NEGATIVE INTEREST RATES

The Black Hole of Financial Capitalism

Edited by Jacques Ninet

CRITICAL STUDIES ON
CORPORATE RESPONSIBILITY,
GOVERNANCE AND SUSTAINABILITY

VOLUME 13

NEGATIVE INTEREST RATES

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CRITICAL STUDIES ON CORPORATE RESPONSIBILITY, GOVERNANCE AND SUSTAINABILITY VOLUME 13

NEGATIVE INTEREST RATES: THE BLACK HOLE OF FINANCIAL CAPITALISM

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> We can't solve problems by using the same kind of thinking we used when we created them.
>
> (Albert Einstein, 1946)

> And if things always went like this, I believe I would become a [financier] for the rest of my life. This is the best craft of all; for whether you cure or make worse, you always get paid. We never have to bear the burden of bad work, and we cut, as we please, from the material that presents itself. A cobbler, in making shoes, cannot miscut a bit of leather without eating the cost; but here one can mishandle [capital] without a loss. Botched results are nothing to us; for they're always the fault of the [person who loses].
>
> (Adapted from Molière, Le médecin malgré lui, 1666)

> If the American people ever allow private banks to control the issue of their currency, first by inflation, then by deflation, the banks and corporations that will grow up around (these banks) will deprive the people of all property until their children wake up homeless on the continent their fathers conquered.
>
> (Attributed to Thomas Jefferson, 1802)

> La crisi consiste appunto nel fatto che il vecchio muore e il nuovo non può nascere: in questo interregno si verificano i fenomeni morbosi più svariati.[1]
>
> (Antonio Gramsci, 1929–1935)

[1] The crisis consists precisely in the fact that the old world is dying away, and the new world struggles to come forth. In this interregnum a great variety of morbid symptoms appear. (alt: *E in questo chiaroscuro nascono i mostri*. It is the time of monsters).

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PREFACE

We have entered a world of *Volatility, Uncertainty, Complexity, and Ambiguity*, or VUCA, as acronym aficionados like to call it. These qualifiers, introduced 30 years ago by analysts at the US Army War College to explain the geo-strategic environment of that era, seem even more relevant today. They certainly apply to the growing presence of economics in daily lives of modern societies, with emphasis on finance that instead of being an economic component among others has become the reference of the economy and, beyond, of the global society. We therefore speak of the "financialization of the economy," along with the "financialization of society," as a square dependency that might be called dual embedding.[1]

For the past decade – primarily to cope with the fallout of the 2008 global financial crisis – central banks of Japan, the United States, and the European Union have implemented accommodative (unconventional) financial policies, which has led to a permanent reduction of key interest rates and virtually unlimited purchases of debt securities (quantitative easing).

Most of the world's top companies have greatly benefited from these accommodative monetary policies, which have provided them with virtually unlimited funds (bank lending or debt issues) at a very low cost, thereby reducing their average cost of capital and modifying their funding structures. That said, the productive investments made over the past few years by major companies were in no way exceptional and remain in line with the average of previous years.

Accordingly, many businesses and groups are sitting on surplus cash waiting for investment. By contrast, we've seen a significant increase in share buybacks carried out by listed companies, in particular in the United States where this type of transaction is subject to less monitoring than it used to be. This has led to support for stock prices and an increase in the leverage effect, besides a double leverage effect when such buybacks are financed by additional debt.

Financing facilities, in addition to tax breaks accorded by current US legislation, have produced excellent net profits, boosting stock market prices even higher.

These different elements are adding up and may evolve into profitability profiles of listed companies, with financial and stock market performance, and unusual balance sheets simultaneously incorporating over-abundant cash on the asset side and considerable debt on the liabilities side.

[1] "Ideologically, the financial sphere has conquered self-referential power by embedding the economic realm, which had itself previously embedded society," Fimbel, E. and Karyotis, C. (2012), referring to the approaches of K. Polanyi (1944) and M. Granovetter (1985).

This situation, which many corporations worldwide find to their satisfaction, seems concerning as to its deeper meaning, its intrinsic quality, and its permanency. Financial performance and certainly stock market performance are no longer directly linked to the business model employed, but rather to financial transactions being carried out (use of debt, share buybacks, etc.). Nothing guarantees that current positive effects will still be in place in the future unless such monetary policies are renewed (for the cost of borrowing) or through direct intervention on the securities market (for share buybacks).

The context for Jacques Ninet's "The Black Hole of Financial Capitalism" is the debate on the meaning of these accommodative monetary policies, their effectiveness, and their permanency. Published by Editions Classiques Garnier in paperback, (as part of the *Bibliothèque de l'économiste* Collection), the text originated from a 2017 essay by the author published in standard format by Garnier. That essay was based on Ninet's observations, analyses, and comments for investment funds and other financial institutions where the author exercised significant responsibilities.

Indeed, the author of this book is not an "academic" by trade, even though his repeated activities in the "small world" of the Alma Mater could bring many university colleagues back.[2] However, it is his solid professional experience that encourages us to take his analyses and questioning very seriously.

What does the author have to say in the introduction to his book?

> The black hole I'd refer to then is about a deflationary effect, represented by the negative interest rates that Western economies have been pulled into and from which they can't escape, and which places the role of central banks in great danger.

And how did he end his essay?

> Last but not least, the deregulation objectives set by Donald Trump very well might complete the re-establishment by the financial sphere of its freedom that was barely restricted following the 2008 crisis. However, in a world that appears far more dangerous, all that recovered trust could prove to be just a smokescreen and thrust us back into the black hole once again.

That was written in March 2017. Today, except for some one-time events, most of the chain of arguments developed by Ninet is as fresh as ever. Such urgency drove the publisher's decision to promote the distribution of this new paperback edition of Black Hole to encourage readers to get acquainted and engaged with this major debate about our economies and societies, both as potential protagonists and as citizens.

Professor Roland Pérez

---

[2]As the author of this preface can personally testify, having developed cooperative scientific relationship and a personal relationship with Jacques Ninet.

NOTE TO THE READER

Since the early 1990s, I have been delivering written commentary on a regular basis, about developments on the financial markets and their macroeconomic roots. Initially produced only for a professional audience (within asset management companies such as Fimagest – the "*En direct des marchés*" newsletter), these comments began gradually taking a different, more fundamental turn benefiting from my immersion in academic research. The increasing detachment from the commercial constraints of market newsletters, published by financial professionals for their customers, to a turn toward the development of a personal, non-conformist vision, took place in three phases.

The first phase occurred as I worked at Technical Future, an independent research bureau, in partnership with Gonzague del Sarte (*Commentaires du jour*, 1998–2002); the second took place at Sarasin France (*Fil Conducteur mensuel*, 2004–2009) and the third, as Director of Research and later Adviser to La Française (*Flashes* and *Cahiers de la recherche*, 2009–2017).

I must pay tribute here to my partners and/or mentors who granted me total freedom to think and write as I saw fit. And to a few of my role models, well recognized for their thoroughness and independence, often at the expense of their careers (Stephen Roach, for instance, the former Chief Economist at Morgan Stanley, distinguished for his unwavering denunciation of global imbalances).

Initially, I considered bringing together the bulk of these works as a testimony, a candid analysis of economic and financial events, and the warnings they raised. Thus the initial compilation of works published between 1998 and 2002, The *Carnets de déroute* (Diary of Disarray), which documented the crash of the New Economy. It was turned down by several publishers, though, probably unconvinced of the usefulness of approaching chronologically and critically what might have then appeared as a mere bump in the road.

The manuscript concluded on October 14, 2002, at the depths of the 'dot com' crisis, with an indication that "The party is not over." It conveyed the conviction that the crisis and its subsequent recovery were rather an episode in a vast, continuous flow. Therefore, there would be a follow-up to the manuscript, coupled with the determination of using this literary disappointment as a springboard to get it published.

It is this very follow-up that you are now reading. The seriousness of the events it documents, and the descent of interest rates into negative territory, is comparable to the financial collapse of 1929–1933, and offers an opportunity to make a radical critique of the model for the accumulation of monetary wealth that has been ruling the world since the early 1980s. A development that was unthinkable just five years ago, and considered impossible from an academic standpoint until

very recently, the descent of yields to below zero levels has been perceived as an irresistible advance, much like glaciation, since 2012. The only answer to recurring market crises and inevitable debt increases, this event consecrates the aberration of financial capitalism with negativity of return on investments and therefore negativity of time reward. It is not the least of the paradoxes that this disappearance of the reward of time coincides, at the beginning of the twenty-first century, with the dramatic rise of uncertainty about the future of mankind.

I could not turn down the opportunity to summarize dozens of works written between 2004 and 2016 to show that, as I have long believed, financial hysteria was ultimately the cause of its own demise. Such prophecy is often hard to defend because it can be fulfilled only over a very long time, which might include periods during which it seems that everything will work out. In fact, the responsiveness of finance and its plasticity and resiliency have allowed its sycophants to continue believing in its virtues, and mainstream economists to persist on with their fundamental errors.

Such economists believe in the universal rationality of *homo economicus*, the invisible hand of the market – the maximization of everyone's profits leads to general welfare optimization – and its self-regulating capacities, the unchanging nature of the economic cycle. They do not heed to the systemic nature of crisis. In their view, crises are caused not by financial instability, but by misbehavior (subprime loans, for instance) or political mistakes (US monetary policy in 1929, Japan's monetary policy in the early 1990s). Today, however, it is precisely the chronic financial instability that has led the global economy into an impasse, a real black hole, of which negative interest rates is the indisputable sign.

For the past 30 years, I have passionately worked as a teacher and researcher, in addition to a professional, and fairly fulfilling, life. The sharp criticism I have at times leveled at economics and its mainstream schools of thought, holds no desire for personal revenge. As for market economists, they are constrained by the ambiguity of their own mission, which often aims at both to inform – market practitioners – and to reassure customers and prospects. For these very reasons, their mostly poor track record for financial predictions is not worth dwelling on.

THE BLACK HOLE

The book by Jacques Sapir (2000), *"The Black Holes in Economic Science"* is among the works that helped me understand why the general equilibrium theory is wrong. In my view, his use of the term 'black hole' evokes the idea of it being flawed, as in being incapable of incorporating time and money into the theory. In my essay, I'd rather use the Astrophysics definition of the term, which is an astronomical object so dense that the intensity of its gravitational field prevents any form of matter or electromagnetic radiation – such as light – from escaping. The black hole I'd refer to then is about a deflationary effect, represented by the negative interest rates that Western economies have been pulled into and can't escape, and which places the central banks in great danger.

IATROGENIC EFFECT

The term, “Iatrogenic,” refers to a course of treatment believed to be beneficial to a person’s general state of health but instead causes it to deteriorate. This medical term is perfectly appropriate for qualifying a number of financial innovations (such as complex options or securitization) and all the more so to the monetarist cures applied to developed economies for the past 20 years.

STATISTICS AND CHARTS

Many of the statistics and charts used here focus on the United States. Not for any hidden Atlanticist agenda, but for the treasure trove of high data availability covering long periods. Moreover, this data has not been altered by any structural break, unlike what happened in Europe, with the introduction of the euro, and the historical retropolation of currencies skewed by devaluation. Second, the United States is both the anchor country of financial capitalism and the place where inequalities are the most evident. That is where the demonstration will be most convincing and spared from any controversy related to the *“mal français.”* Unless otherwise stated, the charts were created using Excel based on the source data referred to above.

I would like to thank my economics professor friends, Jacques Léonard and Roland Pérez. They welcomed me into the university and allowed me to compare my professional experience with academic knowledge, offering me unrestrained encouragement through friendly criticism and open-mindedness.

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INTRODUCTION

During the time this book was being written (2016), four of the world's largest central banks[1] were "charging" negative interest rates on bank reserves – and a zero rate of interest for providing them liquidity. 30% of outstanding government debt of members of the Organization of Economic Cooperation and Development (OECD) was earning negative yields for their buyers on the secondary market. You can now borrow for 15 years to buy a home in France at a fixed rate of less than 1%. On the other side of the coin, investors, accustomed for 30 years to the handsome returns yielded by risk free investments, have lost any hope for even meager returns on term deposits and life insurance.

From the late Middle Ages to the first decade of the 2000s, remuneration from financial transactions was always positive or, at worst, zero.[2] For instance, the French civil code requires, as a minimum, repayment of the principal on loans. Return from an investment can therefore only be negative *ex post*, that is, when the final calculation includes a capital loss resulting from a stock market downturn or a defaulting payment.

But things changed at the beginning of this new decade. The quasi-metaphysical limit, which Anglo-Americans refer to as the zero-lower bound, was breached, first by Japan and Switzerland, and then by core countries of the Eurozone and its Scandinavian partners. In the wake of decisions taken by their central banks, yields on government bonds fell below zero – *ex ante* this time, that is, when initially purchased, including through regular auctions – first on bills with very short maturities and later on bonds with longer maturities, including 10-year Japanese bonds, and a few top-tier corporate issuers such as Nestlé S.A.

At the same time, overall debt continued to soar, and growth struggled to recover, in some cases even slowing down (emerging economies) due to the weakness in final demand. Despite low interest rates, lukewarm investment trends produced a steady decline in productivity gains even as corporations were reporting record levels of profitability and cash hoarding.

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[1]Japan, Switzerland, Eurozone and Sweden.
[2]There were "melting currencies" (demurrage) in Europe from the eleventh to the thirteenth century. See page 76.

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For what reasons did the countries of the "North" suddenly, and virtually at the same time, end up on the brink of bankruptcy, compelling central banks to implement monetary rescue plans on an unimaginable scale? This was certainly nothing new: according to Carmen Reinhart and Kenneth Rogoff (2010), no less than 250 government defaults were recorded over the last two centuries of industrial economies. But they mostly involved developing (emerging) countries and/or periods of war.

For what reasons does aggregate debt (public, private, financial and non-financial agents) keep on rising, following the crisis of 2008, to record levels? How can debt continue to increase at a time when the relationship of debt to real wealth creation (GDP) is so high that the former may never be repaid, except by creating money *ex nihilo* for this purpose?

Why has growth of Western economies slowed down, as a trend since the 1960s – to the point that some now use the term, "secular stagnation"[3] to describe it – despite technological advances of the Third and then Fourth Industrial Revolution, with its booming digital economy?

These issues may be well beyond the grasp of the layman, proclaimed *homo economicus* without his knowledge by (neo) classical economic theory, but who in fact is reluctant to delve into the abstractions of economics, and feels even more aversion toward finance and money. And yet, whether worried about his job, retirement pension, mortgage interest rates, or the yield on his life insurance policy, the ordinary citizen is, unlike his forebears, continually thrust first-hand into the problems we are talking about. And falling interest rates, far more than stock market fluctuations, have a direct impact on his present and, even more so, his future.

In answering these questions, this book puts forward a very simple theory: the system inspired by Neoliberalism, which governs the near-totality of the world's economy, voluntarily or involuntarily generates imbalances caused by the entrenchment of wealth disparities. This distortion in the distribution of income and assets is leading to sub-optimal growth and the repetition of financial crises, compounded and worsened by the increasing financialization of the economy.

This development is not entirely new (see the Great Depressions of 1873–1896 and the 1930s). However, the difference stems in part from the aging world population, and from the central banks' overriding power, which ensures the continuity of the system by concentrating all the risks today.

The last act of the "Roaring Twenties," the stock market crash of 1929–1932, ended in the Great Depression and the rise of European totalitarianism. It took World War II to provide a solution to the economic crisis through the "war effort," and the crushing of the Axis powers to reset history.

The powerful comeback, since the 1980s, of an economic model of inequality, also bears witness to new speculative bubbles and the stock market turmoil that puts an end to them. However, learning the lessons of the 1930s and the Japanese experiment (1990/2000), the dominant elites and oligarchies of finance have

[3]A long-lasting condition of negligible economic growth due to lack of productivity gains.

entrusted central banks with the task of containing the domino effect of crashes by drowning the banking and financial system in cash. Employed for the first time by US Federal Reserve Chairman Alan Greenspan on Black Monday in 1987 (on October 19, Wall Street registered a 23% loss in a single market session), this strategy gradually took on the characteristics of a full-blown doctrine: the central bank cannot and should not comment on the speculative character of an excess of stock market euphoria. A bubble can only be clearly identified once it bursts – and, by contrast, the central bank's mission is to inject all the cash needed into the system to halt contamination of the real economy once the crash is triggered.

The lowering of interest rates to below zero is a clear sign that management of the hyper financialized capitalistic economy by central banks has come to the end of the road. Increased disparities caused by a growth model for inequality, and the unbridled financial creativity that has supported it, have been compensated, step-by-step, crisis after crisis, with more and more intensive monetarist cures. After the failure of the latest innovation produced by creative financing, the securitization of subprime loans, these cures have just reached their upper limits, with the zero interest rate policy (ZIRP) and purchases of bonds in the trillions (Quantitative Easing or QE). They have now begun to work in the exact opposite way to the economic purpose for which they were designed, by imposing withdrawal rather than topping up financial capital.

During this crisis, central banks undeniably fulfilled the task of lender of last resort entrusted upon them. They performed as the system's firefighters after acting (as for the Fed, the largest among them) as the perfect pyromaniac. They did manage to avoid banking collapse and irreversible disarray in the government bond markets, but as any objective macroeconomic analysis will show, nothing was resolved or even addressed. The return to normality remains a sort of *terra incognita* that is receding further as time goes by.

Witness the hard time the Fed had with implementing a strategy of "normalization" (a euphemism for raising rates), which has been on the agenda since 2013 and timidly initiated in early 2016. The United States, like the United Kingdom, sensed the danger and refused to cross the zero-rate barrier. Such difficulties provide a good illustration of the risk of non-return associated with these hyper-accommodative policies. They are no more unconventional than the instruments they use, a logical yet vain continuation of the policies adopted over the past 30 years. The conclusion is that there is in fact no way of going back without bringing down the entire structure, as long as the global macroeconomic model is not changed.

The first part of the book briefly reviews the conditions for the revival of the liberal ideology and its corollary, financialized capitalism, starting in the 1980s until their peak, in 2007. This perspective is aimed primarily at showing how and why the middle classes have become willing victims of their own undoing, an undoing that is no coincidence, by falling into an addiction to financial profit to make up for the planned reduction in their pensions.

The second part examines the crisis that, from 2007 to 2015, struck the banking and financial communities and later European government debt, as an illustration of the deficiency of the financialization model. How it is been drawn

into a relentless race to the bottom, where the (monetary) cure for each crisis surely and steadily sets the stage for the next one.

The third part is devoted to central banks and the increasing role they play, first, as guardians of the temple of macroeconomic orthodoxy, second, as substitutes for government inaction and, third, as the sole saviors capable of dealing with the growing problem of economic disorder. The assessment of their performance includes a very critical reading of their forecasting mistakes, their asymmetrical focus on inflation risk (and their negligence when it comes to financial instability), and their pro-market bias.

The fourth and last part of the book looks at the unintended consequences of zero or negative interest rates, and the dilemma facing central banks, caught between the fragility of the financial markets and their economic inefficiencies, and the need to regain more leeway. Unlike the first three parts of this book, this fourth part is not the mere translation of the original manuscript. It has been extensively re-written to take account of the events that occurred through the end of 2019, in particular the unbelievable flip-flop by the Fed that made the Black Hole Theory permanently relevant.

In the guise of a conclusion, key steps are recommended to ensure the recovery of the global economy. Essential reforms must be made to the functioning of the globalized economy, its monetary system and banking regulation. Tax and social protection systems must also be reconciled. The most important step, however, to ensure that finance reclaims its rightful place in serving economy, which in turn serves society and mankind, is to thoroughly rethink intergenerational solidarity and put an end to the deification of the market. That is in line with Pope Francis' recommendations, in his encyclical, *Laudato si.* Because any attempt to rebuild a viable economic system without questioning its sustainability as a first prerequisite, is nonsense. Hence the idea of a "total ecology," which would re-establish a hierarchy of principles, starting from mankind's place on the planet, and ending with adequate financial tools, in strict opposition to the situation that prevails today.

PART 1

FINANCIAL CAPITALISM: FROM THE NEOLIBERAL REVOLUTION TO THE MULTIFACETED CRISIS OF THE TWENTY-FIRST CENTURY

> Nothing ever comes to pass without there being a cause or at least a reason determining it that is, something to give an a priori reason why it is existent rather than non-existent, and in this wise rather than in any other.
>
> (Leibniz, 1710)

INTRODUCTION

It's hard to get students born in the 1990s to imagine what the world was like when this old professor was their age. It was a world where people feared that the Soviet bogeyman could ultimately overtake its nemesis, America; where the price of oil tripled in three weeks, and gasoline at the pump soared; a world of double-digit inflation, mortgage rates over 15%, ex-post index linked wage adjustments, etc.

That world vanished in less than 10 years, making way for the globalization of the economy, the opening up of new countries to the market economy, and more deregulated financial standards.

How did such a radical shift occur so rapidly? And what were its underlying causes?

Disinflation and its companion, falling interest rates, created the conditions for a stock market golden age (market capitalization in the United States increased 14-fold in less than two decades). Yet the economic and fiscal record of this revival of capitalism is still far from conclusive. Increasingly brutal crises took place in close succession and the disappearance of the economic cycle, the Holy Grail of deregulation proponents, sadly foundered on the shoals of the worst recession of the postwar era.

Meanwhile, global growth continued to slow over 30 years. Middle classes of industrialized countries, which reigned supreme over the glorious years following the World War II, and powered the engine of the Fordist Model, have been destroyed. Meanwhile those of the emerging countries, though admittedly

rising very rapidly, were not enough to overcome economic insecurity or persistence of extreme poverty (according to the World Bank, nearly 800 million people still live on less than USD 1.90 per day). Such subdued performance has not prevented the attachment of these middles classes to the principle of individual accumulation savings thanks to which they have become staunch allies of the holders of capital.

THE GREAT TURN

FROM POSTWAR BOOM TO STAGFLATION

US President Franklin D. Roosevelt and the New Deal, the UK's Lord William H. Beveridge and his Report,[1] championed by Winston Churchill, and the French National Council of the Resistance, laid the groundwork for the postwar reconstruction of the industrialized world on a shared or socialized "citizens' protection floor," providing a bulwark against life's multiple hazards (illness, unemployment, old age, disablement, etc.). This system, which we know today as the Welfare State, provided tremendous momentum for prosperity.[2] Sustained by a fair pro-labor redistribution of productivity improvement, consistent with Fordist principles, this strong growth led to the emergence of a middle class in all Western countries until these safeguards started to go wrong in the late 1960s.

The disregard for the most fundamental economic laws and the hubris fueled by the extraordinary rise in living standards in the Western world slowly but surely strengthened the rigid mechanisms of wage indexation and redistribution. Confronted by the cost of the Vietnam War, the end of convertibility of US dollars into gold brought about by the Bretton Woods Agreement, followed by the rising price of oil, plunged Western economies into stagflation (Fig. 1).

For finance professionals, the end of the 1960s and the beginning of the 1970s were seen as dark times. Despite soaring interest rates (peaking at 15.8% on 10-year US Treasury bonds in the summer of 1981 and at 17.4% in France in November of the same year), bond yields net of inflation were paltry and stock exchanges entered a 17-year-long period of erratic stagnation, marked by one of the worst bear markets in history: between October 1973 and October 1974, the Dow Jones fell 41%.

LIBERALISM'S GREAT COMEBACK

History is still made from a series of ad hoc events reflecting basic trends at the appropriate moment. This is why the historian's task always involves two phases: the relatively easy search for the "how" and the harder task of discovering the

[1]Report to the Parliament on Social Insurance and Allied Services (1942).
[2]Obviously, we cannot forget the role that colonial receipts and the pillage of the earth's energy and mining resources played during that era of progress.

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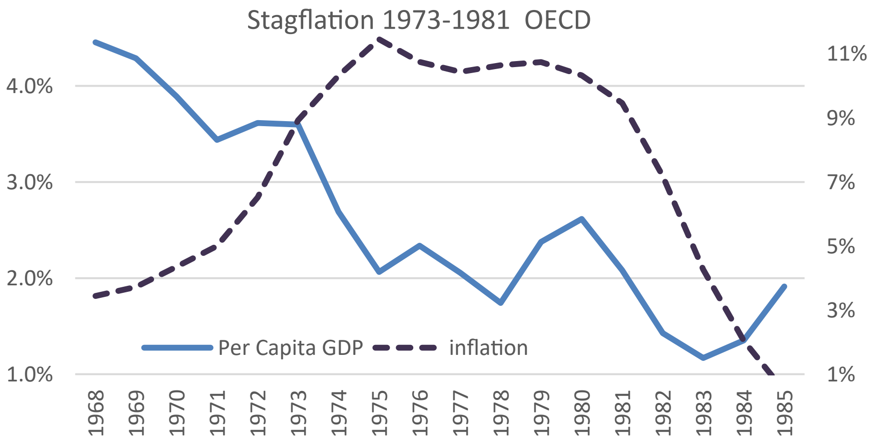

Fig. 1. Stagflation 1973–1981. *Source:* World Bank.

"why." The complete ideological U-turn away from Keynesianism-Fordism and social democracy toward the most liberal version of conservatism in which the postwar boom (in France "les trente glorieuses" lasted less than 25 years) would disastrously end is no exception to this rule.

The "how" of this complete about-face is attributable to four events that occurred between 1979 and 1981. The "why" is related to the great pendulum that is history, which worked to produce the resurgence of the rentier capitalists.

1980: The Turn of the Decade

Four events took place within the span of 18 months that would radically change the picture and determine most of the central political-economic landscape for the next three decades: the start of the Soviet Union conflict with Afghanistan (February 1979); the arrival of Margaret Thatcher at 10 Downing Street (May 4, 1979); the appointment of Paul Volcker as the Chair of the Fed (August 6, 1979); and the election of Ronald Reagan as US President (November 4, 1980).

It is in this landscape that the Digital Revolution and the entry of emerging countries into the globalized economy occurred.[3]

[3]Historian Christian Ingrao describes 1979 as the hinge point from which what he terms *la migration de l'espérance* takes place. The end of hope of the emergence, here on earth, of an ideal society, founded on abundance, fraternity and well-being, and the construction of a hollow society have opened the way to belief systems founded on the divine. Among the landmark events of that year, Ingrao points to the Iranian Revolution and its immediate aftermath, the Iran-Iraq War, the siege of Mecca by Sunni fundamentalists and the Polish shipyard strikes (Collège de France seminar at https://www.college-de-france.fr/site/pierre-rosanvallon/seminar-2017-03-15-10h00.htm).