

# Recession and unrest: Cauldron may not boil over

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**N**O SOONER had the economic crisis emerged before security agencies began worrying about its implications for social stability. This tells us more about their crisis of confidence than inherent tendencies. The recession will not necessarily lead to social problems.

It is striking how swiftly the world moved into recession and how unexpected this was. On June 20, 2007, the then British Chancellor of the Exchequer congratulated the City of London for creating "an era that history will record as the beginning of a new golden age for the City".

The US sub-prime mortgage crisis emerged a month later. By September, Britain's Northern Rock Bank was seeking support from the Bank of England. But even at that stage, many considered the crisis to be specific rather than systemic. On Aug 13 last year, the Bank of England governor Mervyn King announced: "The central projection is one of a broadly flat output over the next year."

Events then accelerated from September last year, with the bankruptcy of Lehman Brothers. Only one month later, a major British policing agency was asking: "How will crime against business and industry change in an economic downturn?"

This suggests the discussion on the implications of the recession for social cohesion has been driven more by speculative concerns than evident trends. That is not surprising as the current period is marked more by elite insecurity than inherent social instability.

Some commentators have suggested the recession may be a good thing. These romanticise a supposed spirit of community they believe will emerge from an enforced curb on consumption.

One should be wary of talking up the crisis in this fashion, as the British shadow health secretary has discovered. He was chastised for suggesting the recession would be good for families since it would prevent people from buying cigarettes and alcohol. The masses may not be revolting, but they are not stupid either. They are quite capable of noting that a recession is nothing to celebrate.

At the opposite end of the spectrum, some have worried that the crisis will lead to social unrest. These overestimate the inevitability of social instability and underestimate its requisite political drivers.

Compared to previous recessions, the worldwide working class has never been so disconnected and disorganised. In the 1960s and 1970s, leaders across the globe faced the twin threats of the organised labour movement within their borders and the alternative of communism without. These elements disintegrated in the 1980s and 1990s, leaving behind an atomised and disillusioned workforce.

Of course, atomisation breeds alienation with a concomitant and occasional lashing out against the system. But this is sporadic and exceptional, rather than generic and protracted.

The concerns of the elites therefore have more to do with their sense of isolation and insecurity than any conscious

or organised threat. Indeed, most world leaders do not even face a serious challenge from within their own ranks, let alone one from outside.

The most vocal have been the disgruntled middle classes, and their supporters in the media. Of course, since the French revolution, it has been the historic role of the middle class to co-opt the lower orders in their struggles only to turn against them at the last moment. But the absence of any oppositional ideology today suggests this to be extremely unlikely.

Crime, of course, is a separate matter from social unrest. One might expect social hardship to lead to some increase in particular types of criminality. Illegal immigration and insurance scams may also increase, as could covering up errors for fear of losing one's job. But some crimes, such as metal theft in a period of diminishing demand, may decrease.

The important thing to note is that these are individual responses rather than organised ones. It is the worrying about, and talking up of, the possibility of crime that may encourage it.

Blaming bankers for causing all these problems is also unproductive. This ignores the responsibility of governments in encouraging their activities.

Oddly, it may be the absence of resistance that has allowed political leaders to avoid the hard intellectual and managerial tasks required of them, such as allowing banks to fail and curbing spending. This suggests we face a political, as well as an economic crisis.

It is clear that many have still to appreciate the true severity and longevity of the problems that confront them. Even when the recession recedes, deeper structural problems will still need to be addressed, as will the lack of the requisite leadership and vision to do this.

The emphasis now on promoting "green" solutions reflects the low horizons that preceded the crisis. "Green" jobs are unlikely to be well-paid or productive. A campaign to encourage everybody to switch to energy-efficient light bulbs is not the same as investing in the research and production facilities required to develop and produce energy-efficient solutions. "Sustainable" growth is code for "low" or "no" growth.

Finally, for all the talk of pump-priming, that is easier said than done in economies where state-spending already accounts for 40 per cent to 50 per cent of total expenditure. State cuts are more likely to be required. These are unlikely to be popular, but they may not be rejected either.

Many of the measures introduced so far to address the crisis will simply convert the current private debt crisis into a future public one. What may be most important for the elites to do at this time would be to engage the public in an open dialogue as to what should come next.

The crisis will not automatically lead to class conflict or social unrest, but neither will it be good for communities and the environment. A genuine engagement with the public about future possibilities may serve to offset the pain of the necessary cuts that lie ahead.

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**A protestor in Zurich on May 1. The crisis will not automatically lead to class conflict or social unrest, but neither will it be good for communities and the environment.** PHOTO: REUTERS