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## The new zeitgeist: restoring the global order

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We are living on thin ice – due to global crises and especially Russian President Vladimir Putin's war of aggression against Ukraine. Many things are in question. A new era, a new spirit of the times, is emerging because the barrel has overflowed. Significant changes are the result. There are major challenges with risks, but nevertheless a lot of positive potential.

Acknowledging the zeitgeist is elementary because those who use the flywheel of the zeitgeist – always an essential aspect of the mechanisms for sustainable success – are naturally more successful.

When something no longer fits the times, whether in terms of thinking, behaviour, procedures, structures, systems, technologies – it loses acceptance, gets a strong headwind. But what fits the times will develop inexorably and enjoy a strong tailwind.

In the first global crises of our young 21st century – from the financial crisis, to the climate crisis to the COVID-19 pandemic – we have spoken of worldwide disruptions. They have shaken established structures and orders: the financial and economic systems and the globalised supply chains. Globalisation has revealed its fragility and weakness at the knees. And they have shown that we do not have a Plan B.

But now we are dealing with a conflict that dwarfs what has come before: Putin's war

against Ukraine is an attack on our enlightened world. If we do not react properly now, the law of the strongest will soon prevail. A global struggle for the supremacy of 21st-century political systems is looming. A fundamental rethink is needed in dealing with despots and autocracies.

Other challenges have accompanied us for a long time – and our becoming accustomed to them has dulled our intent to change anything. For instance, the exorbitant increase in the debt of many countries, including in the eurozone, and the gigantic increase in the money supply by the ECB, which, along with crisis-related inflation, is the real core problem of our inflation.



**A global struggle for the supremacy of 21st-century political systems is looming**

Capitalism also requires reform because the benefits of the productivity increases of the past decades hardly reach the less well-off 60 per cent of the population. Socially, this is a ticking time bomb.

**A conflict that upsets the status quo**

According to statements by former chancellor Angela Merkel last month, Putin hates the Western model of democracy



Firefighters inspecting a damaged building following a Russian airstrike in the city of Vinnytsia, west-central Ukraine, last Thursday. PHOTO: SERGEI SUPINSKY/AFP

and wants to destroy the EU. Putin declared that, like Peter the Great, he wants to “take back Russian soil”. The concerns of other people are negligible to him, he knows no morals; for him, the end justifies any means.

Putin is not only waging a war of aggression, in violation of international law against all of Russia's promises of 1994 regarding Ukraine's sovereignty due to its renunciation of nuclear weapons – with his attack, he has forcibly changed the status quo of geopolitics. Single-handedly, Putin has set the world back politically by almost a century.

Putin's war against Ukraine is an attack against established orders, civilised cooperation, predictability and reliability in politics, economics and international diplomacy. It is also an attack on human dignity, freedom, the law of war and, above all, democracy and modern civilisation.

By now, at the very least, it should be clear to most people that human life counts for as little as the sovereignty of states or treaties and pledges to Putin and his regime. They distort facts, feed their people and the world with mendacious propaganda and do not shy away from blackmailing entire states and peoples.

### Battle of political systems

It is precisely those governments that, like Putin, think little of democracy that are supporting him. This shows the polarisation that the conflict leads to: either a government tolerates attacks, barbaric bloodshed and destruction, or it doesn't.

Among democracies based on the rule of law, Putin's Russia has now irrevocably gambled away all trust and respect.

Moreover, Putin has achieved the opposite of what he expected and wanted at breathtaking speed through the rapid rethinking and pulling together of the alliance of the West, the EU and G7 countries with their historically unprecedented sanctions against Russia, the support of Ukraine, the accession of the neutral countries Finland and Sweden to NATO and the EU candidate status of Ukraine and Moldova. Putin has thus already suffered a kind of defeat unparalleled in history.

As things stand, however, China could also manoeuvre itself into the sidelines: it is acting questionably on environmental protection, human rights, intellectual property, fairness and competitive conditions. And despite the drama of the Ukraine war,

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## CLASSIFIED INSIGHT

# A rethinking of business strategies

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Chinese Defence Minister Wei Fenghe warned his American counterpart, Lloyd J. Austin, last month: "If anyone dares to split Taiwan from China, the Chinese army will definitely not hesitate to start a war, no matter the cost".

The highly developed industrial state of Taiwan in particular is thus another factor of insecurity for peace in the world, not least because of its dominance in global chip production.

The prime minister of traditionally pacifist Japan, Fumio Kishida, announced a change in foreign policy in June: Japan wanted to strengthen its security after all because "East Asia could be the Ukraine of tomorrow".

As a first position correction, the US is considering a departure from the idea of global free trade and new priority alliances. US President Joe Biden presented concrete concepts in May and June, such as the Indo-Pacific Economic Framework (IPEF) and the Partners in the Blue Pacific (PBP). Countries such as Brunei, Japan, Australia, South Korea, Japan, New Zealand and Great Britain are involved.

The US is also working to form a democratic alliance in the Americas against the autocratic threat.

## Defensible democracy – and defensible order

Suddenly, the big question of reviving a defensible democracy is no

longer the only one looming over everything; it is time to think a step further and also to put the question of a defensible order at the centre. Never again do the shapers of the free world and its prosperity want to watch helplessly as a single dictator arbitrarily unhinges the order.

Putin has so far led the West on a tight rein, be it over energy or food, and he relies on fear. Because of his constant threats with the nuclear bomb, the West does not defend itself rigorously enough. Yet, Putin knows that a nuclear strike would trigger an immediate nuclear backlash against his country and isolate him internationally because all state leaders, including those in China and India, know: for their economic and power structures not to collapse, they need a functioning US and EU, a halfway functioning world economy and a halfway functioning trade including stock exchanges.

In this respect, nuclear war remains highly unlikely, as it was during the Cold War, but the threat of it works – unfortunately.

## Deglobalisation

The new zeitgeist will also promote the rapid defusing of economically risky dependencies. The consequence: a massive trend towards deglobalisation.

The return of factories and entire industrial segments from China to neighbouring countries, or the home country, is already under way. Besides this 'near-shoring' and 're-shoring', it is about 'friend-shoring' and value partnerships,

that is, building strategic trade with countries that are considered friendly and reliable. And that is just the beginning of this transformation.

Paradoxically, China itself is accelerating deglobalisation. Because as a result of the sanctions and punitive tariffs imposed by the US under former president Donald Trump, China decided in October 2020, as a main objective of the 14th Five-Year Plan (2021-2025), to make a U-turn on the "reform and opening-up strategy" that had prevailed for four decades: it wants to become self-reliant.



## New rules of the game are needed

The supply chain problems, Russia sanctions and possibly even concerns about widespread claims for damages due to a lack of early transparency in the COVID-19 pandemic might encourage the Chinese to accelerate the implementation of this plan.

Of course, deglobalisation will fuel inflation, as productivity and price will no longer be dominant criteria. Clearly, security of supply, sustainability and geopolitical sentiment will be the key considerations in the choice and organisation of sourcing, location and supply chains.

Even if some corporations are preparing for two supply chain circuits and China's President Xi

Jinping is also talking about this – one for China's national economic cycle and one for the international world – modern, open-minded companies will have to commit to cultivated standards to avoid being left behind internationally.

A new zeitgeist therefore means: the movers and shakers of the free world must secure themselves and their nations against global disruptions and aggressors. Unfortunately, totalitarian systems cannot be changed through diplomacy or the principle of 'change through trade', or hope for insight and reason.

The 'never ever again' of 1945 is now also a 'never ever again' of 2022. New, effective rules of the game are needed to restore and secure order. This applies to all global crises, including the coronavirus pandemic, climate, supply chains and the highly problematic war on the internet.

Decisions of the G7 Summit in June in Germany were already under these auspices, such as stabilising the global economy and energy supply, a level playing field, strengthening human rights online and offline, combating disinformation, mobilising \$600 billion to strengthen cooperation for a just energy transition with India, Indonesia, Vietnam and Senegal.

## A new World Order

With its 'never ever again', the new zeitgeist aims at a robust order, as well as at the defensibility of the order – where necessary also by the rule of law and militarily – and this, if possible, in a worldwide mode.

Ultimately, this means recognising that the idea of a world community exists. This has already been slightly prepared for the challenges of climate change, because by now it has been widely understood that climate change does not stop at national borders.

The next logical step would be to agree that those who engage in behaviour that is harmful to the community, from war to deforestation, must bear the corresponding consequences. Ultimately, this should lead to a kind of world court, even if it is still a very long way, and a great struggle to get there.

Of course, not everyone should be able to escape it at will, and vetoes have no place there. Such a world court must be able to define, according to certain standards, what constitutes behaviour that is harmful to the community. In the case of misconduct, it has to impose punishable measures, and in the interest of the world community, enforce the restoration and maintenance of order with effective means and structures.

## In what order do people want to live?

The new zeitgeist ultimately poses the big question to all peoples: what

form of state do they want to live in? Is it the order of the strongest? Or should the economy and the financial world take over? With or without orientation towards human dignity and human rights and modern values?

Democracy is not simply a beautiful system of government, but a form of government that best suits the human being, provided it is managed well. There is no alternative to democracy for the preservation of freedom, equal opportunities and human rights.

Yes, it is easy to say from Europe: the Russian or Chinese people have a choice. Certainly, these regimes have largely cut off the people from factual information. China recently declared access to the internet via satellites a state threat. Clearly, because objective knowledge could endanger their power.

Nevertheless, in order for despots and autocracies to be able to act inhumanly, they need a people that allows itself to be manipulated and oppressed.

Precisely because lying propaganda inevitably always entangles itself in logical contradictions, it is surprising that this is not questioned more intensively and that a majority apparently finds this way of being governed acceptable or does not at least offer more passive resistance.

## Courage for democracy and order

The new zeitgeist points in one direction: besides a defensible democracy, there is also a need for a defensible order. Offenders must be rigorously excluded from the modern, democratic world community. Risky dependencies must be reduced quickly. And we need a Plan B for everything.

With courage and perseverance, we should consistently follow this path that the new zeitgeist offers us. Because by now it should be clear to everyone: further lazy compromises will only lead us to the next abyss.

As challenging as the times are now, an actual 'never ever again' offers enormous opportunities for our world: more stability and peace, but also freedom and prosperity for millions more of our fellow human beings and the safeguarding of our achievements. However, the new zeitgeist also requires a rethinking of business strategies.

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