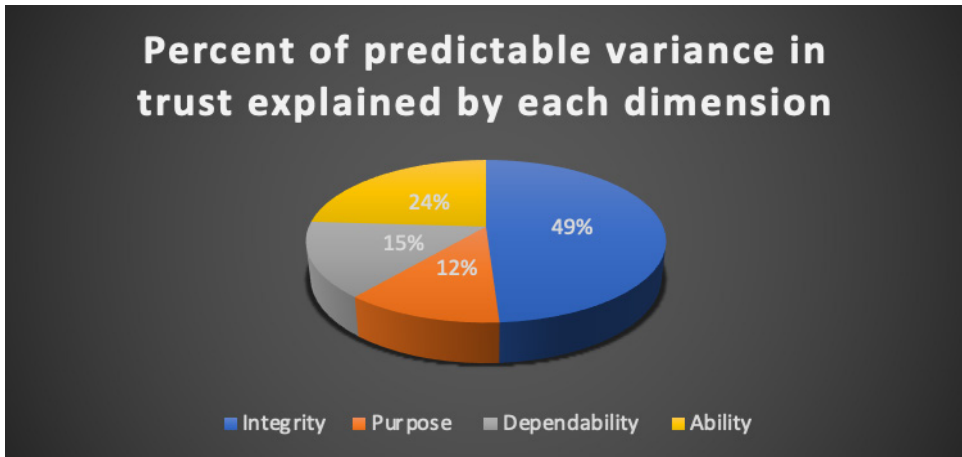
Figure 6: Experts and peers most credible (2019-2020)



Source: Edelman trust barometer 2020

- f) All of these, like many other deep concerns, has led over the time to structure an expectation whose composition contains a large dose of elements of an ethical nature: for properly functioning of any company the ethical factors (76%) are currently three times more important than competence (see Figure 6)

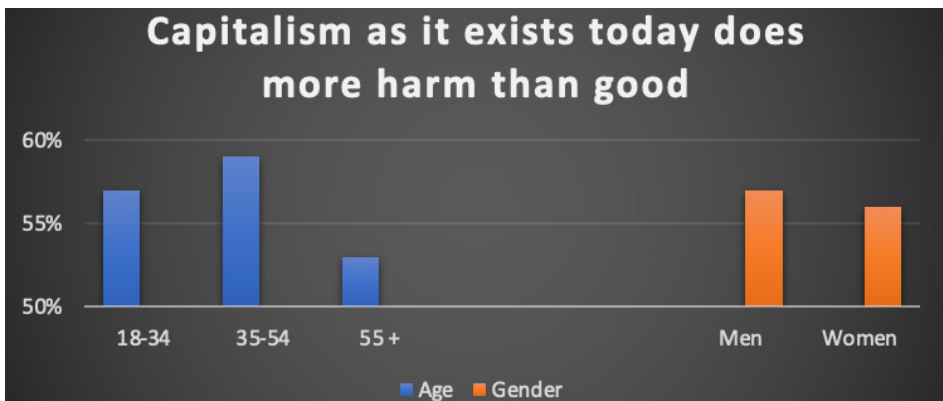
Figure 7: Percent of predictable variance in trust



Source: Edelman trust barometer 2020

- g) Practily, the wide range of concerns doubled by the decreased in institutional trust and by increased of inequalities, have led that about 56% of the surveyed population to appreciate that in currently form, the capitalism does more harm than good (see Figure 7);

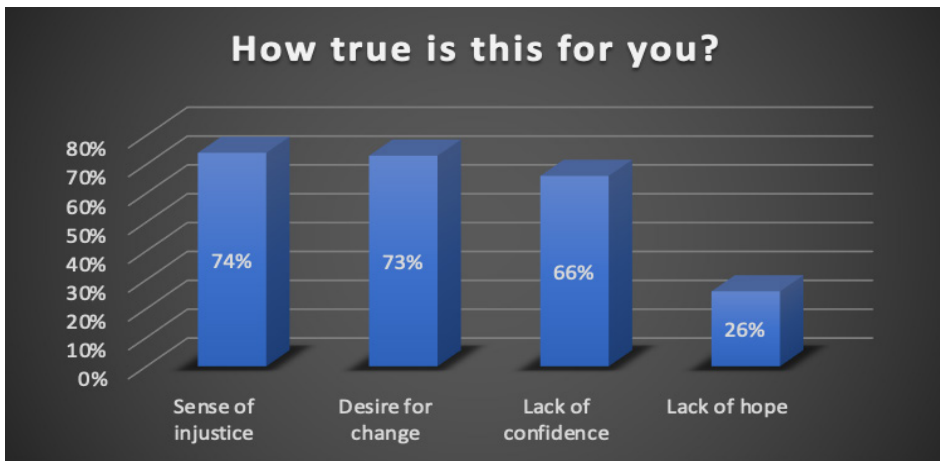
Figure 8: Capitalism as it exists today does more harm than good



Source: Edelman trust barometer 2020

But what’s interesting is that in highly developed European countries (some of which the cradle of the current capitalist system), pressure of changing the functional mechanisms of the capitalism is huge (France - 69%, Italy - 61%, Spain - 60%, the Netherlands - 59 %, Ireland - 57%, Germany - 55%, Great Britain - 53%). The figure below is relevant of describing the mood of population, but also the key of interpreting the moral texture of the global world: 74% experience a strong feeling of injustice, 73% want a profound change in the way of the world goes, 66% do not trust at all, 26% do not have any hope.

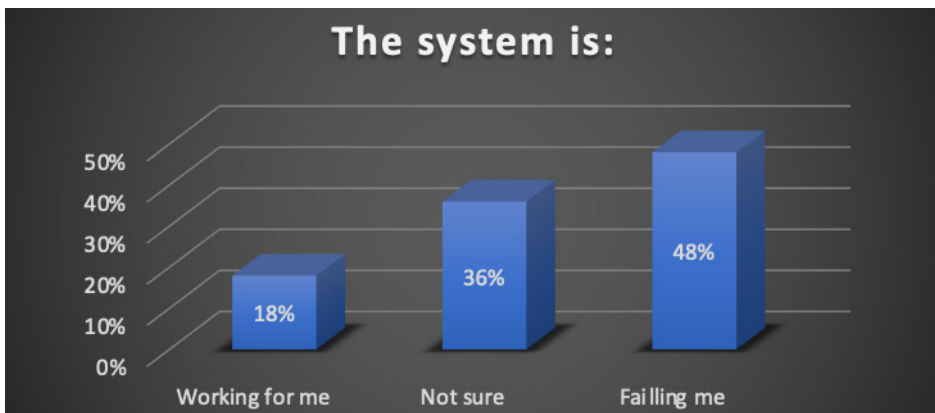
Figure 9: How true is this for you?



Source: Edelman trust barometer 2020

Only 18% still believe that the current system serves their interests, while 48% appreciate that it rather forces them to fail (36% believe that the current capitalist system is no longer safe).

Figure 10: The system is:

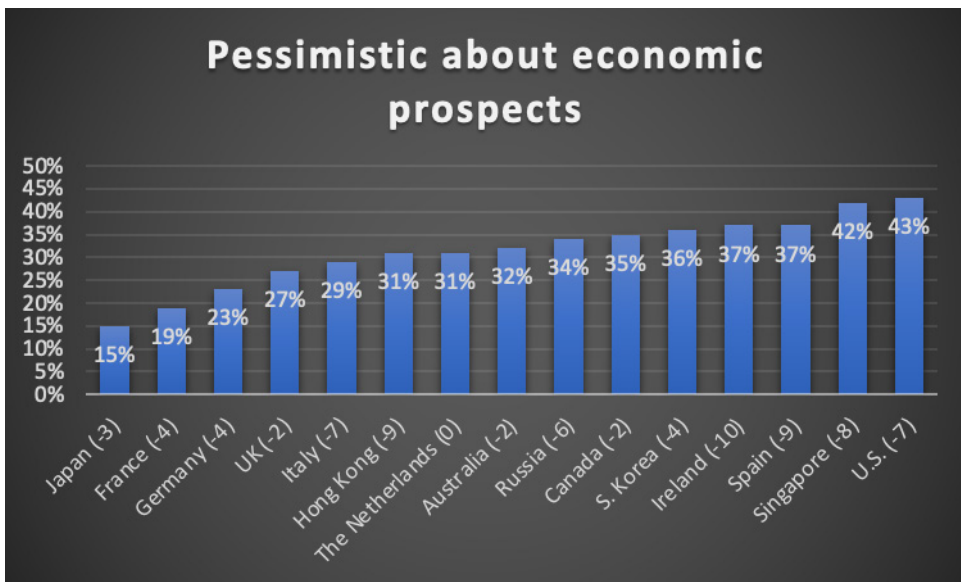


Source: Edelman trust barometer 2020

The pessimism that in the next five years their life or of their families will be better is already installed inside of the thinking paradigm of the majority of the populations questioned (15 of the 28 states studied):

- Only 19% of the French, 23% of the Germans, 27% of the British, 29% of the Italians, 31% of the Dutch, 37% of the Irish and the Spanish are expecting of having a better situation in next five years (see Figure 10).

Figure 11: Pessimistic about economic prospect



Source: Edelman trust barometer 2020

3. Conclusions

- The majority of questioned people appreciate that time given to the current world system for systemic remodeling, which could generate new mechanisms of working for the public benefit has expired.
- Disappointed by their own governments (considered populist and partisan), the most employees appreciate that is necessary of some changing even within business paradigm.
- Business can no longer works in the traditional key, of having only purpose: the profit for shareholders.
- It is proposed to maintain a balance between profit and contribution of supporting the sustainable development, this involving at least three actors: companies, NGOs and authorities.

- According to data the business environment has become the institution with the highest level of trust (58%), being currently able of taking the role of “leadership in global governance”.
- The leaders are expected of emerging from the CEO pool area (92% of employees believe that the current world issues should be handled openly by CEOs, and 75% of the population believe that they should take over the changing process without of waiting some changing from governments).
- The new paradigm emphasizes that expectations of the people have changed, people started of giving trust basing not only on competence (“what do you”) but also based on ethical behavior (“how do you do”).
- The two variables (ethics and competence) are not present simultaneously in any of the four institutions questioned (government, media, business environment, NGOs):
 - Only the business environment is seen as competent (business doing best at: generating value for owners 56%, being the engine for innovation - 51%, driving economic prosperity - 50%);
 - Only NGOs are seen as ethical (NGOs doing best at: protecting environment - 48%, civil and human rights - 47%, poverty, illiteracy, disease - 45%).
- Beyond the low score of trust in governments, for a sustainable development it is also necessary the presence of the public authorities and their involving in relationship with business companies and NGOs.

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