

Enough with crises!

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I know very well that it is no use shouting “Enough with crises!” for this old and unpleasant witch to go away. But when I decided to write this article about the current financial crisis that manifested itself last week by high price drops in the stock exchanges all over the world, this phrase prevailed with such a force that I could not find another one to begin the article. Because, afterwards, other phrases pop up: “enough with stress”, “enough with distrust”, “enough with fear”.

I am not underestimating the depth of the 2008 global financial crisis – which was also the great crisis of neoliberalism and orthodox economic theory. We know that in rich countries private sector indebtedness became too high, and therefore households and enterprises are now paying their debts – which constrains demand. Nor am I ignoring the poor fiscal reaction against the crisis in the United States, because the Republicans disfigured Obama's proposal at the beginning of his administration, by transforming a good part of the fiscal package into tax cuts for the rich. And we have all watched this pathetic proof of irresponsibility and lack of patriotism from the fundamentalist ranks of that Party that blackmailed the president to increase United States debt ceiling.

All these facts help explain why American recovery is being so fragile, and why a new recession may become real. But this is not the end of the world. What is the difference between a half-percent growth and a half-percent slowdown? The real economy is not helping American finance get out of the hole, but this definitely does not justify a new financial crisis. United States' credit is not at stake. Nor is the credit of the American State or of its enterprises. The downgrade decided by Standard & Poors was an irresponsible act.

But there is the euro's financial crisis. Is it not enough to trigger a new global financial crisis? I am more pessimistic regarding this issue. But it is ridiculous to also put France in the midst of the crisis. And the most important is that the European governments and the European Central

Bank are persuaded that the euro goes through abnormal times and decided, as already did the United States' Federal Reserve, to react with equally abnormal policies. This is the necessary path to overcome the crisis.

Both in Europe and in the United States the origin of the crisis was the private debt, which is already being nationalized. This is unfair, but unavoidable. In capitalism, in prosperity, the profits are private; in a crisis, the losses are socialized. But in the last agreement the governments were able to transfer part of the restructuring costs (reduction) of the debt to the banks. The ECB is firmly granting credits to Spain and to Italy, after having done it to Greece, Ireland and Portugal.

It is time for financial markets to calm down. Last week's stress did not come out of the blue, but it is irrational. Neither the economic nor the financial data justify a new 2008. But they do justify that more taxes should be charged to the rich in order to compensate for the debt socialization caused by the neoliberal and orthodox policies, when they irresponsibly increased the debt of the private sector and deregulated the financial system.