CHAPTER 5

The Crisis and Aftermath-II: Society and Economics

Abstract  This chapter mentions some other groundbreaking innovations and technological improvements that came along after the crisis. The recent attempts at creating digital currencies, famously known as cryptocurrencies, and their corresponding platform blockchain were some of these. How and why did they emerge? What do their inventions imply for our future? And why are they important? Sharing economy and memberships (as opposed to ownerships) are other examples of profound changes. Increasing use of shared goods, services like Uber and Airbnb, and the unstoppable trend of membership services like e-newspapers, e-libraries, and music streaming points to one conclusion: the end of the idea of ownership. On the governmental side, we have been observing an increasing inclination toward authoritarian states. Liberalism seems to have failed. People have been losing their trust in economic regimes. My argument in this chapter is that without the 2008 crisis, there would have never been these developments and innovations.

Keywords  Blockchain · Bitcoin · Stablecoin · Authoritarianism · Sharing economy · Innovation


**BITCOIN AS A MANIFESTO**

In 1978, a mail bomb was sent to a Northwestern University professor. The professor who found the package suspicious called the campus security for a check. The security officer, Terry Maker, opened it, which suddenly exploded, injuring his hand. This was the first bomb a serial killer, who wanted to be called Unabomber, started sending to several universities and airports targeting especially academics and business executives. Unabomber, whose ability and intelligence was underestimated in the beginning, was building sophisticated bombs that could not be traceable, leaving false clues to mislead the police. The FBI, who even formed a task force of 150 full-time agents for the bomber, interviewed the families of the victims, investigated hundreds of people to have a clue about the bomber. However, they could not even identify the gender of Unabomber until 1995, seventeen years after the first bomb.

The guy was not making big bombs or aiming to kill hundreds of people as the one happened in April 1995 in Oklahoma that killed 168 people. He was systematically killing or injuring few people in each of his attempts. In his 16 incidences, he was reported to kill three people and injure 23. He was trying to give a message to society in the most violent way possible. Nobody got the message until 1995 when he famously wrote an article and asked the newspapers to publish it. He said he would stop his attacks in full if his article were published but continue sending bombs otherwise. The debate lasted days about publishing a terrorist’s article. At last, FBI Director Louis Freeh and Attorney General Janet Reno recommended publishing the article with the hope that somebody would identify him. The article appeared in *Washington Post* on September 22, 1995, with the title *Industrial Society and Our Future*.

This was the manifesto of the Unabomber against the modern world. It was a well-written 35,000-word essay with very strong arguments. In his article, he claimed that the industrial and technological revolutions had been harming society and leading to social disruption. Technology was a unified system, in which bad parts cannot be separated from good parts. Therefore, he said, scientific research should be stopped, and people should return to wild nature as soon as possible. That was the main idea of his whole message. That’s why he hurt so many professors, thinking that they were the main responsible people of this indignity. He wanted to warn society in a brutal way.
Several readers of the essay sent letters to FBI with possible names, and at last the hopes of the FBI came true. An FBI profiler who analyzed the essay and letters tracked him down. The name of the serial killer was Theodore John Kaczynski, and he was caught and detained in 1996 in his primitive cabin in Lincoln, Montana. He was living in a forest in the most natural way possible. No electricity, no telephones, no water supply. The only tools he had were the ones used for bomb-making. It turned out that Kaczynski was a “twisted genius” with an IQ of 167. He held a B.A. degree from Harvard University and a Ph.D. degree from the University of Michigan and served as a professor at prominent universities.

Several years after Kaczynski’s arrest, in 2008, a person, seemingly a software developer, who called himself Satoshi Nakamoto proposed a new currency, now famously known as Bitcoin. A group of in-the-know people discusses and develops the idea through emails, and the currency enters circulation the next year. It is digitally created and held. It is not like a banknote or coin; it is not printed or minted. You can see your balance on the computer only. What makes Bitcoin different from our digital bank accounts is that this new money was to create a completely decentralized means of exchange, meaning that no central authority is needed for the issuance, control, or the usage of the money. It is not issued by a government; rather it is “mined” by computers and the system rewards the miners.

Mining involves solving some computationally rigorous puzzles, which are mediums to confirm Bitcoin transactions. The difficulty of mining, depending on the number of people mining for it, changes. Whatever is mined is recorded via a public ledger, called blockchain, where the information is saved across all users. Blockchain, which is the underlying technological system of Bitcoin, is a sequence of data blocks. New blocks of data, are added to the sequence periodically as new transactions are added to the system.

As Financial Times technology reporter Sally Davies says: “[Blockchain] is to Bitcoin, what the internet is to email. A big electronic system, on top of which you can build applications. Currency is just one.” We can safely define blockchain as the internet of assets. It has various applications; Bitcoin is only one of those. Any digital asset can be stored and transferred using blockchains. Money transfer, supply chain management, creating any type of contracts can be some possible application fields. The encrypted version of this chain of data is recorded by all computers in the network, leaving almost no room for cheating.
Thus owning a Bitcoin is having a “claim on a piece of information sitting on the blockchain” (The Economist 2015).

When a person has a Bitcoin, they can transfer it to anybody or can use it to pay for things electronically. Nowadays, it is used to shop in some online stores and book hotels. You can buy, sell or hold Bitcoin in digital currency exchanges.

The value of Bitcoin is determined in the market, by how much investors value it. The higher the demand, the higher the price, and vice versa. Bitcoin was initially programmed in such a way that a maximum of 21 million Bitcoins would be mined, which keeps it as a scarce resource. However, it can be divided into smaller units so that a user can have, for example, 0.25 Bitcoin. Oxford English Dictionary, October 2019 update added the word “satoshi” for “the smallest monetary unit in the Bitcoin digital payment system, equal to one hundred millionth of a bitcoin.”

Nowadays almost 17 million Bitcoins were mined, leaving the remaining 4 million to be discovered. Therefore, it is not abundant like the fiat money that is systematically created with no limit. Though valued at less than a dollar when it was introduced, the value of Bitcoin has increased rapidly since then, making it now worth thousands of dollars.

Satoshi Nakamoto, the developer of this cryptocurrency, thought that the modern monetary system was flawed. Bitcoin was his manifesto against the system. He created this money because he was furious at the system, in which central banks can randomly print money and allocate it to whomever they wish. His followers were no different. Sterlin Lujan, who defines himself as journalist, editor, speaker, and anarchist, wrote in bitcoin.com in 2016 that:

> Bitcoin is the catalyst for peaceful anarchy and freedom. It was built as a reaction against corrupt governments and financial institutions. It was not solely created for the sake of improving financial technology. But some people adulterate this truth. In reality, Bitcoin was meant to function as a monetary weapon, as a cryptocurrency poised to undermine authority … no one should forget or deny why the protocol was written.

Narratives are important, as Robert Shiller emphasizes in his newly released book Narrative Economics. Several media keep telling stories, since the crisis, that governments do not behave fair to society and inequality widens. The Spanish television series La Casa De Papel (Money Heist) centers on central banks’ authority on money printing. Eight
thieves are trying to steal billions of euros from La Fábrica Nacional de Moneda y Timbre, which is the sole institution with money-printing rights in Spain. The robbers lock themselves in the building and want to stay there as long as possible so they can print an enormous amount of money. When caught, the head of the gang of robbers, the professor, rationalizes the robbery by telling the inspector: “What we are doing is OK with you when other people do it. In the year 2011, the ECB made €171 billion out of nowhere. Just what we are doing. Only bigger.” The movie heavily criticizes the capitalist intervention of central banks and compares their action with robbing money. This is the image of central banks in the eyes of the public, and this narrative goes viral.

The assets in the balance sheet of the Federal Reserve increased from $876 billion in July 2007 to $2.2 trillion in November 2008. The balance sheet of the Fed is very similar to normal banks and is composed of three main parts: Assets = Liabilities + Capital. Assets are mainly composed of the securities the Fed buys and the loans it makes to banks. For example, if the Fed buys a government security from a bank, its assets increase by that amount. These assets are financed by liabilities and capital. Liabilities are mainly the money the Fed pays to the public and institutions. An increase in assets shows that the Fed increases its purchases. The assets of the Federal Reserve Bank were stable in the $700–$800 band for the five years prior to the crisis. The $1.3 trillion increase between 2007 and 2008 stems from the fact that the Federal Reserve purchased some of the troubled (also called toxic) assets of failing financial institutions and injected this money to those institutions. In other words, the Federal Reserve lent (effectively printed) $1.3 trillion worth of money to banks to save them. The balance sheet increase was performed under different alphabet-soup names, such as Term Auction Facility (TAF), Term Securities Lending Facility (TSLF) or Quantitative Easing (QE). The assets of the Federal Reserve peaked at $4.5 trillion in January 2015. The European Central Bank followed the same path, injecting trillions of euros into the market. The global cost of this process was estimated at $5 trillion by the end of 2009 (Skidelsky 2009, 16).

Bitcoin is not only a technological invention but first and foremost a medium of rebelling against the ongoing monetary system—an ideological revolution. Instead of sending homemade bombs to central banks like Kaczynski did, Nakomoto proposed this currency and wanted “to create a currency that was impervious to unpredictable monetary policies as well as to the predations of bankers and politicians” (Davis 2011). Even though
Kaczynski was caught 17 years after his first bomb, nobody still knows who the other rebel Nakamoto is. If Bitcoin somehow becomes common money, it would eliminate the intervention of the central banks, thus leaving no room to print money and create inflation. This is especially true for countries where the central banks are not independent.

What is the problem with the existing system? As it is known, the current monetary system is based on fiat money, which is printed and backed by governments. It requires people’s full trust in the government because they, willingly or unwillingly, can create an inflation that sweeps away all or part of the people’s wealth. Inflation is a secret and powerful weapon of governments to get printed money back. Many countries try to overcome this problem by declaring central banks independent, whose job is nothing but to control inflation. In this way, the central banks do not need to follow the wishes of governing parties, which in general tend to print money, eventually leading to inflation. So, a central bank independency is another way of telling citizens that the government does not try to get the printed money back. Some governments may fulfill their responsibilities, but some do not. Venezuela is a great example of this. The current inflation is around 25,000 percent, and the International Monetary Fund projects that it will be 10,000,000 percent by the end of 2019. It is reported that people in Venezuela pay the bill before they order something in restaurants because it might double after they eat. Therefore, printing excessive amount of money, or inflation, is the biggest problem of the current monetary system. John Maynard Keynes once famously said: “By a continuing process of inflation, governments can confiscate, secretly and unobserved, an important part of the wealth of their citizens.” Many people trust their governments, but some may not. Henry Ford said years ago that “people of the nation do not understand our banking and monetary system, for if they did, there would be a revolution before tomorrow morning.” It seems that people started understanding the monetary system.

Had Bitcoin, or any other digital currency, been used in these countries, politicians would face more difficulties injecting more currency into the market because of Bitcoin’s limited supply (21 million), which is considered its strength. It is a plausible question to ask what would happen once all of the Bitcoin is mined. Maybe other currencies will replace it, or its protocol will be changed or some other solution will be found. We do not know the answer yet. However, one thing is for certain: it is far
more difficult to increase the supply of Bitcoin than it is for fiat money, providing more trust to people.

It is not my point to claim that Bitcoin is superior to fiat money, or vice versa; I only want to emphasize that Bitcoin, by its advantages and properties, is one of the great inventions of the twenty-first century. Considering its advantages and the speed of it being used, it has the potential to change the monetary system entirely. The invention of Bitcoin is exciting and stunning because of several factors: its creation date, the motives behind it, and possible consequences.

Bitcoin was launched in 2009, just after the global financial crisis. However, this is no coincidence. Even though the original cryptography algorithm dates to the 1970s (Shiller 2019, 9), it was not publicly accepted and embraced. The first common and publicly recognized digital money was introduced when people lost their confidence in the monetary system. Look at Barry Popik’s case, for example (Zweig 2018). In September 2008, he was left with $35.98 out of his initial investment of $25,000 in Lehman Brothers, when it went bankrupt. However, this did not happen to investors of several other companies that were bailed out. AIG received emergency liquidity; Merrill Lynch was acquired by Bank of America; and Washington Mutual and Bear Stearns were acquired by JP Morgan Chase, all with the help of the U.S. Treasury and the Federal Reserve Bank. The investors of these financial institutions were lucky in being saved by the U.S. government, but Mr. Popik was not. Thousands of people lost their homes and investments, but other people did not because they received aid. Those were the days when several financial institutions received rescue funds from the government under different names, but Lehman did not. It filed for the largest bankruptcy in American history. Ben Bernanke defends letting Lehman fail in his latest book *Firefighting*: “It was a loosely regulated, heavily overleveraged, deeply interconnected nonbank, with too much exposure to the real estate market and too much dangerously runnable short-term financing. What made the story of Lehman different was that it ended in a disaster” (Bernanke et al. 2019, 59). However, Americans were not convinced that these institutions deserved this. And Bernanke accepts that the Lehman collapse is “probably least understood” by the public. People were hearing the stories about Goldman Sachs, which received $10 billion from the government and paid $14 million in taxes for 2008 (compared with $6 billion in 2007) and paid out more than $11 billion in compensation to its employees (Reuters 2009). 9 Henry Paulson, who headed the
U.S. Treasury until 2009, was criticized for his bailout plan because he was a Goldman Sachs employee in 2006. Critics saw this as a conflict of interest. As *Wall Street Journal* reporter Jason Zweig wrote: “Bad things happened to good people, and good things happened to bad people.” Mr. Popik is still struggling in the courthouse to get his money back, suing over the wrongdoings of managers. However, as of 2018, no top manager is known to have been charged with any bad practices. After millions of people lost their jobs, governments worldwide handpicked the institutions they rescued. As Acemoglu and Robinson rightfully argue in their book: “This feeling [that the economy is rigged and political system is complicit] was certainly strengthened by the financial crisis and its aftermath, which witnessed government bailouts of banks … while poor households facing bankruptcy received little help” (Acemoglu and Robinson 2019, 483).

This bailing out policy was not seen as innocent by the public, and they received heavy criticisms for their choices. When lecturing at the University of Washington in 2012, four years after the crisis, Ben Bernanke received this question from the audience: “Where do you draw the line between bailing out a bank and allowing it to fail?” (Bernanke 2013, 94). He replied: “Lehman Brothers was itself probably ‘too big to fail,’ in the sense that its failure had enormous negative impacts on the global financial system.” It’s not still clear why and how Lehman posed this threat to the system but others did not.

Consider 27-year-old Ashleih Sharp, who was a teenager when the crisis hit the United States. Thinking that the financial system benefits the ones at the top at the expense of the poor, she grew her rebellion against the political and financial system. After working a couple of months at JPMorgan Chase & Co., she discovered Bitcoin and started working for a financial technology firm, MakerDAO, an online platform of digital currencies and, to her, the antithesis of corporate financial giants. She says: “I’m not some crazy renegade. I’m quite the opposite. Blockchain has the potential to create a fairer system than we currently have, with more flexibility and greater opportunities to access credit.” She is now working on her own startup (Marsh 2019).

Does this problem of lost confidence belong to only young generation or is it broader? According to a Gallup survey, 53 percent of Americans expressed “great deal/quite a lot” of confidence in banks in 2004 and this percentage steadily decreased after the crisis and reached an all-time-low level of 21 percent in 2012 (Gallup News Service 2017). It has never
reached pre-crisis levels since then. Moreover, in 2019, only 1 in 5 Americans agree that the system is working for them.\textsuperscript{10} There is obviously a low level of confidence in the system. What made them lose their confidence was mainly based on how their lifetime savings were easily manipulated and lost their value.

The disappointment of the public opened the way to a search for a more trustful system, and the invention of the Bitcoin broadened people’s horizons. Nakamoto said in one of his white papers: “The root problem with conventional currency is all the trust that’s required to make it work. The central bank must be trusted not to debase the currency, but the history of fiat currencies is full of breaches of that trust.”\textsuperscript{11} Bitcoin was created to gain this trust, claiming to be closed to government interventions. We will see whether it will prove to be more trustworthy than other currencies, but one thing is for sure: People are searching for better and more-just monetary systems. Even though there are many doubts about its financial viability and valuation, the value of this unknown man’s money has skyrocketed from 5 cents to $19,800 in only eight years, almost 400 percent average annual return. As of March 2020, its value was swinging around $5200. No matter what its value is, Bitcoin started an era open to paradigm changes in the monetary system. It and mostly its underlying technology sparked a silent revolution. It is getting public recognition in different financial platforms. CME Group (Chicago Mercantile Exchange & Chicago Board of Trade) started trading Bitcoin futures on December 18, 2017.\textsuperscript{12} Inspired by Bitcoin, several software developers created different currencies working on blockchain technology. As of November 2019, more than 2300 cryptocurrencies are in circulation,\textsuperscript{13} and this number is even bigger than the total number of global fiat currencies in circulation. Not only did the total number of cryptocurrencies increase every day, but new decentralized platforms working on blockchain, started to emerge. Ethereum is one of these. As its creator, Vitalik Buterin, points out, it “moves far beyond just currency.”\textsuperscript{14} I am not going to go into the technical details, but the common point of all platforms working on blockchain technology and cryptocurrencies is their decentralization property, their being rebellious to the ongoing centralized monetary and data authorities.

Several companies are working on how to adopt this technology to promote the usage of their products and to be a leader in the new industry. Kodak is among the companies that have adopted cryptocurrencies for its payment system. Photographers will be allowed to pay using Kodak’s
own digital currency while buying and selling the rights of some photos. The fundamental value of the Bitcoin is central to its criticisms, whether there is one or not (Shiller 2017). The other criticism is that its value is very unstable (Shiller 2019, 5). The volatility of Bitcoin and similar cryptocurrency prices is at least 3 times higher than that of stocks and currencies. This opened the path to a different type of cryptocurrency, called stablecoin, which is a currency-pegged version of cryptocurrencies. The cryptocurrency platform Coinbase has announced that their dollar-pegged stablecoins (USDC) can be traded in 103 countries. For example, you can always exchange your $10 in stablecoin for a $10 note.

Facebook went one step further and established an association to “reinvent money.” This association, called Libra Association, is working on a new global cryptocurrency, called Libra. As of October 2019, 20 companies, including Uber, Spotify, Vodafone, and Lyft, joined Facebook to create and adopt this cryptocurrency. The most distinguishing property of Libra is it will be backed by a basket of currencies and assets to establish trust in its value (Libra Association Members. n.d). Thus, the Libra Association’s asset-backed cryptocurrency is expected to be more trustful and less volatile. The time will show us, which of these different versions of cryptocurrencies will succeed and which will fail.

The rapid pace of technological change allows every individual to come up with their own solutions to modern problems. Bitcoin was this kind of attempt, created to challenge the unjust nature of the monetary system. Bitcoin may or may not fail, but the idea and the technological revolution behind it will keep sparking similar ideas under different names, which will always get the attention of furious people whose awakening was started by the 2008 crisis.

**Takeaways**

1. Bitcoin was an offshoot of political and social unrest. It is a rebellion against the current political and financial system.
2. Bitcoin may or may not continue, but blockchain, the infrastructure behind it, seems to be the new internet, creating new decentralized monetary systems.
Imagine a library where on the shelves the rentable items are sleeping bags, speakers, toys, balls, drill machines, or any kind of tools. You become a member by paying an annual fee, which is around $50, and borrow anything you need, up to five items each time. You borrow the item for three to seven days and bring it back. If you do not return the article on time, you pay a late fee. In this way, you do not need to keep a bike trailer, a cargo box for car roof or heavy-duty drills in your garage. How does it sound?

This tool library, which was started in 2012, exists in Toronto, Canada, and its name is Sharing Depot. Any tool, unwanted or unneeded from any household in Toronto, finds its way here for rental. The store has over 2200 members, and owners say they have loaned at least 25,000 tools to the community.17

Eleven years after the crisis, in 2019, one of the very few tool libraries in United States, called Chicago Tool Library, was launched in Chicago as a nonprofit organization.18 Besides lending tools and machines they offer training, programming, and workshops. They use honor system for the membership. You pay what you can (but they suggest $1 for every $1000 of annual income). You do not need to prove your income. In January 2020, I interviewed Tessa Vierk, cofounder of Chicago Tool Library, asking the reasons behind the launch of the organization. Among other things, she mentions, “Increase in income inequality” and “growing concerns about the environment and consumption” as the outstanding reasons behind the wave of tool libraries.

None of these tool libraries is the first of their kinds. We might see other examples of tool libraries in the near future. However, the first tool libraries were built around the 1970s.19 In time they lost the people’s interest; the appeal of owning outweighed the idea of sharing.

Probably the foremost devastating effect of the crisis occurred on the income side. According to Piketty et al.’s (2018) calculations, the pretax income of the bottom 50 percent of American adults has stagnated from $17,500 in 2008 to $16,700 in 2014. When adjusted for inflation this is a $2700 decrease per adult in six years. In accordance with that, their income share has decreased from 13.7 percent in 2008 to 12 percent in 2014. This can be interpreted as follows: At least half of the U.S. population are poorer in 2014 than in 2008. Atif Mian and Amir Sufi confirm
the phenomenon from a different perspective: “During the Great Recession in the United States, the housing bust disproportionately affected low net worth, highly indebted home owners. Indebted home owners bore the first losses associated with the collapse in house prices; as a result, they saw a massive collapse in their net worth” (Mian and Sufi 2014, 44). According to their calculations, the net worth of the lowest 20 percent income group plummeted from $33,000 in 2007 to almost $7000 in 2013 (Mian and Sufi 2014, 190). They lost their 15-year-worth in a couple of years. However, the decline of the average wealth of the richest income group was from $3.2 to $2.9 million, just a 9 percent decrease (Mian and Sufi 2014, 23). Thus, the crisis hurt the poor far worse than the rich. As a result, heavily affected poor people looked for cheaper ways of making ends meet, and this need opened totally new windows in several industries. The idea of sharing helped.

The 2008 crisis changed the idea of ownership, which lies at the heart of capitalism. One of the basic premises of capitalism is private property, which allows people to own things and assets to make a profit. On one side are people who are owners of goods and want to sell them; on the other side are those who need these properties and want to buy them. Thus, there is a market for a legal transfer of anything from one side to the other. The price is determined in the market, based on supply and demand. This has been the essence of free-trade postulation of capitalism in the past couple of hundred years. Everybody felt obliged to buy goods to use them. Hence, now we have a market for everything, and our houses are full of goods that are not frequently used. Thus, a plethora of garage or estate sales, which aim to get rid of these unneeded items, every single day. Everyone is trying to solve their own problem of excessive ownership of goods. Sharing Depot was an attempt to solve this problem, and they are not alone.

Sharing something is nothing new; it probably existed for thousands of years. However, sharing with a total stranger for a fee is something new. The pace of technology has grown the pool of sharable items. This idea, which was revived after the crisis, now challenges the economic paradigm of owning. People who found themselves broke after the 2008 crisis tried to find ways of decreasing the cost of several utilities and items.

At the end of 2007, there was a designer’s conference in San Francisco, where all the hotels are extremely expensive. Two roommates living in San Francisco, who were struggling to make ends meet, found an opportunity
to make money. One of the two had an idea of making a “few bucks” and sent this email to his buddy (Schwartz 2016):

Brian,
I thought of a way to make a few bucks - turning our place into “designers bed and breakfast” - offering young designers who come into town a place to crash during the 4 day event, complete with wireless internet, a small desk space, sleeping mat, and breakfast each morning. Ha!

joe

So, they designed a webpage, www.airbedandbreakfast.com, and offered their house for rent. This email started the story of Airbnb, whose founders managed to collect $600,000 as an initial investment in the first year. Airbnb, which now allows millions of people to list their houses and apartments to be rented to short-term travelers, was founded in 2008, during the global financial crisis. It provides cheaper opportunities to travelers than hotels do. Today, Airbnb provides accommodation opportunities in more than 80,000 cities around the world. The company is now estimated to be worth $38 billion.20

The release of the first smartphone, iPhone, in 2007 facilitated the spread of sharing economy, which can broadly be defined as “consumers (or firms) granting each other temporary access to their under-utilized physical assets (‘idle capacity’), possibly for money” (Meelen and Frenken 2015). Several start-ups followed suit by creating apps that allow people to share their goods. It included shared cars, houses, video games, and movies. Things that could never be shared 15 years ago are now offered to be shared everywhere. It takes 5 minutes for a background check and you can share anything you want. This was the beginning of what is called sharing economy.

Nowadays, underutilized properties like empty rooms in apartments and less-occupied cars have become a good renting opportunity. Almost any idle property can easily be shared to produce income. Moreover, seeing this opportunity, the younger generations with generally low beginning salaries are not eager to own most goods that their elders loved to buy. The industry grew in time, which allowed different companies to step in. Initially started to cut the costs of traveling people, the sharing economy encompasses new industries covering almost anything possible. We now have peer-to-peer companies, as well as business-to-peer market-places. Here are some examples that are changing our lives.
A very close friend of mine lives in Maastricht, the Netherlands, and works at a university in Luxembourg City, Luxembourg. Even though Netherlands and Luxembourg are very close countries (100 miles apart), he needs to pass through a third country, Belgium, each time he commutes from one to the other. If you do not like driving, it is tiresome to travel, especially if you need to teach after the travel. Therefore, he discovered the BlaBla app, which allows him to find a shared car each time he commutes from Netherlands to Luxembourg. He told me that it not only cost him less, but it also provided him an opportunity to rest during his door-to-door travel and an opportunity to make new friends.

Uber, whose value is estimated at $69 billion, allows people to use their cars to carry others. Even though there are of course unsuccessful examples; we now have tons of ride-hailing companies all over the world.

These are examples of peer-to-peer businesses, all of which are trying to connect people with each other, letting them have cheaper and better opportunities for their daily needs. Even though the average global income is increasing, it does not contribute to every income group. Below-average-income-people are looking for cheaper ways more than they did in the past.

There are, of course, other sharing examples: Prosper Marketplace allows people to find cheap credit, Stripe eases the payment process of businesses and individuals, Ycombinator offers an online funding opportunity for start-ups, eBay lets you buy and sell directly from people. What is common in all of these new companies is that they help people make/save a little more money by sharing something (instead of owning).

Changing nature of ownership is not restricted to the sharing economy. Increasing trend of subscription economy, which allows people to rent movies, songs and even cars, accompanies it. Netflix lets people choose any movie they want on an online platform. You do not need to buy DVD or Blu-ray. Spotify allows consumers to pick the best songs they want without being obliged to buy the album. Dropbox allows people to use clouds with no need of buying hard disks. Clouds allow you to upload documents, photos, and almost anything to a provided space on the internet. You can access your data whenever and wherever you want as long as you are connected to the internet. This way, you can get rid of carrying a hard disk or a laptop, plus you do not have the risk of your external hard disk breaking down. Online newspapers or ebooks not only decrease the need for paper, but also eliminate the need to carry books. Now hundreds of libraries share their collections online with their
members. Patrons do not even need to go to the library to borrow a book; a tablet is enough to access a huge collection.

Neither sharing nor subscription was invented after the crisis, but the crisis made people embrace the concepts more rapidly. It increased its pace of being recognized and used. It now poses a threat to regular businesses that we have known for hundreds of years. Airbnb is a potential threat to hotels, while Uber undercut the cab business in many states and countries. Prosper eliminates the need for conventional banks. Traditional business models are suffering huge losses because of the sharing ventures. Moreover, these companies are receiving investors’ attention, receiving huge venture-capital investments.

What makes the sharing economy groundbreaking is that it allows people to consume less, giving way to more human interaction and saving money. The appeal of the consumption-based economy is decreasing.

The economic theory, which mainly focuses on willingness to buy and sell, is in great need of formulating the willingness to share. We have more lessees and lessors every day instead of buyers and sellers. Considering the changes behavioral economics already made in the understanding of trade, investments, and economics, the sharing economy is another step toward a more humane world. In a shared economy, people do not spend huge amounts of money for possibly underutilized things. It also allows people to share and interact.

The advantage of a sharing experience is that you pay for what you use. Imagine the CD that has your favorite song. You have to pay for other songs on the CD you never want to listen to. When you buy something, you pay more for the price of owning it for lifetime, which most of the time is longer than you need.

Bitcoin, sharing economy, subscription economy, and continual and increasing interest in behavioral sciences signal one thing: We have already entered a new era. The understanding of the economics we have developed so far has been rapidly changing since the 2008 crisis.

The characteristics of this new era will be more interdisciplinary research than an island science of economics, more humanitarian values than optimizing humans, more interaction than individualism. Contrary to what is commonly discussed, I think the rapid pace of technology opens the way to a more humanitarian world instead of robot-humans.
Takeaways

1. The crisis hurt the poor far worse than the rich. The percentage decrease in wealth of the lower income groups has been far higher than that of the richest income groups.

2. Sharing and subscriptions are some alternatives to owning, which is one of the premises of capitalism. They have been widespread since the 2008 crisis.

Failure of Free Markets

The free-market theory, which is core to current capitalism, was prevalent in the second half of the twentieth and the beginning of the twenty-first century. Milton Friedman (1912–2006) was one of the biggest proponents of the theory. Most economists were writing on the virtues of free markets after him, and the wealth of countries was explained by how successfully they adopted the ideology and how they minimized governments’ involvement in markets. Dambisa Moyo proposes free-markets-based tools as a solution to the long-lasting poverty problems all around the world, especially in Africa (see Moyo 2009). Individual liberty and freedom of choice in the West mainly stem from this thinking. The idea of being free to choose had become an essential part of economic life. Every individual should be totally free to make decisions about their personal, social, or economic life. This freedom, in turn, required more options. Thus, the number of options in our economic life has given us more options, from cars to houses, health insurance to retirement plans. This process provided more sophisticated loan markets because people’s wants never ended. The government was intentionally kept out of the markets because individuals had the freedom and the intelligence to choose with whom to work and trade. Several laws were passed to free the markets from government involvement. Every single financial regulation was either relaxed or repealed for this reason. For example, the Glass-Steagall Act of 1933 in the U.S. prohibited banks from using deposits to invest in complex financial instruments like derivatives. This was a kind of government control on the markets, protecting depositors. This act was repealed by the Gramm–Leach–Bliley Act in 1999, allowing commercial banks to offer more financial services that might risk depositors’ money and to merge with insurance companies. This, in turn, gave way to “too big to
fail” corporations. Many countries followed suit in the 2000s. In time, the markets got more and more free from government interventions; in return, competition is praised, as it was supposed to act as a tool to regulate the markets (instead of the government). Whoever was doing a bad job would be disqualified by the best practicing banks.

However, competition became a vicious cycle. Bad practices induced other bad practices instead of being disqualified. Greedily competing financial institutions found no other solution to get a tiny market share than granting credit to anybody asking for it. The aim was not finding the right customer for the right loan; on the contrary, it was selling as many loans as possible, no matter what consequences it posed for the borrower. Once most banks follow this path, the loan applications were overlooked and most rules were relaxed. A perfect herding behavior occurred and collapsed the system. The aim of a perfect competition did not bring in the desired outcome. Thus, one of the pillars of free-market ideology, the well-praised competition, for the markets.

In addition, every institution in the free markets should be responsible for its own actions. If they do a lousy job by giving loans to the wrong people, they should bear the consequences. However, when some of the financial institutions came to the edge of bankruptcy because of mismanagement, they were rescued by the government. They were mostly not held accountable for their bad decisions and actions. It was a single-edged sword: if you did a good job, you would be rewarded; if you screwed up, the government would save you. When President George W. Bush’s $700 billion rescue plan, which was initially rejected by the House, was eventually approved, conservative Republican Senator Jim Bunning of Kentucky said: “This massive bailout is not a solution. It’s financial socialism” (Isidore 2008). It was indeed. According to free-markets ideology, bad-performing banks should be left to fail. But it didn’t happen.

The practice of providing help to failing institutions is entirely against free-market ideology. Either the governments should be kept away and everybody should pay for their mistakes, or governments should save failing institutions and we no longer call it a free market. The crisis taught us that perfect competition did not always provide the best outcome for the markets. A vicious herding behavior would collapse the whole system. And in the end, the governments might need to intervene anyhow.

Though President Bush’s bailout plan might have been a necessary action, it was not part of the free-markets theory, in which every institution was free to compete and bear the consequences of their actions.
Some companies, like Lehman Brothers, bore the consequences and filed for bankruptcy. However, some financial institutions were rescued, like Merryl Lynch and AIG. Paraphrasing Orwell, “every institution is equal, but some are more equal than others.” In University of Warwick professor Robert Skidelsky’s words: “Governments were in effect insuring private institutions against their own folly. A system in which owners are allowed to profit from good bets while being insured against the losses incurred on bad ones rightly brings capitalism into disrepute” (Skidelsky 2009, 18).

On October 23, 2008, Alan Greenspan, probably the most prominent defender of free-market economy, testified before the House Committee on Oversight and Government Reform: “Those of us who have looked to the self-interest of lending institutions to protect shareholders’ equity, myself included, are in a state of shocked disbelief” (Andrews 2008). By saying this, he implicitly accepted that the markets, contrary to his beliefs, malfunctioned.

The government involvement to rescue some financial institutions in 2008 opened a path in which governments became more active agents of economies. The free market system we experienced in the past half-century started to change. In the system we have today, governments are more active than they were in the past. This gives a negative signal to the market and a huge incentive to take the risk. Firms do not have anything to lose when they take a risk. If it works, they get their share from the market. If it does not work out, the government bails them out (if they are more equal than others).

The Federal Reserve Bank, whose assets were worth $876 billion in July 2007, began buying several toxic assets from failing institutions and more Treasury bonds, increasing its assets from $876 billion in July 2007 to $4.5 trillion in January 2015, effectively printing $3.7 trillion worth of money out of nowhere. Though a little late, following the same path, the European Central Bank injected almost $3 trillion into the market from August 2008 to May 2018.

This intervention, which had solid justification, brought back into the spotlight the ideas of John Maynard Keynes, who advocated activist government policies during the Great Depression of the 1930s. He declared “The End of Laissez-Faire” in a 1926 essay, saying that individuals do not posses liberty in their daily economic decisions (Keynes 1932). He was advocating that governmental bodies, especially semi-autonomous ones,
should be more active in markets. Most governments of those years followed his theory to overcome the Great Depression.

In the years since 2008, the Keynesian view has become popular again. Many economists think that Keynesian theory understands and explains the markets better than the free-market approach (see Davidson 2017, 146 as an example.)

It is significant to note that in 2019 Gallup found that 40 percent of Americans think the United States is leaning toward a more government-controlled economy, while only 34 percent think that it is more toward a free market (Younis 2019).

Considering that the history of the school of economic thought is full of similar bright thinkers, there is nothing wrong with revisiting old ideas. However, this was not a small innocent revisit. It opened a way to an unexpected political switch, a world where government control is taken to an extreme, an authoritarian system.

Takeaway

1. The 2008 crisis brought free-market idea into disrepute.

Authoritarianism Is Back

Politics is full of funny stories, most of which belong to politicians who back up their promises. One of those stories is from Huffington Post. On July 17, 2015, its editorial, not taking presidential candidate Donald Trump seriously, decided not to report Trump’s political campaign in their politics pages. “Instead, we will cover his campaign as part of our Entertainment section…. If you are interested in what The Donald has to say, you’ll find it next to our stories on the Kardashians and The Bachelorette” (Grim and Shea 2015). News about Trump came back to politics section of Huffington Post six months after, when he started leading in the polls. They announced, “We are no longer entertained” (Huffington 2015).

George Orwell’s Nineteen Eighty-Four is a great classic. Orwell tells the story of a dystopia, called Oceania, and its ruler, Big Brother, who tries to control everything in the country. Big Brother’s Ministry of Truth tells people what to read, and the thought-police have surveillance on what
people are thinking. Even though it was first published in 1949, the book successfully portrays how a totalitarian government fails its nation in every aspect. This story nowadays makes more sense than ever. Maybe because of this, it has become a global best-seller, 70 years after its first edition (de Freytas-Tamura 2017).

The failure of the free-markets idea paved the way for an era that is on the opposite side of the pendulum. On one side (say, the left) of the pendulum, we have totally free markets; on the other side, we have totally controlled economies. Until now, the pendulum was on the left, close to the midpoint. Nowadays it is on the right side, moving rapidly to the far-right end. This is mainly because of the 2008 crisis, which allowed the states to take action in order to cool the markets. The governments had all the excuses, because of the severity of crises, to intervene the market, bypass the laws and even sometimes human rights. Research suggest that financial crises, in general, increase the polarization and emasculate democracies more so than normal recessions (Funke et al. 2016). And, the 2008 was no different.

Several researchers are calling for active states, which is almost a century-old Keynesian idea (like Collier 2018). Some economists, like Robert Skidelsky, praised the return of Keynes’ idea of government-controlled economy, by saying “the return of the master” (Skidelsky 2009). So, yes, the state is in ascendance. Revisiting Keynesian views was an intermediary step; governments are more active than needed. The crisis has been changing the world toward being a more controlled and authoritarian one, which is the one where a person or an elite has full control of everything. Norris and Inglehart (2019) define it as a “cluster of values prioritizing collective security for the group at the expense of liberal autonomy for the individual.”

Several think tanks confirm the global shift toward authoritarian regimes. Freedom House, reports under the title *Democracy in Retreat* that the percentage of countries ranked “not free” increased from 22 percent in 2008 to 26 percent in 2018 (Freedom House 2019). The report states that the pattern is “consistent.” The tendency toward a more authoritarian government can be observed by looking at the number of democratic and authoritarian countries. The number of fully democratic countries decreased by 10 in ten years, from 30 in 2008 to 20 in 2018. The number of flawed democracies, hybrid regimes and authoritarian regimes increased by 5, 3, and 2, respectively. Moreover, the global
democracy index of Economic Intelligence Unit of *The Economist* magazine, which provides a snapshot of the state of democracy worldwide based on five categories, fell from 5.55 in 2008 to 5.48 in 2018 (The Economist Intelligence Unit 2008, 2019).

After the crisis, we have been diverging from a liberal world view and we can see examples all around the world, from emerging to developed countries. Several examples stand out.

Take Turkey as an example. Fifteen years ago, in 2004, Turkish President Recep Tayyip Erdoğan’s government was rewarded by the European Union for its liberal reforms, by stating “on the basis of a report and recommendation from the Commission, that Turkey fulfills the Copenhagen political criteria, the European Union will open accession negotiations with Turkey without delay.”21 The next year, in 2005, the EU decided to start the accession negotiations with Turkey, 42 years after Turkey initially asked for membership. In a couple of years, everything overturned. As Acemoglu and Robinson state:

> After 2007, the AKP [Justice and Development Party] hardened its stance and began to take complete control of different levers of power in the country … After 2007, the AKP and Gulenists started a systematic purge of people they viewed as hostile to the party, employing sham trials based on manufactured evidence. During this time, the government started cracking down on various critical media outlets and independent societal organizations that had begun to flourish thanks to the greater freedoms of the 2000s. (Acemoglu and Robinson 2019, 442)

The same Erdoğan declared a national emergency after a failed coup attempt in July 2016. He did not lift it for two years, until July 2018, and even held elections under national emergency conditions. He gained unprecedented powers in a 2017 referendum, which granted him the presidency. He abolished the office and position of prime minister. He can now appoint ministers, senior civil servants, and university presidents. The state of emergency allowed the government to imprison journalists on terrorist charges. Turkey now lists among the top countries that imprisoned the highest number of journalists.22 One of the most prominent, Ahmet Altan, was sentenced to life imprisonment. From his cell, he wrote the book *I Will Never See the World Again*. In it, he says that even some of the medical personnel who were supposed to treat them did not see them as human beings (Altan 2019). Similar stories can be heard from tens of
journalists and thousands of civil servants in Turkey’s imprisons. Because of an increasing number of human rights violations in Turkey brought on by an increasing authoritarianism, some EU politicians now think that Turkey cannot be a part of the union (Euronews 2017).

In 2018, Erdoğan, who was once one of the most liberal leaders in the region, declared that he wanted to be more influential on monetary policies (Johnson and Hertling 2018), even though the Turkish Central Bank has been an independent authority on money supply for years. In July 2019, in an unprecedented move, he sacked the central bank governor, Murat Çetinkaya, whose four-year term was to end in 2020. Erdoğan explained: “We told him repeatedly to cut interest rates at meetings on the economy. We said that a rate cut would decrease inflation. He did not do what was necessary. We were not on the same page.” Even though central bank independence has been under attack, it is only Turkey among the major economies that dared to sack a central bank governor. Five months after municipal elections, on August 19, 2019, Erdoğan’s authoritarian regime sacked elected mayors of three predominantly Kurdish cities—Diyarbakir, Mardin, and Van—on “terror charges.” Mayors received 63, 56, and 54 percent of the vote, respectively, in the elections held on March 31, 2019. The government appointed new governors for the offices. Turkey has never been a fully democratic country, but it has never been under this much authoritarian pressure.

The practices of Hungarian Prime Minister Viktor Orbán, who has been governing his country since 2010, are other examples of the emerging authoritarianism after 2008. He explicitly made clear during a speech he gave in 2014 that the 2008 crisis was a turning point in Hungarian history: “What we should instead view as our starting point is the great redistribution of global financial, economic, commercial, political and military power that became obvious in 2008” (Website of the Hungarian Government 2014). After he came to power in 2008, he took several steps to convert Hungary, a European Union member, to an authoritarian state. Freedom House identified some of those: overhaul of the Constitutional Court, elimination of independent budgetary council and its replacement by one under his party’s control, adoption of new election law that favors his party, establishment of a new press authority whose members will be Orbán’s appointees (Puddington 2017). Orbán defined his new government style as an “illiberal state” and discredited Western democracy, which, according to him, “embodies corruption, sex and violence” (ibid.). He does not hide his intentions to model his country on
China, India, Russia, and Turkey (ibid.). According to *The Economist*, Orbán’s policies constitute a “direct challenge to the ‘fundamental values’ of the European project” (*The Economist 2017*).

Even fully democratic countries show signs of authoritarian tendencies. Evaluating the freedom of countries by calculating a score, Freedom House reports a decline in American democracy too. The score of the United States has steadily gone down from 94 in 2009 to 86 in 2018. It is not only some indices that show that there is an ongoing change in politics. A national poll, called The Democracy Project, conducted in 2018 by Freedom House, the George W. Bush Institute and the Penn Biden Institute, shows that 55 percent of Americans see American democracy as weak, and 68 percent agreed that it is getting weaker (George W. Bush Institute et al. 2018). So, American people are also feeling the increasing threat of vanishing democracy.

U.S. President Donald Trump does not hide that he wants more power and fewer checks and balances. He admires “strong” leaders and thinks that the United States lacks this powerful leadership (DelReal 2016). Steve Bannon, who served for several months as Trump’s White House chief strategist, once said “the legacy of the financial crisis is Donald J. Trump” (Kulwin 2018). He sees that the extensive efforts to save some financial companies at the expense of ignoring citizens and workers paved the way for a change of administration (It is no coincidence that Bannon hails Hungarian Prime Minister Orbán a hero24). Also, Trump was elected by politically and financially weak people who were angry at the ongoing regime and objecting to the misuse of democracy.

Even though President Trump is widely accepted as a populist politician (see Norris and Inglehart 2019 for example.), his authoritarian tendencies cannot be ignored. The similarities between Turkey and United States were so striking that journalist Liz Cookman of *The Guardian* wrote an article entitled *If You Want to See America’s Future, Look at Turkey* (Cookman 2017). Analyzing all of President Trump’s Twitter feeds, the *New York Times* states that he has praised dictators 132 times (Shear et al. 2019). In February 2019, he unprecedentedly declared a national emergency to divert money from other government expenses to build a border wall between Mexico and the United States. Even though this was not in the same category of emergency as Turkey’s, it was an attempt to bypass the democratic process. National emergency acts were declared by U.S. presidents in serious incidents like the Sept. 11, 2001, terrorist attacks. In President Trump’s case, it was invoked to bypass
Congress. He was not even responding to a serious event. He was referring to an ongoing problem, a “national security crisis.” Republican Senator Lamar Alexander said “declaring a national emergency is unnecessary, unwise and inconsistent with the U.S. Constitution” (Ballhaus 2019).

What I am trying to emphasize is that the economies of nations are rapidly diverging from liberal and free, and this trend reaches beyond the economy. Many governments have higher controls over their citizens and companies since the 2008 crisis. The attack on media and journalists has been increasing. The decline of democracy and increasing autocracy is rooted in the need for an active government after the crisis.

According to some social scientists, the authoritarian seeds might have been sown before the crisis, as Norris and Inglehart (2019) suggest. They mention a long-term intergenerational change behind authoritarian populism. According to this view, Western culture has been moving toward a more liberal direction in the past couple of decades. The college-educated young generation has demonstrated support for “post-materialist” values, which are more liberal in certain topics, such as sexuality, religion, and race. This triggered a reaction in the older generation, who have more authoritative values, feeling like “strangers in their own land.” These generational changes reached a “tipping point” where traditionalists, whose population is shrinking but active electorate remain a majority, became open to the propositions of the populist and authoritarian leaders who seemingly support their values against social liberals. Norris and Inglehart call this “silent revolution.” The theory might be right for populism, that is, the roots of populism might date back to the 1970s or 1980s. Both Rodrik (2018) and Gidron and Hall (2017) confirm this. The former paper shows that the vote share of populist parties has been increasing since the 2000s, while the latter demonstrates that the vote share of right-wing populist parties is on the rise since the 1980s (Fig. 1 in both papers). Journalist John Judis, the author of the *Populist Movement*, disagrees with this long-coming trend of populism and differentiates the current populist movement from those in the past. He cites the crisis as a reason behind the increasing populism too and uses the differences between European countries, which were barely hit by the crisis and which did not experience a big economic slump. He says right-wing parties dominated the political arena in the former group of countries and leftwing in the latter (Judis 2016). According to him, the recent shift to populist authoritarianism stems from the 2008 crisis.
Here I am more interested in authoritarianism in general than populist authoritarianism specifically. Even though we observe populist movements well before the crisis, this is not true for authoritarianism. The authoritarian tendencies are, respectively, new. They emerged and/or spread mostly because of the 2008 crisis.

I am not claiming that the crisis is the sole factor responsible for the increasing authoritarianism, but it constitutes a big share of the main drivers. The number of authoritarian countries started increasing around 2008. It is mainly because the crisis made the governments more active in the markets, and the interventionist policies went well beyond the market without being realized. Society praised authoritarian interventions. Both the United States and Turkey are examples of this tendency.

I mainly point to economic discontent behind the authoritarian threat. Several other scholars point to similar factors from different perspectives. MIT professor David Autor and his colleagues, for example, point to economic factors, especially Chinese imports, behind “extreme politicians” (Autor et al. 2016). However, they do not specifically mention the crisis.

There might be other reasons and factors opening the way to authoritarianism, such as cultural changes, technology, or other economic phenomena. For example, Freedom House attributes the decline of democracy to the euphoric expansion of the 1990s and early 2000s. However, Freedom House does not elaborate on how and why this expansion happened. Historian Yuval Noah Harari points out to technology in his 21 Lessons for the 21st Century: “The merger of infotech and biotech ... undermine both liberty and equality. Big Data algorithms might create digital dictatorships in which all power is concentrated in the hands of a tiny elite.” According to him, technology favors more authoritarianism practices in the future. Digital technology favors crowds, too. Many popular unrests were organized on social media. Tunisia and Hong Kong are two examples. However, it is far easier for governments to organize, control, and mislead society by using technology than the society uses it for its own purposes.

These factors might have helped to form authoritarianism. However, a global simultaneous change is mainly shaped by the financial crisis.

What’s Next

How about the future? Are we going to face increasing or decreasing authoritarianism?
If we assume that Norris and Inglehart (2019) are right, that is, the populist authoritarian regimes are on the rise because of the anger of traditionalists, the retreat of democracy should fade away soon because the number of traditionalists is decreasing every day.

If the trend mainly stems from the economic slump, as I claim, it totally depends on the future states of world economies and whether the society’s unrest continues. Considering my argument that the 2008 crisis increased the authoritarian tendencies, a plausible question would be whether these tendencies will continue in the future. I think it would depend on the frequency of the future crises. The bad news is that some economists think that the frequency of financial crises has been increasing (Reid et al. 2017). Moreover, their duration and impact have also been increasing. This would, in turn, mean that we shall encounter more active governments with increasing frequencies. This would definitely boost the autocratic tendencies. For example, at the time I was finalizing this book in March 2020, coronavirus was posing a serious threat to global economies and every nation was taking extreme measures to prevent possible undesired outcomes of the pandemic. The current development of the measures shows signs of what we experienced in the past: Governments have all the excuses to exaggerate the policies for their favor and do not stop where they have to. This would in turn, as we saw before, increase autocratic tendencies and decrease individual liberties and privacy. The good news is that society is learning how to respond to these autocratic practices. Several academic researchers point out the active need of society for a better future. Raghuram Rajan calls this *Third Pillar* (the first two pillars are said to be state and market) (Rajan 2019). MIT professors Daron Acemoglu and James Robinson state this as follows: “If the state and the elites become too powerful, we end up with the Despotic Leviathan. If they fall behind, we get Absent Leviathan. So we need both state and society running together and neither getting the upper hand” (Acemoglu and Robinson 2019, 40). If society gets more involved in how the country is managed, things might be different. A recent Turkish rap song with hashtag #susamam (I can’t stay silent) which went viral in September 2019 is a great example of this societal unrest. Twenty Turkish musicians point to violations of the rule of law in Turkey, together with several other problems. However, it takes time for society to get organized, especially in traditionally strongman-loving societies like Turkey.
The current evidence and the shape of the markets show that we will possibly see more governments with authoritarian practices. The rapid pace of technology is facilitating this process.

Who can guarantee a world where governments, claiming that the free markets do not function well, do not become the owners of Google-like companies? There are signs for that. Acemoglu and Robinson state that NSA colluded with or coerced several phone and tech companies to get their customers’ data (Acemoglu and Robinson 2019, 336). Who can guarantee that we will not end up with countries like Orwell’s Oceania? Is it too distant? I do not think so.

Most governments have several apps that enable citizens to be tracked. Google knows where the users of Google Maps are and what they are doing. Google’s apps are even predicting what their users are going to do. One day I was asking a friend to meet at Starbucks in an hour. When I opened the Google Map, it automatically suggested the route to the closest Starbucks. Our conversations, as well as our web searches, might have been tracked by tech companies. It is becoming easier to control the masses by means of apps. This provides governments with a great incentive to control and collaborate with tech companies. The Wall Street Journal reports that 95 percent of young adults on the internet use a Facebook product, and Amazon accounts for 75 percent of electronic book sales. Google absorbed 42.2 percent of online ad spending in 2017 (eMarketer 2017), making $35 billion; Google and Apple provide 99% of mobile phone operating systems, while Apple and Microsoft Corp. supply 95% of desktop operating systems (Ip 2018). As the companies get bigger and stronger, governments would have more incentives to either control them or collaborate with them to control the masses.

Even though government intervention might be better than letting the markets go, nobody would be happy with a totally authoritarian system. The years since 2008 have been, in many parts of the world, associated with more authoritarianism, which I think is caused mainly by the crisis.

**Takeaway**

1. The post-2008 era in many parts of the world is associated with more authoritarian practices. Hungary, Turkey and even the United States are some examples.
Suggestions

- Readers might enjoy the series “La Casa De Papel” which mentions harsh criticisms against governments printing money.
- Readers wanting to see how English novelist George Orwell depicted a dystopia might enjoy the book *Nineteen Eighty Four*.

Future and Normal Reversion

I have been making the claim that the 2008 crisis was the beginning of a new era and the crisis’ implications for our lives. However, that is not the end of my argument. I also claim that the crisis led us to rediscover several humane values, which are centuries old. Even though overconfidence, present bias, and envy have been successfully put forward by several types of behavioral research as vices destroying our economic decisions, they had been the fundamental teachings of religion, mythology or humanities. These also happen to be the ideas that old novels were built on. Gary Saul Morson, professor of Slavic Languages at Northwestern University, and Morton Schapiro, professor of economics at the same university, strongly recommend economists to benefit from humanities and old Russian novels, like *Anna Karenina* by Tolstoy, to improve their understanding of humans. They point out the character Ivan in Dostoevsky’s *Crime and Punishment* book to show how irrationality, which is recently discovered in economics literature, is inherent in human nature (Morson and Schapiro 2017).

I am not or won’t be claiming that religions or old novels are solutions to our modern problems. What I claim is that the vices and human errors we have been studying in the aftermath of the crisis, under the title behavioral economics, have already been vital parts of previous teachings and culture. Moreover, the methods and nudges to fight with these errors were also heavily discussed in the texts of almost all known religions. We are reverting to our once-ignored values and built-in functions. This might be a remarkable feature of the future. That is, even though the technology has been improving at an enormous speed, and humans seem to be more and more engaged to it, the developments I mentioned shows that we are rediscovering old-school values and concepts. It seems as if the finance industry has been restructuring on more humane values like ethics, moral, and honesty.
Rediscovering “old” values might be called a reversion to normal, which would help us have a better future.

Notes

1. https://www.washingtonpost.com/wp-srv/national/longterm/unabomber/manifesto.text.htm?noredirect=on.
2. https://satoshi.nakamotoinstitute.org/emails/cryptography/threads/1/.
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5. https://oed.com/view/Entry/78036595.
6. https://news.bitcoin.com/bitcoin-built-incite-peaceful-anarchy/.
7. La Casa De Papel, Part 2, Episode 8.
8. https://www.imf.org/external/pubs/ft/weo/2019/01/weorept.aspx?sy=2017&ey=2024&scsm=1&ssd=1&sort=country&ds=.&br=1&pr1.x=48&pr1.y=4&c=299&s=PCPIPCH&grp=0&a=.
9. https://www2.goldmansachs.com/investor-relations/corporate-governance/corporate-governance-documents/compensation-practices.pdf.
10. See Edelman Trust Barometer. https://www.edelman.com/sites/g/files/aatuss191/files/2019-02/2019_Edelman_Trust_Barometer_Executive_Summary.pdf.
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