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N° 31. July 2012

- Archives - Archives Générales 2006 - 2022 - 2012 - N° 31. Juillet 2012 - English -

Date de mise en ligne : Sunday 8 July 2012

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A quarter of a century on and the grim consequences of the Reagan-Thatcher era dogma of 'rolling back the frontiers of the state' and

relaxing controls over international finance have become manifest at many levels, not least in the monetary mayhem that shows little sign of abating.

The stability of governments, economies, banks and financial institutions, taken for granted for so long, has been weakened by a succession of seismic shocks that continue to rock their foundations.

"Are we beginning to witness the end of capitalism?" someone asked me recently. Given the helter-skelter revelations of financial skulduggery, some might well suppose we are moving towards an imminent grand finale. The question does demand some serious thought, but I suspect the answer is neither yes nor no. Yet there are some disturbing and alarming features that few analysts and commentators seem too eager to flag up.

In the immediate aftermath of the so-called Great War, the most eminent economic guru John Maynard Keynes wrote with foreboding in *The Economic Consequences of Peace*: "Lenin is said to have declared that the best way to destroy the capitalist system was to debauch the currency. By a continuing process of inflation,

governments can confiscate, secretly and unobserved, an important part of the wealth of their citizens. By this method they not only confiscate, but they confiscate arbitrarily; and while the process impoverishes many, it actually enriches some....Lenin was certainly right."

Not quite a century later and capitalist governments have been gleefully following Lenin's recipe for disaster. From rescuing collapsing banks to the bail-out of Eurozone defaulters, the outcome has been the overt rather than secret confiscation of the 'wealth of their citizens'. Universally economists, politicians and even those commanding of the state levers of the financial system, have thrown their hands up in despair, confessing they really do not know what to do - when perhaps what they really mean is they don't know what they are doing.

Central monetary authorities have turned prudential economics upside down, pouring fake assets into an economic black hole, while simultaneously warning of the risks of low inflation. The deceitful sophistry of the current economist's lexicon delights in terms such as quantitative easing, which in this electronic era does not require the actual printing of money, but the mere allocation of credits on a computer file. In effect it is another way of cooking the books - and we as citizens end up footing the bill. Dressed up as austerity measures, there is a concerted effort to curtail public services, yet bind the taxpayer to featherbedding private sector operations in perpetuity.

Rather than presaging the end of capitalism, the present economic maelstrom is leading to capitalism on welfare with business milking billions from public funds. There are a few signs that the hegemony of global corporatism may well be approaching a turning point. If the real underlying cause of our economic woes has been the blank cheque demanded to pursue endless, unwinnable wars (with bellicose corporations growing ever fatter on taxpayer-bankrolled profits), governments are beginning to look for soft targets in the corporate sector.

The \$455 million penalty imposed on the UK's Barclays Bank for its role in rigging London interbank interest rates, with a discernable impact on inflation rates, seems small beer in contrast to the \$3 billion fine imposed on GlaxoSmithKline for the 'biggest healthcare fraud in US history'. That some elements of a pretty crooked corporate sector are being called to account is welcome, but the overwhelming impact of the new austerity era on both sides of the Atlantic remains unchanged. While the process impoverishes many, it actually enriches some. Keynes was certainly right.

Neville Rigby

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