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The boring 20's? How the coming decade will likely be the antithesis of the gilded age.

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Promises of an exuberant post-pandemic summer were dampened by an unusually wet summer and the rapid global domination of Covid's most optimised form, the Delta variant. The summer was supposed to mark the beginning of what many predicted in the Spring of 2021 to be the start of a 'roaring' 20's. Newspapers in early 2021 poured out optimistic analyses of the coming ten years, based on the vision of a repeat of the 1920's. This was of course a belief that the global economy would rapidly bounce back from the turmoil caused by the pandemic, with the world having been confined to their homes for a year unleashing their savings in a hedonistic spending binge.

The similarities to the 1920's rest on a popular historic imagination of an era defined by a burst of energy in the wake of the devastation of the First World War, and perhaps more relatably, the Spanish Flu. But like most attempts to periodise history into easily digestible ten-year chunks, comparisons of the present to the 1920's rely on a highly selective historical imagination. The pandemic of 1918-1919 was a global event, like the pandemic of the present day, but the story of the 1920's that is often remembered is a relatively American one. The art-deco adorned extravagance of the decade was not the reality in most of the world, including in other Western states, where countries like Britain experienced large scale industrial action which is more synonymous of the 1970's. Germany began the decade mired in hyperinflation and reparation payments. In colonies such as Ireland or India, the 1920's might be better remembered as a period of conflict and decolonisation from Britain. Decades therefore become abstractions of the select experiences of only a few places.

The 1920's in particular suffers from what was accurately described by the insufferable Sorbonne Professor played by Michael Sheen in 'Midnight in Paris' as "Golden age thinking". Modern media has repeated the tale of the fabled gilded age, and attempted to, perhaps optimistically, present it as a roadmap for our future. Despite the great heterogeneity of experiences in the 1920's, many Western countries underwent in the second half of the 20s some sort of economic or cultural boom, which the French termed *Les Années Folle* (the crazy years) or the Germans after the end of hyperinflation, the *Goldene Zwanziger Jahre* (the golden 20's). Therefore, it's not a fiction that for some living in select places in the world, particularly urban centres such as New York and Paris, the 1920's saw an outburst in economic and creative activity that revolutionised elements of their society. But is the supposed economic and cultural renaissance of the 1920's the correct lens through which to view the present?



Figure 1 The front cover of the Spectator unabashedly linked the image of vaccines to the era of *The Great Gatsby*

Almost as famous as the era that produced Pablo Picasso, Salvador Dali and Josephine Baker was the event that ended it: the 1929 crash on Wall Street. The stock market crash was not without anticipation, and even F. Scott Fitzgerald's *The Great Gatsby* published several years before the crash in 1925, is replete with references towards the unsustainability of the 20's lifestyle. The ratcheting



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climax to the crash in the United States saw the price of shares increase 1000% over a decade, as an increasing number of Americans participated in a frenzy to get rich quick. Underlying this boom were relatively low interest rates by the standard of the day, at about 4-5% throughout the decade, although they were significantly higher than the 0.25% in the United States (as well as negative interest rates in Switzerland!). Despite the growing participation of Americans in the stock market, the 1920's was an era characterised by a growing chasm of income and wealth inequality, and the consolidation of American business around a core aristocracy of holding companies, in spite of the anti-trust laws of the 1910's.

The high inequality and low interest rates of the 1920's may seem like a commonality with our present day. However, we enter the 2020's now with two recent significant market crashes, including the 2008 sub-prime mortgage crisis and the March 2020 panic over Covid, with a third potentially in the making in China. Chronologically therefore, we've started the 2020's in perhaps the opposite fashion to a century ago. The result of the pandemic in particular means that we are living in an era of massive government intervention, with many states mobilising trillions of dollars towards reconstruction, which will certainly mean tax rises. Where the burden of this tax will fall is still being debated, as shown in the UK where the decision to raise National Insurance hits many low wage earners hardest.¹ Efforts by over 130 governments to enforce a global minimum corporation tax reveals the winds of change towards the tolerance of global tax havens.² Many Western governments in the 1920's were also nursing large deficits, largely from the ruinous result of the First World War. However, nowadays following several decades of low regulation regimes since the 1980's, there is little ideological appetite to continue down this route.

The 2020's have already seen greater investment into an array of new financial products, from a growing array of cryptocurrencies to 'non-fungible tokens' have shaken up the financial world, whilst the more traditional stock market and housing markets have boomed since the crash in March 2020. Both crypto, the stock and housing markets have seen intense volatility since March's crash. In the last year Bitcoin, the flagship of cryptocurrencies, ranged in value from \$9600 to over \$58,000, whilst newcomers like Dogecoin, initially a joke currency, leapt from insignificance before being rocketed 'to the moon'. In turn, some states such as El Salvador have embraced crypto as legal tender, whilst others such as China have attempted to quash them completely.³ We live in a vastly more complex financial world than in the 1920's yet the promise of quick money through capital gains has been particularly alluring to many as of late.

Although much of the world was still experiencing periodic lockdowns from March 2020 onwards, the stock market thrived, a potential herald of a new roaring 2020's. That was until September this year, where Evergrande, a Chinese construction giant saddled with considerable debt, failed to repay interest payments, leading to a panic in China's stock market, with global repercussions. It's unclear what the Evergrande debacle means for China in the long run, which had a serious financial bubble burst in 2015, but quickly recovered. But the centrality of China's role in the world economy means that financial crises emerging from China are likely to have increasingly global knock on effects.

Geopolitics

It is in China that again we find that the analogy of the 1920's comes short. Whereas the 1920's was in the wake of a cataclysmic conflict that led to the creation of new inter-state organisations to reduce armaments, the current decade will more likely be marked by growing defence budgets, as frictions mount between the United States and China. The Thucydidean trap which many pundits warned of is reflected in the rapid relocation of American defence interests away from its traditional rival Russia to the South China sea.⁴

China's growing predominance to the position as a rival to the United States is yet another example of a complete reversal of the 1920's. The China of that era was characterised by Warlordism, civil war, and the inability to overturn the dominance of colonial powers in its port cities. Today's China is the world's largest economy in purchasing power parity, having gone through the largest economic expansion in human history within a few decades. China's rise to predominance has certainly been one of the greatest role reversals of the last century, upsetting the unipolar world system enjoyed by the United States since the 1990's.



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Figure 2. A map of China in 1925 showing the division of the country under different warlords (attribution to USMA and Wikimedia)

increasingly sent incursions into airspace claimed by Taiwan, raising alarm bells in the West. These incursions have been backed by President Xi Jinping's pledge to reunify what the People Republic calls Chinese Taipei to the mainland.⁵

If we are looking for historical analogies, this scramble for ships has more in common with the Anglo-German arms race for 'Dreadnought' battleships in the early 20th century than the 1920's. It stands in stark contrast to the 1921 Naval Conference in Washington, where states agreed to reduce the size and tonnage of their military fleets, or the 1925 Locarno treaties that aimed to secure peace in Western Europe through cooperation. In more recent times, the United States has worked hard to maintain nuclear non-proliferation, and the 'New START' treaties of the Obama era to reduce nuclear weapons stockpiles with Russia, agreements that were modelled after the successful arms reduction treaties of the 1920's. Yet rather than the 'Spirit of Locarno', a feeling of international peace that pervaded the negotiations of the 1920's, the 2020's will more likely be a decade of arms production, not reduction.

Climate Change

Although weather has always been a preoccupation for our ancestors, man-made climate change was not a preoccupation for policy makers in the 1920's. There has been a crescendo of reports over the last two decades about the impending dangers of climate change, which has been reinforced by a noticeable rise in freak weather events, from snowstorms in Texas, gigantic wildfires in Australia, and flooding in Germany and other parts of Europe.

This challenge to American supremacy has been met by a rapid redeployment of forces from Eastern Europe to the Western Pacific. This shift in strategic interests has been well embodied in the recent Aukus alliance between Australia, the UK, and the US. A crucial part of this agreement is a weapons contract that relies on Australian reneging on a €31 billion contract with France for submarines, in favour of American nuclear-powered ones. The decision to outfit Australia with a top-tier weapons system which only the five permanent United Nations Security Council states and India currently utilise is clearly intended to counter China's influence in the South Pacific. But the agreement, which understandably outraged the French, has damaged traditional alliances such as NATO, and will likely increase French resolve for greater European cooperation in defence when it sets the agenda as President of the European Council in 2022. Another agreement, the 'Quad', that included India, Japan, and Australia is but one of a growing number of US led agreements to counter China's meteoric rise.

China's expansion of its military capabilities has seen a trebling in the size of its navy over the last two decades. The Chinese navy now outnumbers that of the United States in numbers (although perhaps not in tonnage nor in capability), and has



Figure 3 HMS Dreadnought (1906) The revolutionary new battleship that triggered an arms race between Britain and Germany



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If the 1920's have been defined as an era of excess, the 2020's will likely have to become a decade of increased sustainability. If we must continue to compare decades for historical analogies, the present day might better resemble the 1930's. The vast sums being paid by governments to rebuild after the pandemic often harken back to the era of government intervention in the 1930's to stimulate the American economy in the wake of the 1929 crash. Calls for a 'Green New Deal' directly harken back to President Roosevelt's focus on massive infrastructure construction. Meanwhile the British Government has tried to harken back to its historical past by launching a ten point plan for a 'Green Industrial Revolution'.⁶ President Biden's multi trillion dollar stimulus plan also sets aside the creation of better infrastructure for green energy.

The 1930's analogy works better than that of the 1920's, at least in the United States, as the 1930's saw one of the first attempts to overturn ecological damage caused by poor agricultural practises in the Mid-West. The topsoil of the America Mid-West, damaged by years of unsustainable agricultural exploitation, was blown around the country in what became known as the dustbowl. The erosion of these top soils led to a rapid drop in fertile land, causing an exodus of agricultural workers from the mid-West, creating an early form of environmental refugee.

The Federal Government's response to the dustbowl was tied into its New Deal efforts, revealing an early example of a government stimulus plan and ecological spending working together. However, the scale of today's effort to wean our economies of fossil fuels is of a different magnitude to the dustbowl of the 1930's. What was once an 'inconvenient truth' in the early 2000's has now become mainstream politics, as politicians scramble to make pledges to replace fossil fuels with renewables. These promises have become increasingly more ambitious, promising to reach net-zero emissions of greenhouse gases by 2050. However, many countries are lagging behind this goal, despite steadily shrinking per capita emissions. Moreover, the current European energy crisis has seen gas prices rocket upwards, revealing the continued reliance on fossil fuels among some of the 'greenest' countries in the world.

Whilst generating electricity and power makes up the lion's share of carbon outputs, the coming decade will likely see changes in the way we travel. Whilst the car became symbolic in the 1920's of a new age of consumer technology, TESLA and other electric car manufacturers will continue to adapt automobiles for the environmental age. Entrepreneurs like Elon Musk have done much to boost the allure of the once derided electric car, but the shift to greener forms of transport is underpinned by huge publicly funded infrastructure plans. Less glamorous but considerably more significant works, such as the expansion of public transport, best embodied by Paris's metro expansion, will effectively double the line's size and add another 2 million daily commuters to its network. France is also pushing for a return to train travel over air travel, limiting domestic flights whilst a new network of overnight sleeper trains has been making a return across Europe.⁷ One such trainline has even tried to recapture the energy of the 1920's by launching an art deco style Orient Express, although its journey ends less ambitiously in Venice rather than Istanbul.⁸ Car culture was born in the 1920's, yet the future of transport for most of us, in spite of the electric car, remains public.



Figure 4 Although started in the 1920's, the Hoover Dam was completed in 1935, and has become emblematic of the large infrastructural projects of the New Deal

Conclusion

If the story of the 1920's was peace building, laissez faire capitalism, and ultimately speculative volatility, the foreseeable future for the rest of the decade may be quite different. The global economy may quickly rebound from the pandemic, as many have anticipated, but it will rebound into a world with many different problems, many of which are even more insurmountable than Covid-19. Tax rises and government stimulus are certainly on the horizon, and will continue to be necessary as economies transition to become increasingly sustainable. It is this last point that will hopefully become the watch-word for the decade. For those that urged caution in the 1920's, it was the era's unsustainability that worried them. The party had to come to an end somehow, and it did. Today, we look to new technologies, policies and changes in lifestyle that make our lives more sustainable out of environmental, not to mention financial sustainability.



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If the 1920's are such a poor analogy for the present, then why are promises for a new 'roaring 20's' so ubiquitous? The answer lies with the promise that the 1920's represent. It is often represented as a golden age, a promise of hope and optimism following hard times. Although historians might hate utilising the timeframe of decades as loose amalgamations of selectively picked historical events and socio-cultural practises, popular understandings of the past do rely on these abstract periodisation for understanding. That is because decades are considered long enough periods of time to capture the *zeitgeist* of the age.

In Jason Scott Smith's article 'The Strange History of the Decade', he starts by quoting Fernand Braudel "the historian can never get away from the question of time in history: time sticks to his thinking like soil to a gardener's spade".⁹ The yearning to periodise seems overwhelming, and the attempt to reduce a ten year snapshot of history down to several events and trends ranging from musical choices to hairstyles has often been a flawed means of understanding the complex intricacies of the past. If the utilisation of decades is generally inaccurate, projecting the flawed golden-age narrative of a decade a century ago on the present is even more erroneous.

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¹ Chris Giles and Jim Pickard, 'Cost of Living Crisis Looms for Britain's Poorer Households', *Financial Times*, 21 September 2021, <https://www.ft.com/content/11ef63ba-63db-46f2-a399-1c7323d54509>.

² Richard Partington and Richard Partington Economics correspondent, 'OECD Deal Imposes Global Minimum Corporate Tax of 15%', *The Guardian*, 8 October 2021, sec. Business, <https://www.theguardian.com/business/2021/oct/08/oecd-deal-imposes-global-minimum-corporate-tax-of-15>.

³ Anatoly Kurmanaev, Bryan Avelar, and Ephrat Livni, 'Bitcoin Preaches Financial Liberty. A Strongman Is Testing That Promise.', *The New York Times*, 7 October 2021, sec. World, <https://www.nytimes.com/2021/10/07/world/americas/bitcoin-el-salvador-bukele.html>.

⁴ This is just one example of a multitude of works that claim that China's ascent threatens American hegemony Graham Allison, *Destined for War: Can America and China Escape Thucydides's Trap?*, Reprint edition (Mariner Books, 2017).

⁵ 'China-Taiwan Tensions: Xi Jinping Says "reunification" Must Be Fulfilled', *BBC News*, 9 October 2021, sec. China, <https://www.bbc.com/news/world-asia-china-58854081>.

⁶ 'The Ten Point Plan for a Green Industrial Revolution', GOV.UK, accessed 13 October 2021, <https://www.gov.uk/government/publications/the-ten-point-plan-for-a-green-industrial-revolution>.

⁷ 'Grand Paris Express, the largest transport project in Europe', Société du Grand Paris, 16 June 2017, <https://www.societedugrandparis.fr/info/grand-paris-express-largest-transport-project-europe-1061>.

⁸ Maria Shollenbarger, 'The Roaring Twenties Recaptured on the Orient Express', *Financial Times*, 6 September 2021, <https://www.ft.com/content/9f776436-8205-48cc-a879-7a053f388671>.

⁹ Jason Scott Smith, 'The Strange History of the Decade: Modernity, Nostalgia, and the Perils of Periodization', *Journal of Social History* 32, no. 2 (1998): 263.