

# The great realignment

Navigating catastrophe and capital in the decade ahead



The defining crises of our era will require a great realignment of global forces, middle countries, the coalition of progressive movements – marginalised communities, women’s groups, workers, the unemployed and the working poor – to shape a new reality going forward. ARI SITAS examines the unfolding process that has created the current disastrous instability and friction, and argues for the need for creative efforts to transform the catastrophic reality into an inclusive developmental world order



**W**e often describe our moment in history as a time of crisis. Yet the word “crisis” suggests something sudden – a shock, an event, a rupture that interrupts normal life.

But what if our greatest mistake is believing that catastrophe arrives all at once?

What if the defining crises of our era do not explode – but accumulate?

I want to suggest that we are not waiting for the next global crisis.

We are already living inside it.

The decade ahead will not be defined by a single shock. Instead, it will be defined by a great realignment – structural transformation in how capital moves, how states govern, and how societies organise themselves. But also in how people, workers and the working poor, women and marginalised communities come to shape it.

To understand this realignment, we must move beyond thinking about crises as events. Instead, we must examine the slow convergence of structural trends that together produce systemic instability.

This is the framework I want to propose.

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### **Catastrophe as convergence**

For decades, economists and political analysts have focused on dramatic events: the fall of the Berlin Wall, the Asian financial crisis, the 2008 global meltdown, or the COVID-19 pandemic.

The way capital acts and behaves has changed. As Yanis Varoufakis warned: “capital is no longer just a produced means of production. In the age of Big Tech and AI [artificial intelligence], capital



has become a means of behaviour modification. We have moved from a world of markets to a world of digital fiefdoms, where profit is replaced by rent, and the citizen is replaced by the 'serf' of the algorithm" (2024, p. 104).

Even what seems progressive and friendly to our ecosystems must be explored with some suspicion. Jayati Ghosh raises such an alarm:

*The core countries and the elites within every country globally are able to produce and consume excessively. They generate hugely disproportionate and increasing global carbon emissions with rising ecological footprints. Yet the negotiations that are supposed to address climate change do so in very misinformed and unequal, deceptive and even harmful and debilitating ways. Global market-oriented finance and the fiscal strategies of the major advanced countries actually operate to increase carbon emissions at the same time as they make the required finance for effective mitigation unavailable to the rest of the world. (2023)*

But the crises shaping our century do not occur as isolated shocks. They emerge from the interaction of long-term structural pressures.

In this sense, catastrophe is no longer a moment.

It is a system.

Six major trends define this system. I will point to the economic ramifications keeping in mind that the real devastation is most often deeply social.

#### ***Environmental degradation***

The climate crisis is no longer a future scenario. It is a present economic constraint. Extreme weather now affects agricultural production, energy infrastructure, insurance markets, and global logistics networks. Climate shocks are increasingly tied to sovereign risk and fiscal stability. The result is that environmental risk has become an economic risk multiplier (Intergovernmental Panel on Climate Change, 2023).

#### ***The return of armed conflict***

The post-Cold War era briefly suggested that global trade and economic integration might reduce geopolitical conflict. That assumption has collapsed. Regional wars, proxy conflicts, and military competition have returned to the centre of global politics.

The result is a restructuring of trade routes, energy markets, and supply chains. In short, geopolitics has returned to economics (Mecklin, 2026).



*Stress at the stock exchange.*

*Photo: Shutterstock*

### ***Economic volatility***

For decades the global economy operated under a relatively stable regime of predictable inflation and integrated supply chains. That era is ending. Today we are witnessing the emergence of security-driven economics.

Prices are increasingly shaped not by efficiency but by resilience: stockpiles, redundancies, and domestic production capacity. This shift represents a fundamental transformation in global capitalism (International Monetary Fund, 2025).

### ***Health as economic infrastructure***

The COVID-19 pandemic demonstrated that health systems are not simply social services. They are economic infrastructure. Labour markets, productivity levels, and public finances are now permanently shaped by the long-term consequences of global health crises.



Governments that fail to treat public health as an economic system risk repeated cycles of disruption.

### ***Technological disruption and the AI divide***

AI is rapidly becoming the defining technological force of the 21st century. But the infrastructure required to support it is immense. Data centres, energy systems, high-speed networks, and specialised semiconductor production form the backbone of the AI economy. Global demand for digital infrastructure is expanding rapidly as AI systems proliferate.

Some projections suggest that the number of AI systems and connected agents could increase by orders of magnitude over the next decade, placing unprecedented pressure on global computing and networking infrastructure. This creates a profound risk: a widening technological productivity gap between nations. Those who control AI infrastructure will shape the global economy. Those who do not may fall further behind (World Economic Forum, 2026).

### ***Authoritarian populism***

Finally, there is the political response to these pressures. When states fail to manage environmental stress, economic insecurity, and technological disruption, political systems often turn toward authoritarian populism. These movements promise control in a world of uncertainty. But in practice they often deepen instability, weaken institutions, and polarise societies (V-Dem Institute, 2026).

## **The geography of catastrophe**

These six trends rarely operate in isolation. Instead, they converge geographically and within strained ecosystems.

They create what we might call critical zones — places where economic fragility, climatic and political instability, and infrastructure failure reinforce one another.

In South Africa, we see these zones emerging clearly where municipal collapse intersects with economic exclusion and social frustration.

Understanding catastrophe as geographic convergence allows us to move beyond reactive crisis management toward systemic responses.

Suffice it to say that in the near future careful attention ought to be paid where three or more of these occur in a specific locale and follow closely the forms of response by people affected.



I have focused here on the economic dimension of these trends because they link with tectonic shifts in the world economy and how it impacts on these zones of crisis and engagement.

### **The global capital realignment**

If we map global growth since the financial crisis, we discover something striking. The world economy is no longer powered by a broad coalition of countries. It is carried by a narrow pyramid of growth engines – China at the base, India rising rapidly beside it, and the United States stabilising the system through technological leadership (World Bank, 2025).

Just three economies (China, India, US) account for roughly 55–60% of global economic growth. That level of concentration is historically unusual. Asia is now the centre of world growth. Ironically, it is mainly China that keeps capital accumulation above the devastating average.

Let us now turn to the second dimension of this transformation. Global capital itself is changing away from the flow of financial resources in a globalising world.

To understand this shift, we must compare two moments: 2008 and the present decade. In 2008, the global financial system experienced a dramatic shock. But the response was largely restorative. Central banks stabilised markets. Global trade continued. The architecture of globalisation remained intact.

The world that is emerging today is different. We are moving from efficiency-first globalisation to security-first regionalism.

Xi Jinping (Xi, 2025, p. 14) warned of such a realignment based on security concerns: “Security is the prerequisite for development. In a world of increasing turbulence, we must build a ‘Global Security Initiative’ that respects the sovereignty of all nations and rejects the cold-war mentality of zero-sum games.”

Four structural changes define this transition.

#### ***The return of industrial policy***

For decades, economic orthodoxy discouraged government intervention in industrial production. That orthodoxy is disappearing.

Across the US, Europe, and Asia, governments are actively reshaping supply chains in strategic industries such as semiconductors, batteries, and renewable energy. National security has become a central driver of industrial investment (IMF, 2024).



### *The AI infrastructure supercycle*



*Data centres constantly and rapidly processing incoming information.  
Photo: Shutterstock*

The second transformation is the extraordinary scale of investment in AI infrastructure. Across the technology sector, companies are committing enormous capital to data centres, cloud computing systems, and advanced semiconductor production.

Recent announcements illustrate the scale of this expansion, including multi-billion-dollar investments in new AI data-centre ecosystems. This infrastructure boom is reshaping the geography of wealth creation.

Unlike the earlier internet revolution, which distributed innovation relatively widely, AI infrastructure is concentrated in a small number of technological hubs (Gartner Inc., 2026).

#### ***The strategic politicisation of capital***

Foreign investment is no longer politically neutral. Governments increasingly screen investments in strategic sectors, while geopolitical tensions influence cross-border capital flows. Capital has become an instrument of geopolitical strategy (World Trade Organization, 2025).



Another important dimension of this realignment is the growing role of emerging-economy financial coalitions, most notably BRICS. Originally formed in the aftermath of the global financial crisis, BRICS was conceived as a platform through which large developing economies could coordinate positions within global governance institutions such as the IMF and the World Bank (Armijo & Roberts, 2014).

Over time, however, the bloc has evolved beyond diplomatic coordination into a more ambitious experiment in institutional diversification. The creation of the New Development Bank and the Contingent Reserve Arrangement represented early attempts to build financial mechanisms that could complement, and in some cases partially bypass, traditional Western-led institutions (Stuenkel, 2020).

In the current era of geopolitical fragmentation, BRICS increasingly functions as a forum where emerging economies explore alternatives in development finance, energy cooperation, and trade settlement. Yet the bloc's growing prominence also highlights the complexity of multipolar financial governance.

While BRICS presents itself as a collective voice of the Global South, its internal dynamics are shaped by major asymmetries in economic size, strategic priorities, and geopolitical alignment. These tensions reveal both the promise and the limitations of the emerging multipolar financial order.

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### ***The rise of private infrastructure finance***

The final transformation is the rise of private infrastructure capital. High public debt levels limit the ability of governments to finance large-scale projects. As a result, infrastructure funds, pension funds, and private equity firms now play a growing role in financing energy grids, digital networks, and transportation systems.

The boundary between public infrastructure and private investment is becoming increasingly blurred. But most importantly regulation of capital flows and self-regulation by capital of its flows is very much with us.

My point is that the world economy has shifted from our narrow government thinking that prioritises austerity and neo-liberal protocols of best practice.

### **The institutional architects of global capital**

Within this new system, certain institutions wield extraordinary influence over this self-regulation. The whole restorative drive is unthinkable without two of the major players. They illustrate the emerging architecture of global finance.

The first is BlackRock. The second is the Industrial and Commercial Bank of China (ICBC).

These institutions represent two different models of financial power. BlackRock operates as what we might call the invisible governor of Western capital markets. Through its asset-management platforms and risk-analysis systems, it coordinates enormous pools of investment capital (BlackRock, 2024; Fink, 2025).

ICBC represents a different model: the financial sovereign. As one of the largest banks in the world, it functions as a central pillar of China's international development strategy (Industrial and Commercial Bank of China, 2026; London Stock Exchange Group, 2026). Together, these institutions illustrate the deeper transformation I am alluding to.

Global capital is no longer organised purely through markets. It is increasingly organised through institutional networks of strategic finance. And these networks often operate beyond the policy control of smaller nation-states.

Yet this expanding architecture of Chinese financial influence also intersects with the evolving geopolitical framework of BRICS.

What was originally conceived in the late 2000s as a loose platform for emerging-market coordination has gradually become



something more ambitious: a forum for challenging the dominance of Western financial institutions and exploring alternatives in trade settlement, development finance, and reserve currency arrangements (Stuenkel, 2020).

At the same time, BRICS remains a profoundly complex and vulnerable commitment. Its members possess divergent strategic interests, competing regional ambitions, and sharply different political systems.

China's financial scale within the grouping far exceeds that of its partners, creating asymmetries that shape the bloc's internal dynamics. For countries such as South Africa, participation in BRICS therefore presents a delicate balancing act. It offers access to development finance and South-South cooperation through institutions such as the New Development Bank, yet it also places smaller members within a geopolitical landscape increasingly defined by rivalry between major powers (Armijo & Roberts, 2014).

In this sense, BRICS embodies the paradox of the current era: a coalition seeking greater autonomy from Western financial dominance while simultaneously navigating the gravitational pull of China's expanding influence.

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### **The South African duality**

Nowhere are the consequences of these global transformations more pertinent than in South Africa.

For South Africa, participation in BRICS has become a central pillar of its international economic strategy. Yet it also places the country within a complex geopolitical environment. As global competition intensifies between Western economies and China, middle powers such as South Africa increasingly find themselves navigating overlapping economic networks and political expectations.



Scholars of emerging-power diplomacy often describe this as “strategic hedging” – the effort to maintain productive relationships with multiple centres of global power while avoiding rigid alignment with any single bloc (Cooper & Farooq, 2015).

In practical terms, this means South Africa must balance its role within BRICS with its longstanding economic ties to Western markets and institutions. The challenge is not merely diplomatic but developmental: ensuring that participation in global coalitions translates into tangible benefits for domestic infrastructure, employment, and industrial capacity.

According to a key thinker of India’s approach to BRICS and beyond, Samir Saran points to the need for self-confidence: “the Global South is no longer a bystander to history. We are in an era of ‘strategic autonomy,’ where middle powers will not be forced to choose between blocs but will instead navigate the fragments of global capital to serve their own domestic imperatives” (2026, p. 88).

Yet our economy today is characterised by a profound structural duality (The Presidency, 2025).

### **The labour trap**

South Africa continues to face one of the highest unemployment rates in the world. The most recent data from Statistics South Africa indicates that the official unemployment rate exceeded 32%, while the expanded unemployment rate – including discouraged workers – exceeded 43% (Statistics South Africa, 2025).

This means, as is well known, that millions of South Africans remain excluded from formal economic participation. At the same time, investment flows increasingly toward high-skill sectors such as renewable energy and digital infrastructure. The result is a sectoral divergence. Parts of the economy modernise rapidly while large segments of the population remain disconnected.

### **The rise of an insulated infrastructure elite**

A new economic stratum is emerging in South Africa, which is defined not primarily by traditional wealth but by access to infrastructure. Those who can operate off-grid – with private energy generation, private water systems, and private security – are able to participate in the global economy despite domestic institutional failures. Meanwhile, rural communities and marginalised urban areas remain dependent on deteriorating public infrastructure. The gap between these two worlds is widening.



## **The fiscal anchor dilemma**

South Africa's fiscal policy debate increasingly revolves around the concept of a fiscal anchor – a framework designed to stabilise public debt and reassure investors (National Treasury, 2026). While such policies can enhance financial credibility, they also constrain the state's capacity to expand social spending. This creates the central dilemma of South African political economy: market credibility versus social inclusion.

In short, even if economic growth cranks up and investor confidence increases it is doubtful that this divergence will occur without regulation or intervention. The days of the Washington Consensus are over, declared unworkable by the Washingtons of the consensus themselves.

## **Rebuilding the motive forces**

Economic transformation alone cannot solve this dilemma. Socio-political renewal is equally essential.

Within the intellectual tradition of the ANC, the concept of motive forces has long been used to describe the social coalitions that drive historical change. At the moment the concept once linked to issues of multi-class alliances is floating without an active subject: a disabled state and a disabled emancipatory politics.

Thinkers such as Joel Netshitenzhe (2020) have warned that political movements can lose legitimacy when they become detached from the communities they claim to represent.

Similarly, the late Ben Turok (2016) argued that democratic transformation must remain rooted in popular participation rather than elite patronage. These warnings remain relevant today and point to the need for a national dialogue. Yes, it is the rebuilding of a democratic social contract (Fourie, 2020), but this must move government beyond just economic reform, beyond austerity and a trickle-down idea.

## **A movement of movements?**

The solution cannot come from the state alone. Nor can it come solely from markets.

According to Manuel Castells: "when the state loses its ability to manage the crises of the physical world, the power shifts to the network. Movements today are not just about protest; they are about creating alternative social contracts in the 'space of flows' that the traditional political elite can no longer control" (2025, pp. 215-220).



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On this Nandini Sundar writing from India also asserts: "The state often views the 'critical zones' of ecological and social fragility as spaces to be policed rather than places to be healed. True democratic renewal begins when we stop treating marginalised communities as 'risks' to be managed and start seeing them as the authors of their own resilience" (2025, p. 310).

Kumi Naidoo moves to name the requirement: "The climate crisis, the hunger crisis, and the inequality crisis are the same crisis with different faces. We don't need a bigger protest; we need a bigger 'movement of movements' that connects the rural mother to the urban worker. If it isn't intersectional, it isn't a solution" (2025, p. 284).

I concur that what is required is the emergence of a 'movement of movements'.

Such movements must be built on the basis of popular responses to the strains experienced in what I described as critical zones. Furthermore, the 'movement of movements' must centre women, livelihood networks, and faith-based creative structures not merely for the sake of representation, but as a functional necessity for survival and change.

In the face of 'sectoral divergence,' it is women who predominantly navigate the informal economy and the 'social wage' gap, managing the household survival strategies that the state and formal markets have abandoned. Livelihood networks and creative movements provide the 'social glue' and cultural vision required to prevent social atomisation in critical zones of local and municipal collapse.

Furthermore, faith-based institutions remain the most significant organised moral force capable of transcending factionalism; they offer a value-based framework that can hold both the state and private capital to account. Without these forces, any 'renewal' remains an elite technical



exercise, devoid of the grassroots legitimacy required to challenge the entrenched patronage networks of the fast 'insulating elite'.

A broad coalition therefore of civic organisations, labour groups, women's networks, community structures, and faith-based institutions capable of shaping public policy or create transformative wave against the systemic impasse.

It would ensure that development strategies prioritise human dignity and social inclusion. And it would ensure that the immense flows of global capital entering infrastructure and technology are aligned with the needs of society.

*"The climate crisis, the hunger crisis, and the inequality crisis are the same crisis with different faces. We don't need a bigger protest; we need a bigger movement of movements."* – Kumi Naidoo

### **Conclusion: the bridge between freedom and equality**

South Africa occupies a unique position in the global economy. It is a gateway between advanced financial systems and the broader African continent. If managed strategically, this position could attract infrastructure investment while supporting inclusive development.

But that outcome is not guaranteed. The demographic energy of our population could become a powerful engine of creativity. Or it could become a source of instability.

The difference will depend on whether we succeed in building institutions capable of bridging two fundamental values: Freedom and equality: Freedom without equality becomes hollow; equality without freedom becomes oppressive.

The task before us is therefore clear. We must build a society in which democratic participation, economic opportunity, and technological progress reinforce one another.

This is why South Africa's role in the emerging global order will depend not only on where it aligns diplomatically, but on how effectively it converts geopolitical partnerships into inclusive development at home.



And to the strata who are paid and privileged enough to think: turn your focus on the constraints that need to be removed in the emerging critical zones and throw your creativity alongside the efforts to transform a catastrophic reality.

If we succeed, the great realignment will not be remembered as an era of catastrophe. It will be remembered as the moment when societies chose transformation over decline.

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