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For every one to attain financial well-being

THE HIGH PRICE OF TAKING BACK CONTROL

The defining economic contest may not be capitalism vs. socialism, or even the United States (US) vs. China. It may be efficiency vs. sovereignty. Governments want control over production, money, payments, and data. Households gravitate towards financial gurus offering simple rules. In both cases, control feels like safety. Increasingly, however, it carries a price.

Consider China: Its economy grew by 4.3% in the second quarter, the weakest performance since the lockdown era, despite exports surging by more than 25% in June. Imports rose by 36%, and China's first-half trade surplus was smaller than a year ago.

China's export machine is not collapsing, but it can no longer conceal every domestic weakness. Beijing now faces a peculiar problem: It is trying to export and tax its way out of inadequate demand. Value-added-tax receipts rose by 6.2% from January to May, collections on personal income tax increased by 12.2%, and the combined government deficit narrowed. Instead of stimulus, China is drifting into austerity. Meanwhile, pensions, unemployment support, and poverty relief are absorbing more spending. Xi Jinping may prefer futuristic factories to welfarism, but a cooling economy and a greying population do not obey slogans. The state may direct capital, but it cannot command consumers to feel confident.

The US has its own illusion of control. Quantitative easing has left the Federal Reserve (Fed) with a $6.7-trillion balance sheet, roughly 21% of the gross domestic product (GDP). Banks have redesigned their liquidity models around abundant central-bank reserves. Drain the reservoir too quickly, and short-term markets may seize up. Keep it full, and the Fed distorts bond markets while looking like the government's financier. New Fed Chairman Kevin Warsh's five task forces (inflation, communication, artificial intelligence, data, and the balance sheet) show how monetary policy has changed. Interest rates are merely the visible part. The harder challenge is managing a financial system that has become dependent on previous interventions. The Fed controls the price of money, but not the consequences of that control.

Payments also show how national security can undermine collective prosperity. Brazil is defending Pix, India is exporting their Unified Payments Interface, Europe is developing Wero and a digital euro, and China is expanding alternative cross-border rails. These are understandable responses to the US' willingness to use access to its financial system as geopolitical leverage. Yet, what is rational for each country may be destructive for the world. Incompatible systems would raise costs, obstruct trade, and create opportunities for fraud and sanctions evasion. One estimate suggests that financial fragmentation could reduce the global GDP by 2.6% by 2030. Sovereignty can quietly become a tax paid by every business and every consumer.

Ageing economies offer an unexpected counterargument to this obsession with control. Research suggests that longer lives need not produce runaway healthcare costs. Americans reaching 66 are gaining additional years that are largely healthy, while hospital-cost growth has slowed sharply. Labour scarcity may also encourage automation and productivity. Demography creates pressure, but it does not dictate destiny. Economies adapt.

This matters for South Africa (SA). A young population is not automatically an economic advantage. Without education, employment, and productivity, it merely produces a longer queue for public support. Similarly, payment sovereignty without interoperability, industrial policy without competitiveness, or fiscal support without growth, would give us control without prosperity.

Households make the same mistake. American gurus fight excessive debt, British advisors obsess over saving pennies, and Asian finfluencers feed enthusiasm for leveraged trading. SA's weakness may be confusing the ownership of financial products with financial well-being. Insurance, retirement savings, property, and offshore investments can each be sensible, yet still fail to form a coherent financial plan.

The real choice is not between control and chaos. It is between brittle control and adaptive capacity. Nations become secure when they can participate from strength, not when they retreat behind financial walls. Households become financially well when their decisions work together, not when every uncertainty is avoided. Ultimately, productivity, not control, is the only sovereignty that lasts.