ECONOMIC DECLINE, FINANCIAL STABILITY, AND POLITICAL TURMOIL

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In the last three years, measured by quarters, the United States has had a declining economic growth rate with 3.8% in the first quarter of 2018 and -31.4% in the second quarter of 2020. This downward growth results in US GDP in constant values being similar in September 2020 to June 2019. On the contrary, the Standard and Poor's index of the New York Stock Exchange between January 2018 and December 2020 rose from 2,886 points to 3,756 points due to the evident absolute divorce between the real economy and the dynamics of the stock markets. Simultaneously, companies listed on the New York Stock Exchange distribute dividends with money borrowed at zero rates, which induces investors to return to the stock markets more forcefully even though the reality is elsewhere. The divorce between the real economy and the financial economy began when regulators liberalised the exchange markets in 1973. Further deregulation accentuated from 1994 on, when hedge funds began operating with the Black and Scholes' model and the new "options" instruments, allowing for the purchase or sale of shares or commodities in the future at a price set today.

What is new about the first week of January 2021 is that the relationship between politics and rational expectations on stock exchanges broke. The National Mall's aggressive invasion in Washington DC by Republican fanatics on January 6 was an organised, coordinated, pre-directed political activity. Republicans from all over the country arrived in Washington to storm the Capitol, some armed to the teeth, many with military experience, even in uniform. The aim was to take physical control of the Capitol, stage a coup d'état to hand over renewed power to the outgoing president.

A nervous backlash in the stock markets was predictable, and that the indexes would retract significantly owing to an increase in the national political risk. However, it did not occur amid the uncertainty of Trump's future and the expression of the crisis of democracy in the United States.

Everything points to the fact that, in the third decade of the 21st century, political unpredictability is no longer synonymous with economic or financial instability, contrary to previous epochal crises. If we look at the South American protests in the latter part of the year 2020, they were paradoxically all accompanied by a revaluation of the countries' currencies. (Colombia, Peru, and Chile)

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The explanation for southern countries is that the dollar's devaluation due to the massive injection of this currency by the FED has a more significant economic impact than political vulnerability. US investment bankers perceive the January 6 revolt as much ado about nothing without any long-run consequences. The horizon that a new stage may be setting for extremist forces to destabilise the new Democratic government for the next four years does not seem to exist.

The size of the economic downfall and the protests with no margin of any kind between economic contractions and social radicality appears to be on the same wavelength. The riots militant nature speaks of social saturation and pressure built up since before the pandemic in a long list of countries beyond Latin America. Economic and job uncertainty, coupled with precarious health and social conditions and low incomes in countries with no betterment expectations, resulted in significant revolts. The newest and most virulent has been the seizure of the Capitol in Washington. With low growth and a substantial rebound, it is an expression of a poor and precarious population that feels robbed of its income and an election result, believing there is a better future with its leader; a cheat, and a liar. The rampage witnessed in Washington is unique in that none of the revolts seen in South America were armed.

The COVID 19 crisis unmask more those without formal employment who must take to the streets to earn their living. The restoration of production and the links to new global value chains help revamp economic indicators and possibly improve the third sector's income. Contrarily, mortality in this sector will continue to be high, and infections will continue to disperse as long as the vaccine is not mass-produced. It will take time because existing factories cannot supply at least 7.5 billion vaccines for the whole of humanity quickly. It would depend upon new manufacturing plants and massive refrigerated distribution mechanisms

Unpretenciously, one comes out of the crunch with new economic theories contrasting from those that induced them. The predicament that began in 2007/08 hit rock bottom in 2020. This time China is the only successful economic performer together with its Asian neighbours. As long as the clout of economic thought (magazines and Nobel prizes) rests centred on the Anglo-Saxon binomial, there will not be much room for renewal in the West. All points to a resurgence from outside the Anglo-Saxon sphere and the West, as economic dynamics and exciting cinema show.