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Israel Shamir

Crisis for Billionaires

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The fate of Qaddafi hovers like Hamlet's father's spirit over many a presidential and managerial desk. The Libyan leader amassed a fortune, some for himself and his family, some for his nation. He placed it in various banks, funds and shelters, and it turns out that instead of greenbacks he could have amassed so many beautiful reddish maple leaves with greater satisfaction and safety. With a wave of their hands, the US and its allies froze the assets and later stole them. Some assets were given to arbitrarily chosen Libyans, a.k.a. "Benghazi rebels", some were used to pay for the dog food that was airlifted to Tripoli to feed people made destitute by the NATO strikes.

This was the biggest robbery of a sovereign state ever, and also the biggest robbery of private fortunes. And it taught many nasty and greedy people a lesson in gospel truth: Do not lay up for yourselves treasures on earth, where thieves break in and steal. These people thought that they could find a safe refuge from despotic rulers, rebellious masses and ordinary robbers by placing their wealth in the safekeeping of the Swiss gnomes or some other civilised custodians. Now they've learned that electronic money in the Cayman Islands is no safer than folded twenty dollar under your mattress. What a shock!

Why does this cause a crisis? The corrupt officials and wealthy tycoons of the outer world, that is, outside of the US and Western Europe, are the powerful secret weapon of capitalism. When capitalism was on the verge of collapse, this doomsday weapon was used, the tables were turned upon socialism, and the USSR collapsed. Its wealth was stolen by these men and women, and delivered to the Western banks, to power another twenty years of luxury for bankers.

Since then, the officials and tycoons have functioned like bees, busily collecting the sweet sweat of the ordinary citizens' brows. They siphon their plunder into overseas banks – beehives — thinking it is safe. The West has encouraged them to think this way. They have spread rumors that Putin and Lukashenko have put away billions into Western banks for a rainy day. Their media have told stories of oligarchs who were able to escape to their riches when they fell from grace. Many silly and corrupt officials and greedy businessmen believed it and kept collecting honey.

This honey collection is the best-guarded secret of capitalist superiority. It is based on human weakness. Drug mafias do the same: they produce and sell drugs and extract money to keep in the banks. This works instead of savings, and even better. When economists bewail the low rate of savings in the US, they forget to count savings executed via drug cartels. This was one of the reasons for the US' ten years' stay in Afghanistan: drugs help fuel the banking system.

Privatisation is another great tool: the privatised properties feed so many derivatives produced by the bankers. The privatizers need the banks, and to the banks they take their profits. In the post-soviet space, the officials charge their commission in the form of bribes, and these moneys also go to the banks.

Thus, the corrupt officials, businessmen and drug barons perform an important function for the world financial system: the Western bankers did not have to go to remote Russian towns or Indian villages to squeeze a few roubles or rupees from a worker. The bees bring honey to the beehive.

With the robbery of Libya, even the silliest and most corrupt official in Russia or Kazakhstan has discovered what bees painfully learn, too. When beehives are full of honey, the beekeeper smokes the bees away and collects the product. The bees may have planned to use it for their retirement or for home improvement, but they sadly discover

that humans have other plans for their honey. The first wave of Crisis 2008 was the beginning of a smoking-out operation; the Libya campaign is the second stage showing what can be done to crisis-resistant bees.

Given the total information superiority of the Masters of Discourse, such robbery can be justified at any time. Rich Russians suspected they couldn't just salt away a billion and run off to the Bahamas. I have heard about the men who tried: when they came to collect, they were told that their visa had expired, that they would have to produce proof it was honestly earned, or simply that for some good reason the money was gone.

Two countries catered to the runaways: Britain and Israel. The Jewish billionaires who run to Israel were duly fleeced by the Jewish state. Nevzlin had to contribute half of his wealth to some doubtful Israeli enterprises; Gaydamak was ruined almost to the point of bankruptcy. Gusinsky was run from jail to jail and was ripped off by established Israeli families. Britain provides refuge for the runaway oligarchs and shields them from criminal investigation. It fleeces them well: the fabulous billions of Boris Berezovsky were shrunk down to a few million. But the rest still hoped that they would be allowed to keep some of their illegal gains in the comfort of the West if they abide by Washington's orders. Now this hope, too, is fading away.

The bees do not deliver honey anymore. There are more ways of getting honey. The Western banks and states promoted their loans and they allowed the recipient politicians to steal the loans, as Perkins has explained. But now this method is less popular, as the odds of successfully stashing stolen goods have gone down considerably. Much hated in the West, Vladimir Putin, the past and future president of Russia, paid off all Russia's debts at the first opportunity, while another hated "dictator", Lukashenko, also refused IMF loans.

Then, there are the sovereign wealth funds. The oil-producing countries usually keep a big part of their earnings in the US and the UK. These funds are held hostage to the good behaviour of the producer. Iran lost its funds after embracing an Islamic regime. Some Russians consider it a form of tribute their country pays to their vanquisher in the Cold War. They even connect Breivik's attack to Norway's plan to repatriate its SWF, a plan that is anathema to the US. There is no practical reason for Russia to keep its money invested in US funds for very low interest while Russian industries pay high interest on such borrowed money. And as we know, these funds may be frozen or seized any moment. They can also disappear as a result of imprudent investment as once happened to Swedish and Norwegian pension funds.

For 11 years, Alexei Kudrin was finance minister of the Russian Federation. He was the most vocal and influential proponent of the US-held funds among Russian officials, and he was duly applauded as a prudent and excellent financier. A few days ago he expressed his dissatisfaction with President Medvedev's plan to increase military spending dramatically. He was sacked right away. This was quite a shock for the man who considered himself a cut above; it was a shock for his supporters.

The Wikileaks cables reveal that Kudrin was considered by the US Embassy the "most transparent and realistic senior GOR interlocutor on economic issues. He has also been the most forward-leaning in seeking economic cooperation with the U.S. and other western countries". Among Russian officials, some find him "irritating" and accuse him of treason, say the cables. Kudrin supported a soft line in foreign policy and opposed the line represented by Putin's Munich speech. At the peak of the 2008 crisis, he gave money to the banks and completely stopped government spending for six months. Incidentally, Kudrin was never charged with huge fraud and theft in the so-called Kuwait and Algeria Debts Affairs, though his deputy has spent a few months in jail. This neo-liberal, monetarist, pro-western figure in a key job was lost to the West within a few weeks of the fall of Tripoli. And that bodes ill for the western beneficiaries of the Russian SWF, whether it is repatriated or allowed to wither.

This is the reason for the crisis. Even the bad guys have lost confidence in the system. The collapse of the USSR postponed the crisis that was long overdue. So much wealth was taken out of the dismembered chunk of the USSR!

The successor-countries were robbed, and their robbed goods used to subsidise a better life for the West. The bankers and financiers got used to living well while controlling the streams of cash and assets. But they forgot an important rule of beekeepers: leave some honey in the hive, otherwise the bees will not bring more product. They ripped off too much, from too many people, and now the people have lost whatever confidence they had in the system.

Post-scriptum :

Israel Shamir can be reached at:

adam at israelshamir.net

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