

Basiscursus 'Eerlijke Economie'

Wiens crisis?
Hoezo crisis?

Presentatie Angela Wigger

Dinsdag 8 November 2011

Structuur presentatie

- 1) Back in history: ontwikkeling van 'embedded liberalisme' naar 'neoliberalisme'
- 2) Kapitalistische crisissen en haar oorzaken
- 3) staatschulden crisis (focus op Griekenland/Italië)
- 4) Discussie: Alternatieven?

**The economy is too important to
leave to the economists!**

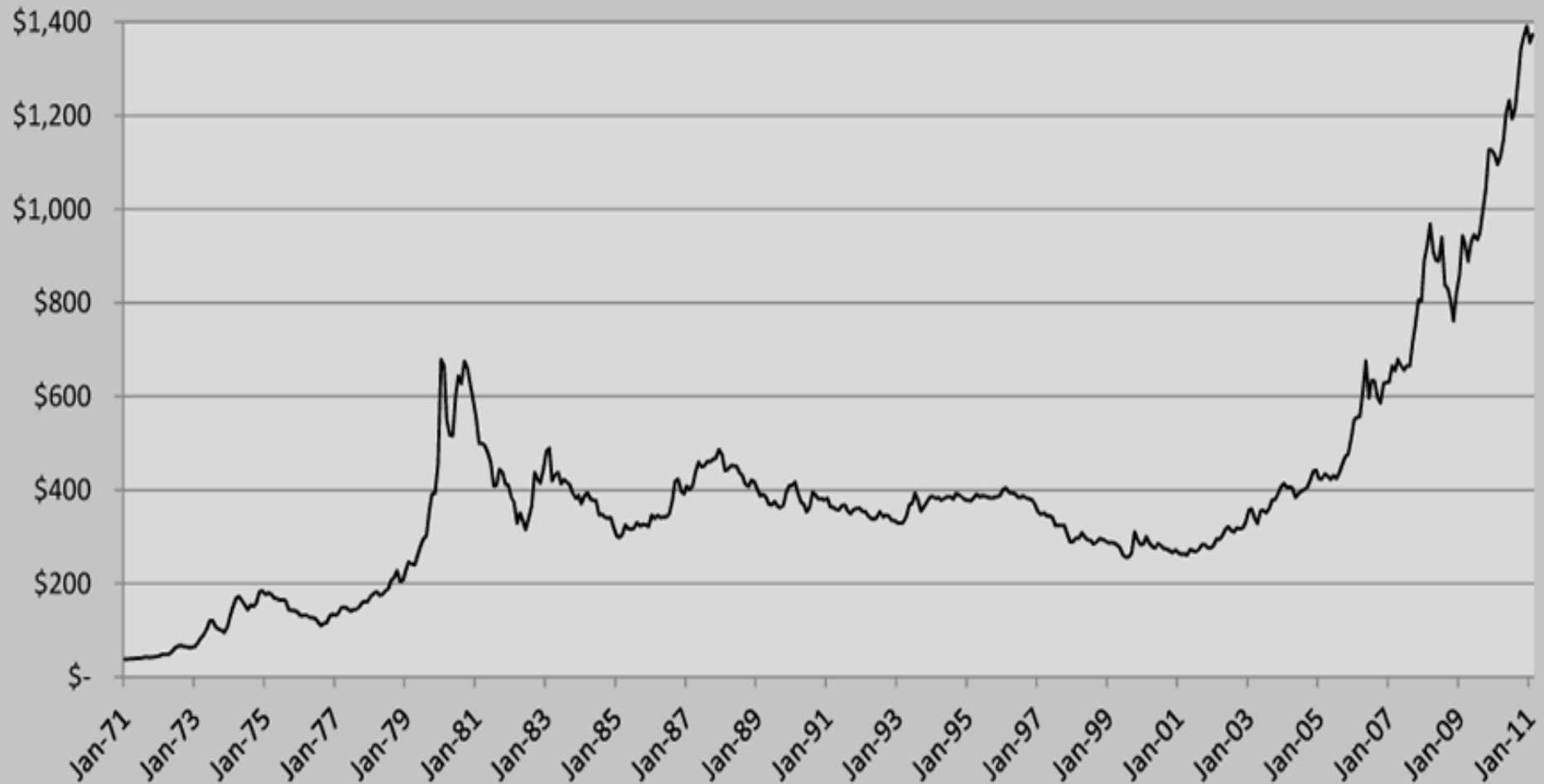
**ECONOMICS
FOR
EVERYONE**

**A
SHORT
GUIDE
TO
THE
ECONOMICS
OF
CAPITALISM**

**JIM
STANFORD**

Multiple crissen: ecologische crisis?

US\$ Per Ounce of Gold
London PM Fixed Averages 1971 - 2011



Historische achtergrond

1870-1914

open wereld
economie

veel grens-
overschrijdend
handelsverkeer

Pax Britannica
goud standaard

Na 1914

protectionisme/
mercantilisme

Handelsblokkades
(importtarieven: 1930:
40%, in 1999: 4%).

‘Great Depression’,
WO I+II, autoritaire
regimes, totale collaps
wereldeconomie

Vanaf 1950s

hernieuwde
expansie
wereldeconomie

Pax Americana
Fordisme

Bretton Woods:
GATT/IMF/Wereld
Bank)
naoorlogse mondiale
economische/financiële
orde onder
Amerikaanse
hegemonie

Vanaf 1980s/90s

transnationaal
kapitalisme

TNCs,
transnationalisering
van productie; post-
Fordisme;
financialisation

Ontwikkeling kapitalisme in Europa

no global factories ,
cross-border trade raw materials/finished goods

growth of TNCs (3,500 in 1960), spread in 1970s
Fordist mass production

1940 1950 1960 1970 1980 1990 2008

nationaal
georieenteerd
kapitalisme
'National Champions'

op Europese markt
gericht kapitalisme
'Eurochampions'

'Global
Capitalism'
'Global Champions'
TNCs

'*Embedded Liberalism*'

Fordisme & Keynesiaanse welvaartspolitiek

Mixed economies: visible hand of the state!

Protectionisme/ neo-mercantilisme: *defensief* handels-en concurrentiebeleid; actieve industrie politiek: staatssteun, staatsbedrijven.

Pax Americana: Keynes at home and Smith abroad!

financieel beleid: vaste, aanpasbare wisselkoersen (BW); 'afhankelijke' centrale banken.

Financieel kapitaal: op lange termijn gericht, ondergeschikt aan productief kapitaal; gereguleerd (kapitaal controles)

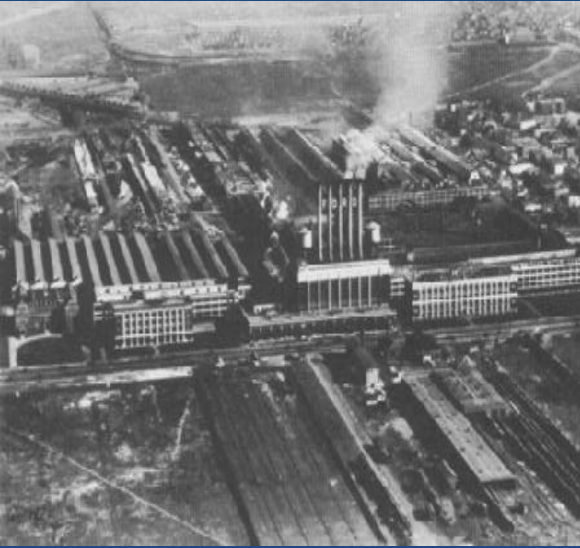
Neoliberalism

Postfordisme & vrije markt

offensief handels & concurrentiebeleid (EU/WTO)

deregulering/ privatisering; vrije wisselkoersen, flitskapitaal, onafhankelijke centrale banken; *financialisation*
explosie derivatenhandel

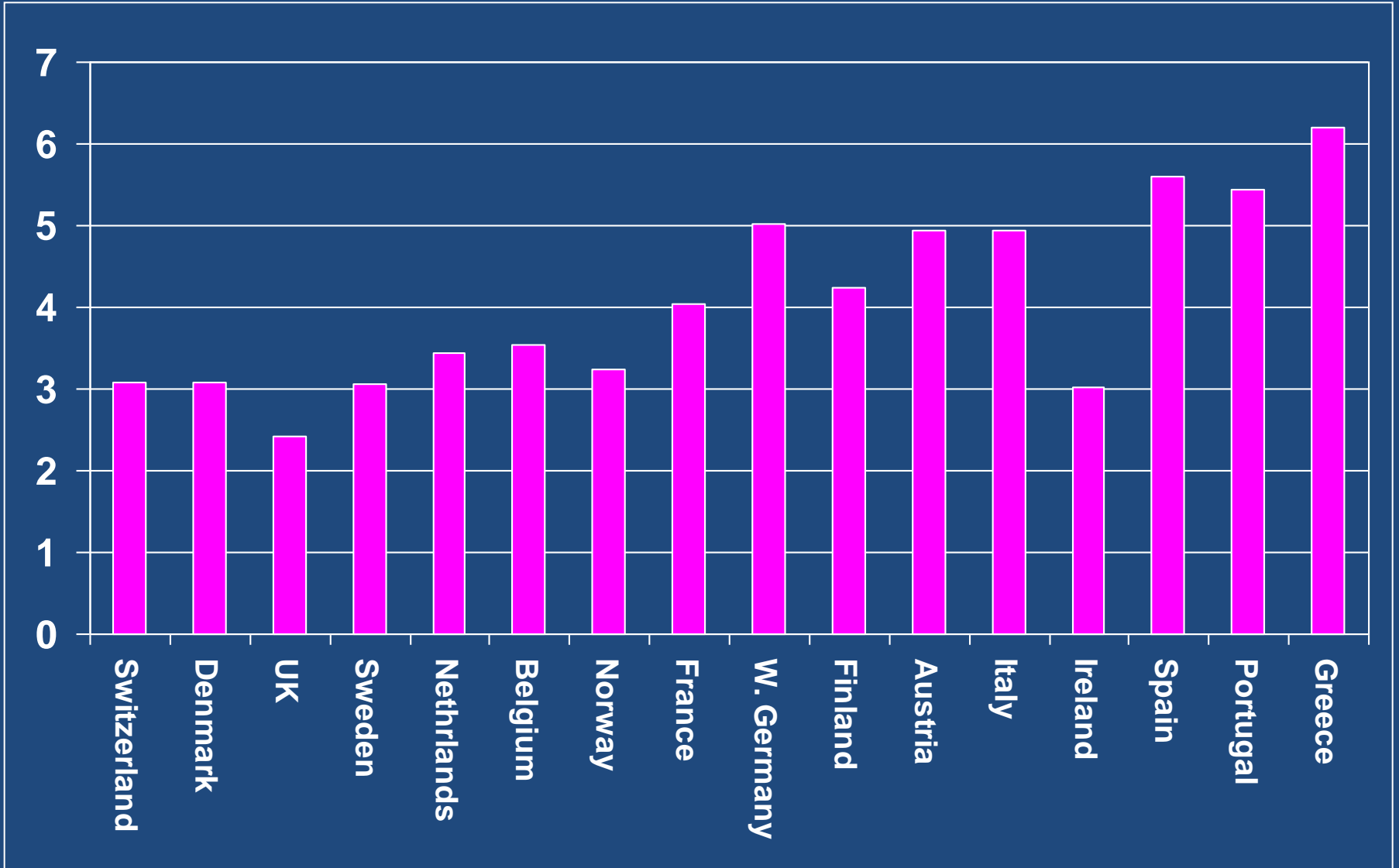
Fordism



GETTY IMAGES



Average Growth Real GDP/Person 1950-1973 (% per year)



De crisis in de jaren 70

crisis van het Fordisme/Keynesianisme
(stagflatie, olie crisis, instorten van Bretton
Woods)

- hoge inflatie (Keynesianisme)
- dalende profijt marges
- stijgende werkloosheid
- handelstekort
- nieuw protectionisme (NTBS)

1980s/1990s:

neoliberale antwoord op de problemen van het
Keynesianisme, Fordisme, ISI in
ontwikkelingslanden



Gradual Neoliberal Turn in the 1980s



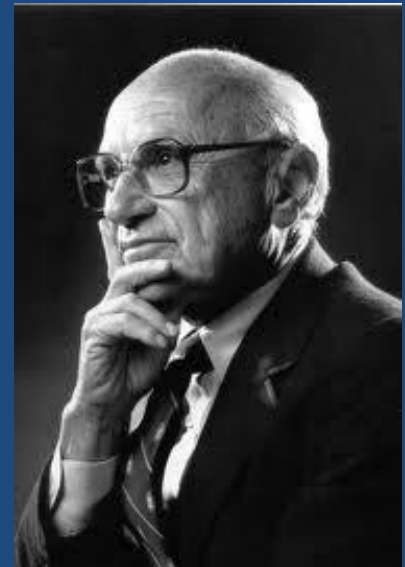
De-(re) regulation and privatisation

*The social responsibility of business
is to increase its profits.*

Milton Friedman

Neoliberale ommezwaai

- Reduce inflation to protect the value of financial wealth (key touchstone)
- Restore “discipline” to labour markets (disruption of state-supported tripartite social partnership)
- Roll back government (from *government* to *governance*, hybrid PPPs, contracting out, NPM), shrinking and/or privatization of public services, dismantling of welfare programs
- ‘Open, competitive, re-regulated markets, liberated from state interference = optimal mechanism for economic development
- Meet business needs; cut corporate (and other) taxes (free consumption)



Neoliberal practices *cont.*

- using international aid and regulation to promote marketization through “conditionality” (World Bank/IMF), structural adjustment programmes, best practices machinery
- *ex post* enforcement/litigation: behaviour is not constrained *a priori* (or *ex ante*), but subject to later litigation (judicial and quasi-judicial procedures)
- shift to microeconomics (efficiency reasoning, financial performance indicators)
- consumer welfare reasoning

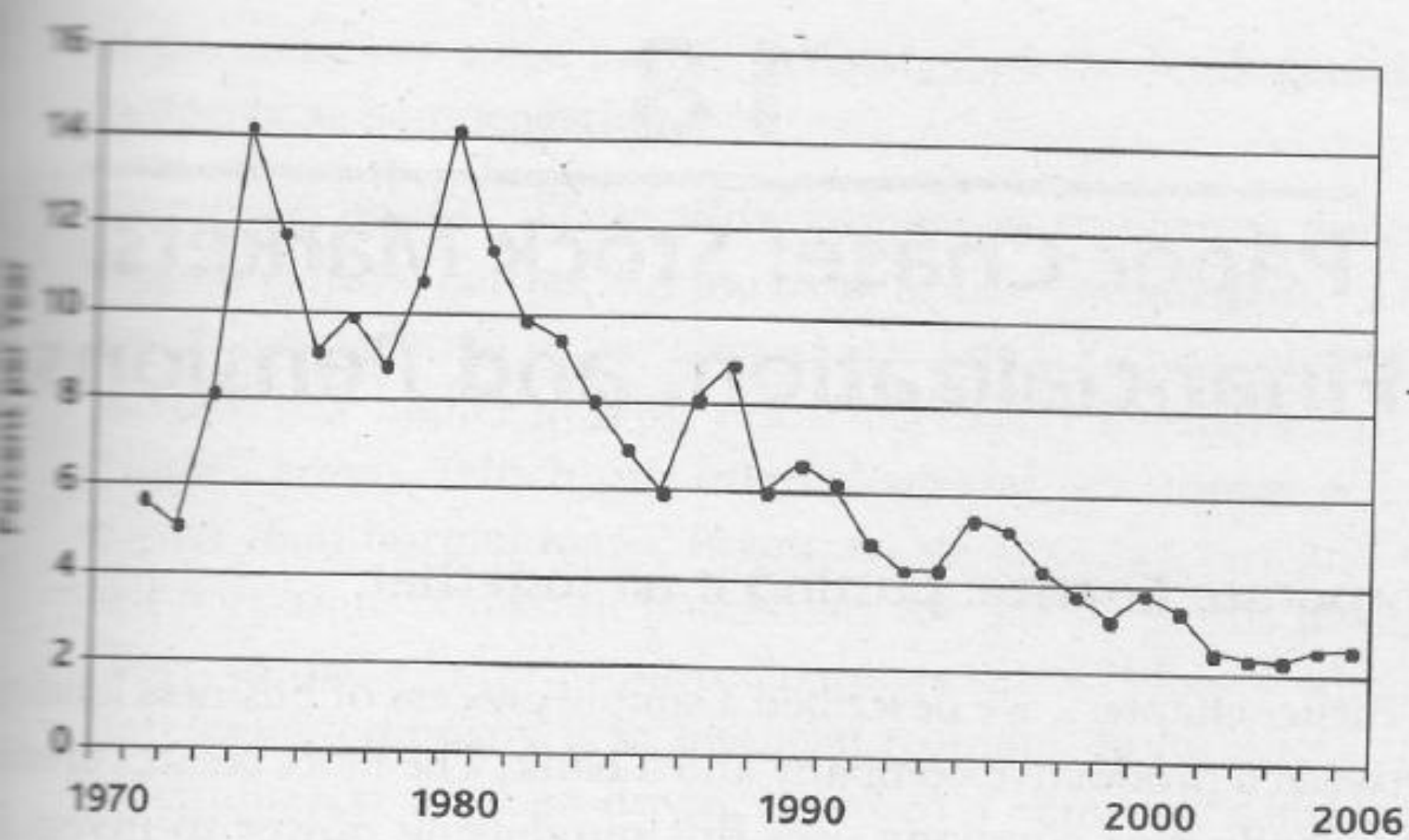
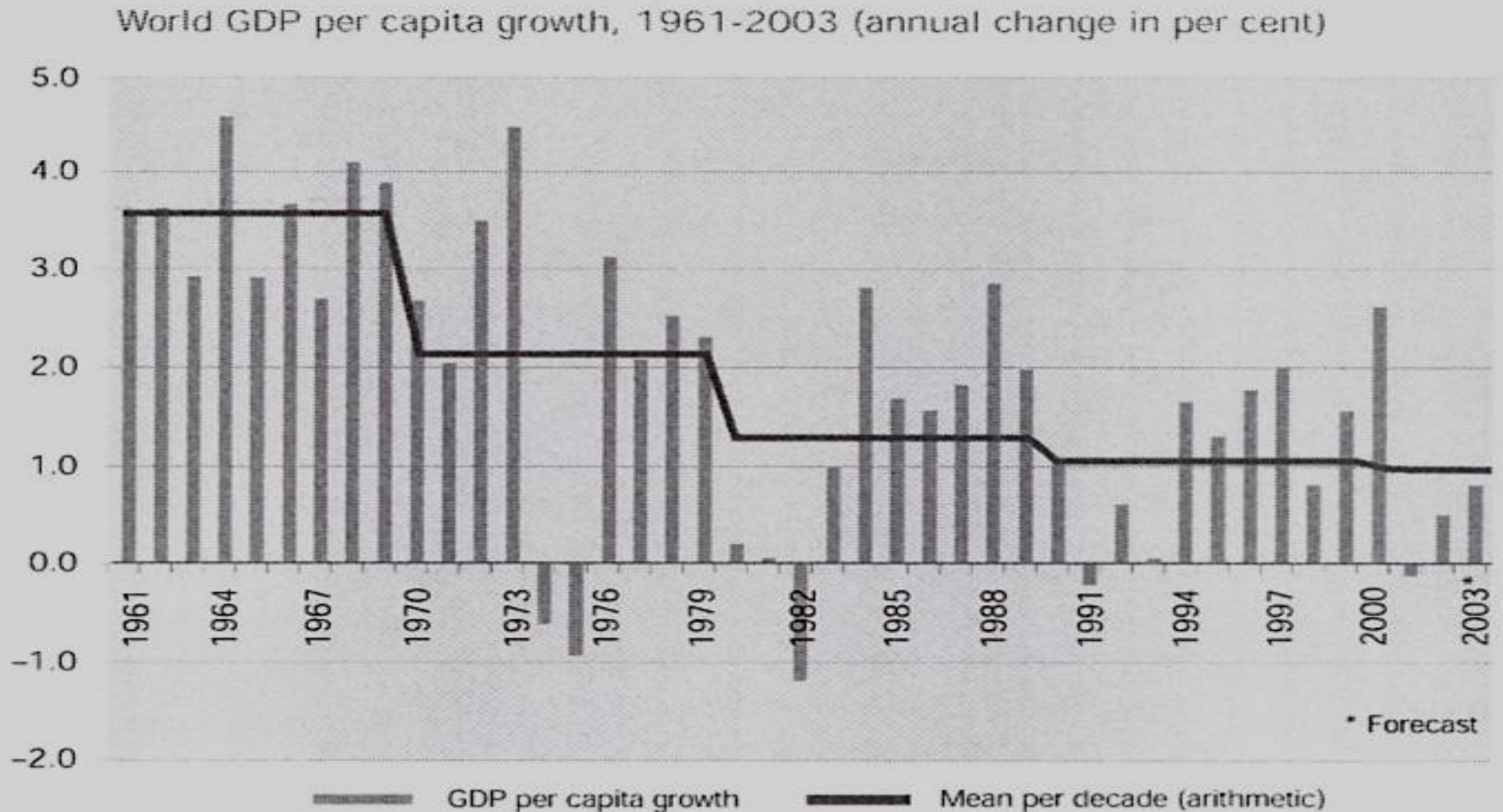


Figure 17.1 Consumer Price Inflation
OECD Average

Promise of Growth?



Sources: World Bank. *World Development Indicators 2003* (online version) and World Bank. *Global Economic Prospects 2004*.

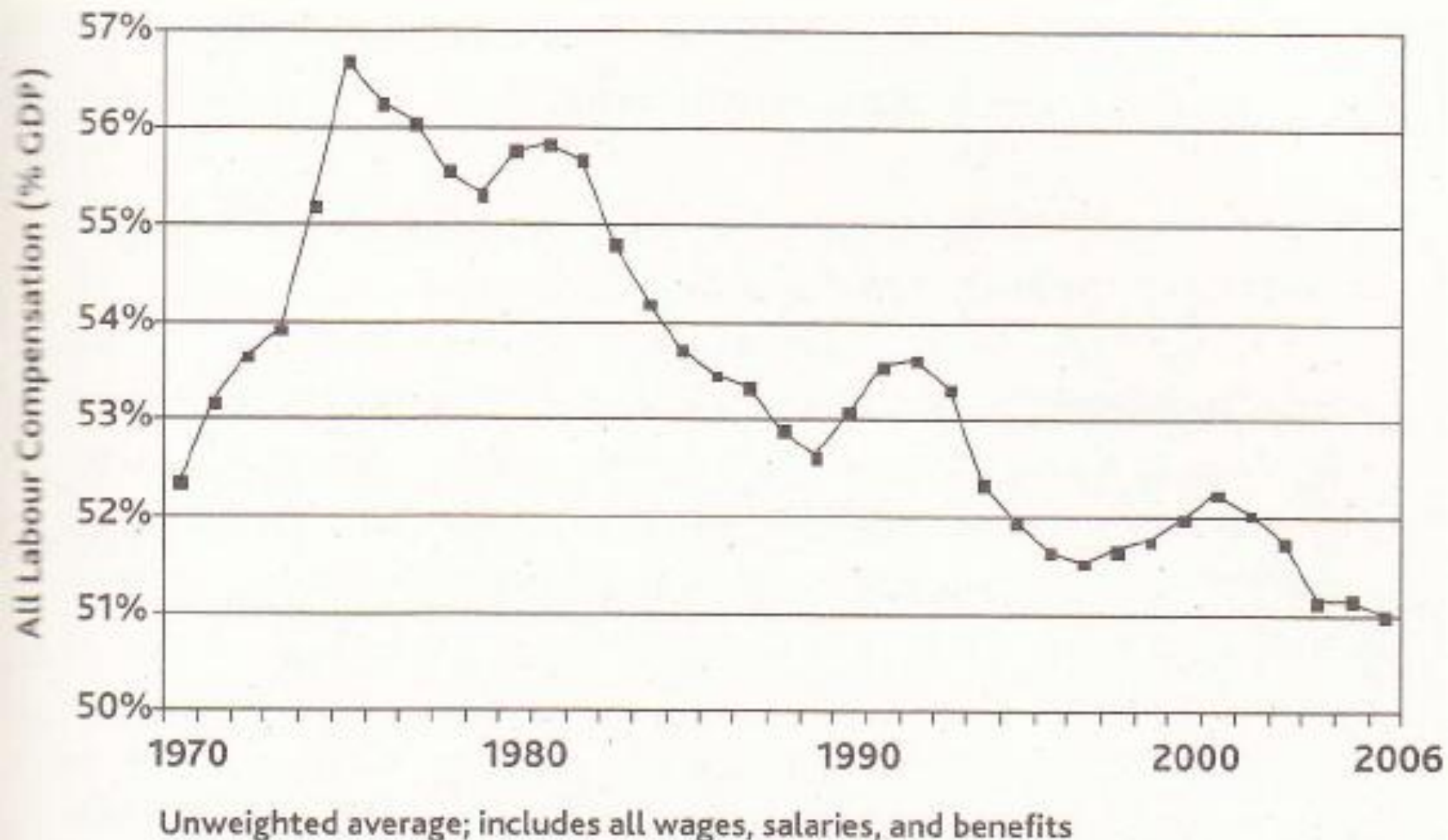
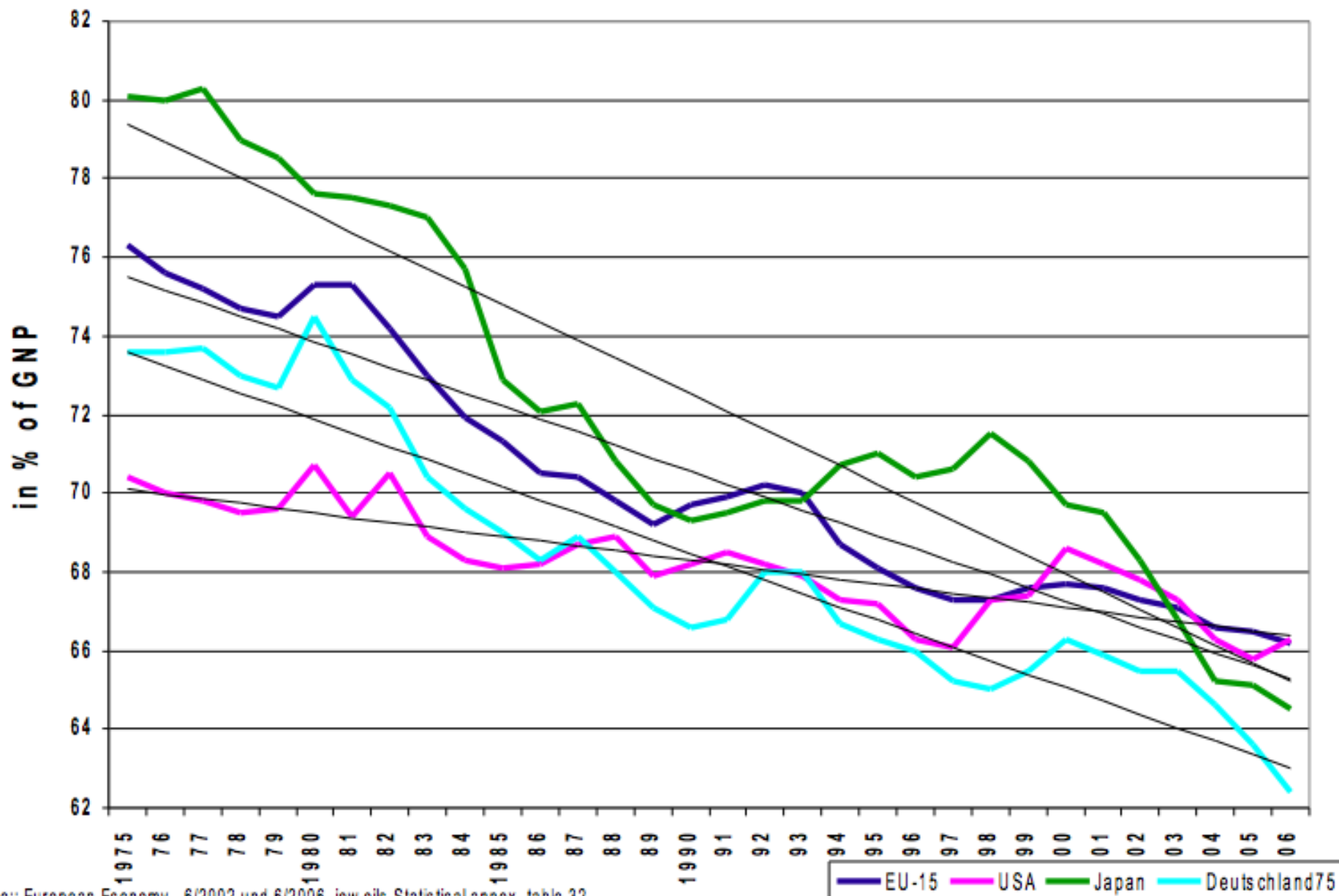


Figure 14.1 Labour's Shrinking Share
G-7 Economies, 1970–2006

Background 1: Wage share in the US, Japan, the EU and Germany, 1975-2006



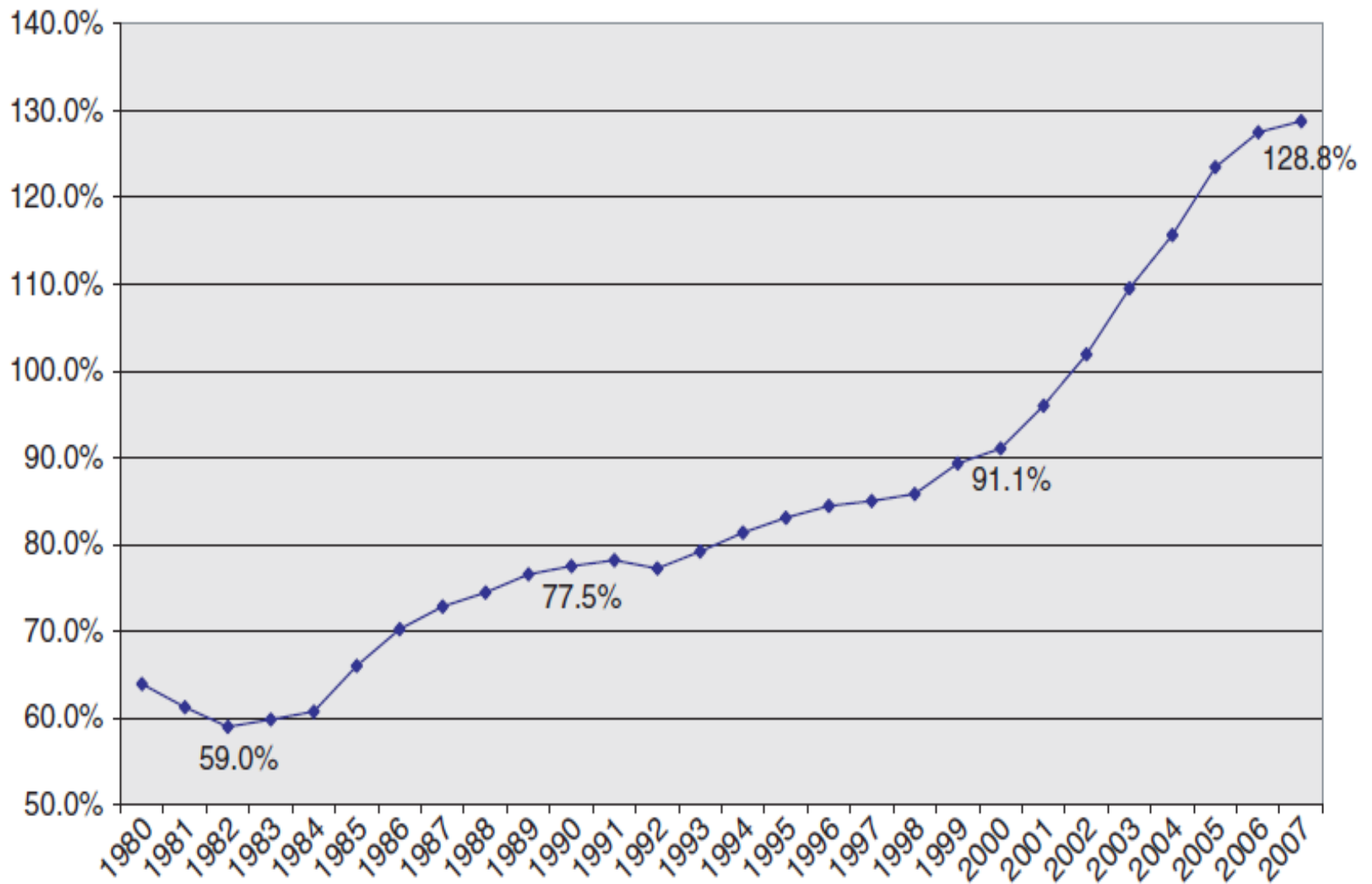


Figure 5.

Household debt as a Percentage of Disposable Personal Income

Source: U.S. Bureau of Economic Analysis, 2008, table 2.1; Federal Reserve System, 2008, table B.100.

Note: Household debt is the sum of mortgage debt and credit card debt.

Household Liabilities in the Euro-zone

As a Percent of GDP

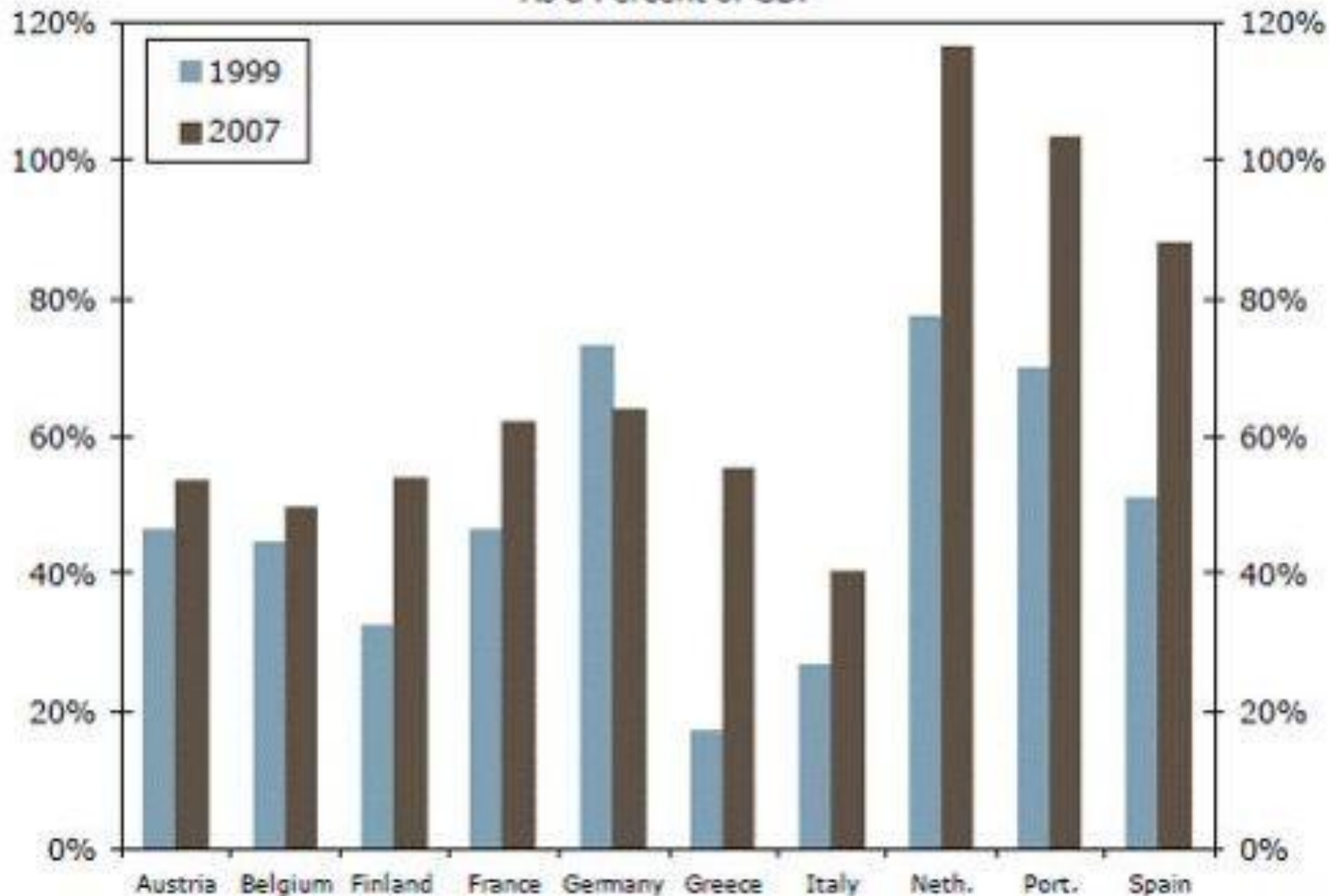
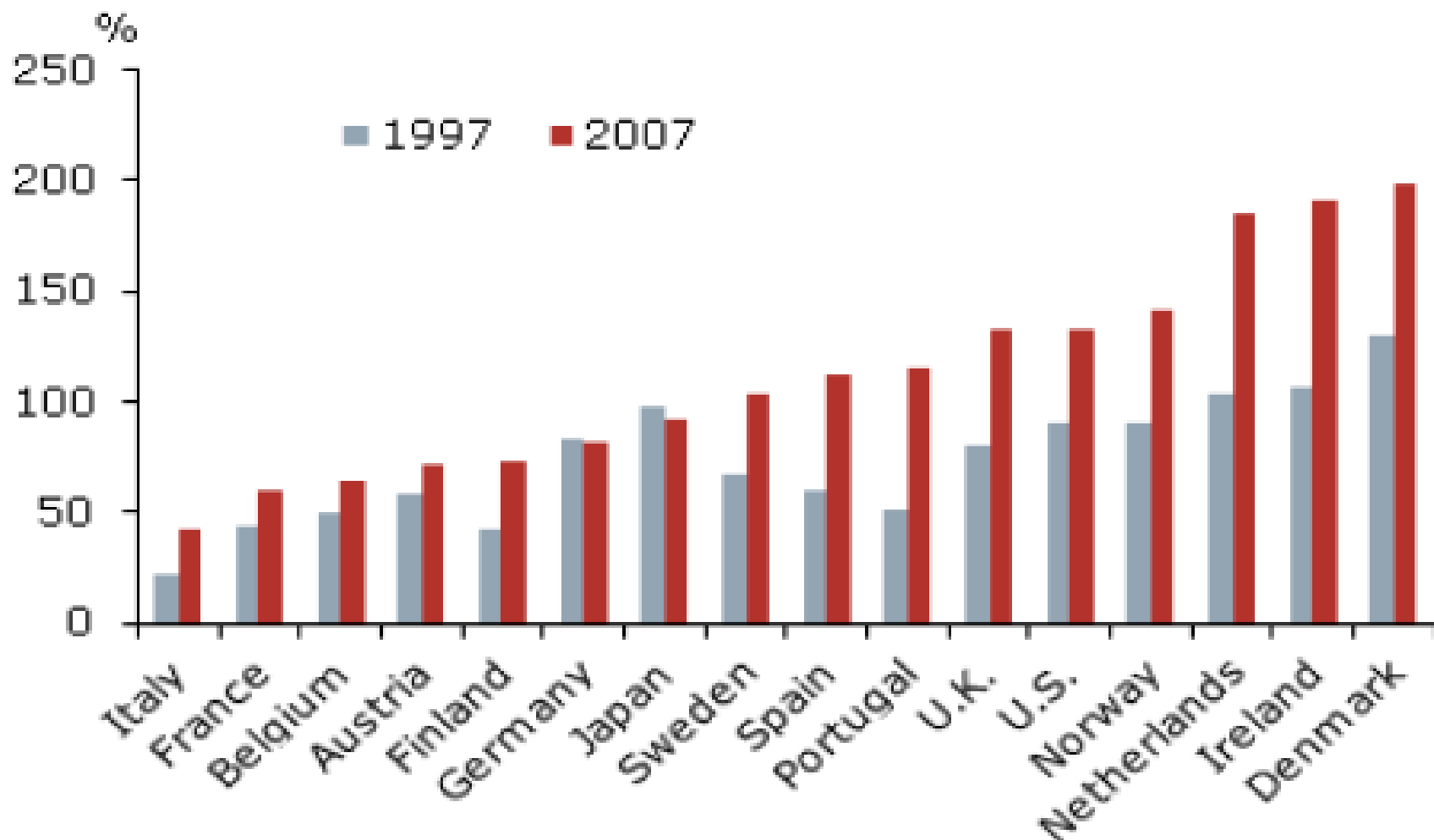
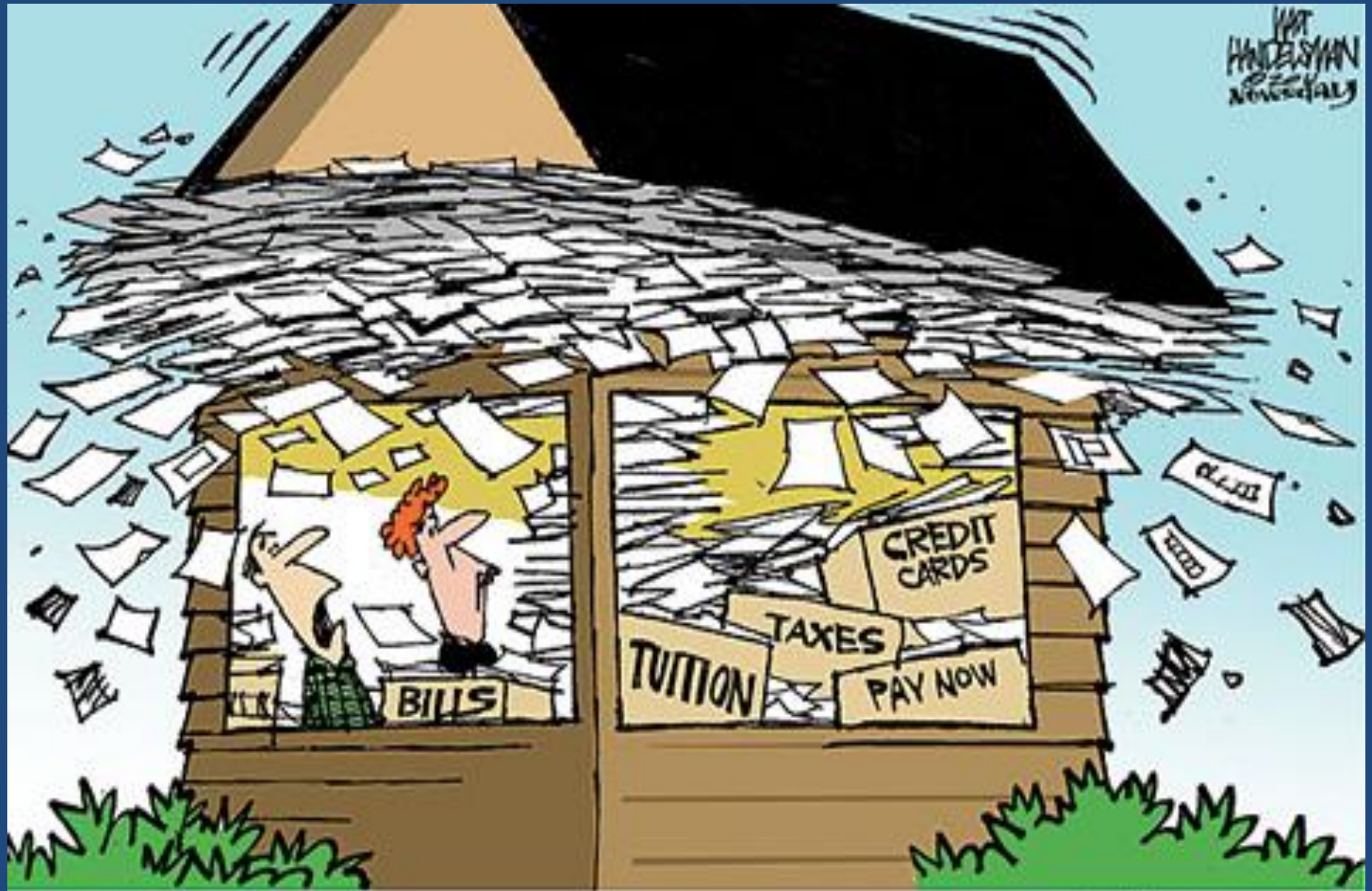


Figure 1

Household leverage ratios: Debt to disposable income



Note: The following countries use different data years: Japan 1997, 2006; Spain 2000, 2007; Ireland 2002, 2007.

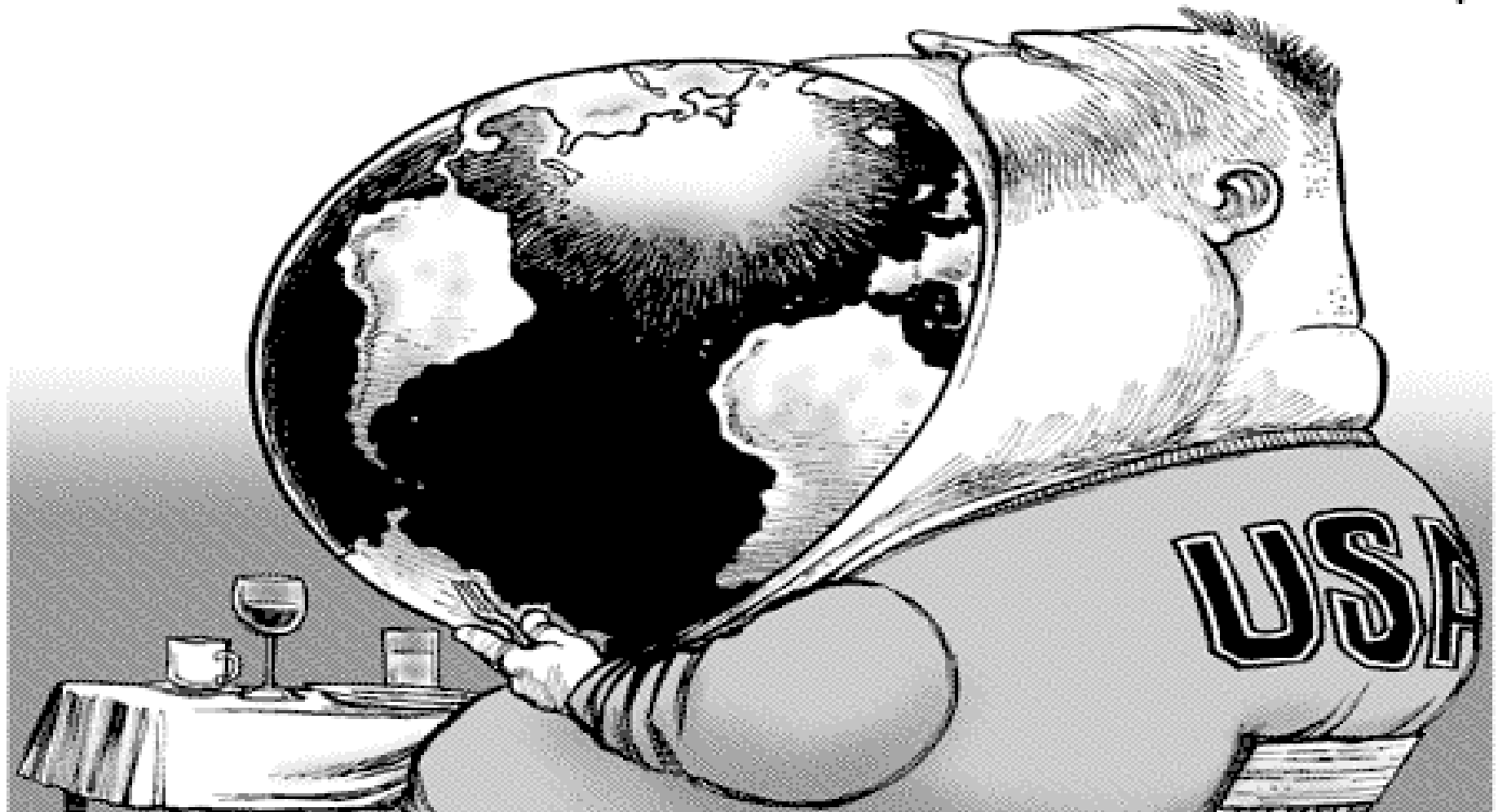


"...OUR DEBT CEILING RAISED ITSELF!..."

The 'triple deficit' of the US

THE CONSUMER SOCIETY...

HORSEY
© 2004 HORSEY
ALL RIGHTS RESERVED



<http://www.usdebtclock.org/>





Explosive groei derivatenhandel

Derivaten (= afgeleiden van onderliggende 'asset')

= = Futures, options, forwards, swaps, credit default swaps (CDS), collateral debt obligation (CDOs)....

“doel” markten stabiliseren door risico te spreiden

→ 'weapons of mass destruction'

verhandelbaar (gebundeld)

~ niet gereguleerd, niet belast, niet zichtbaar in de boekhouding (over the counter)

groei krediet derivaten (CDS):

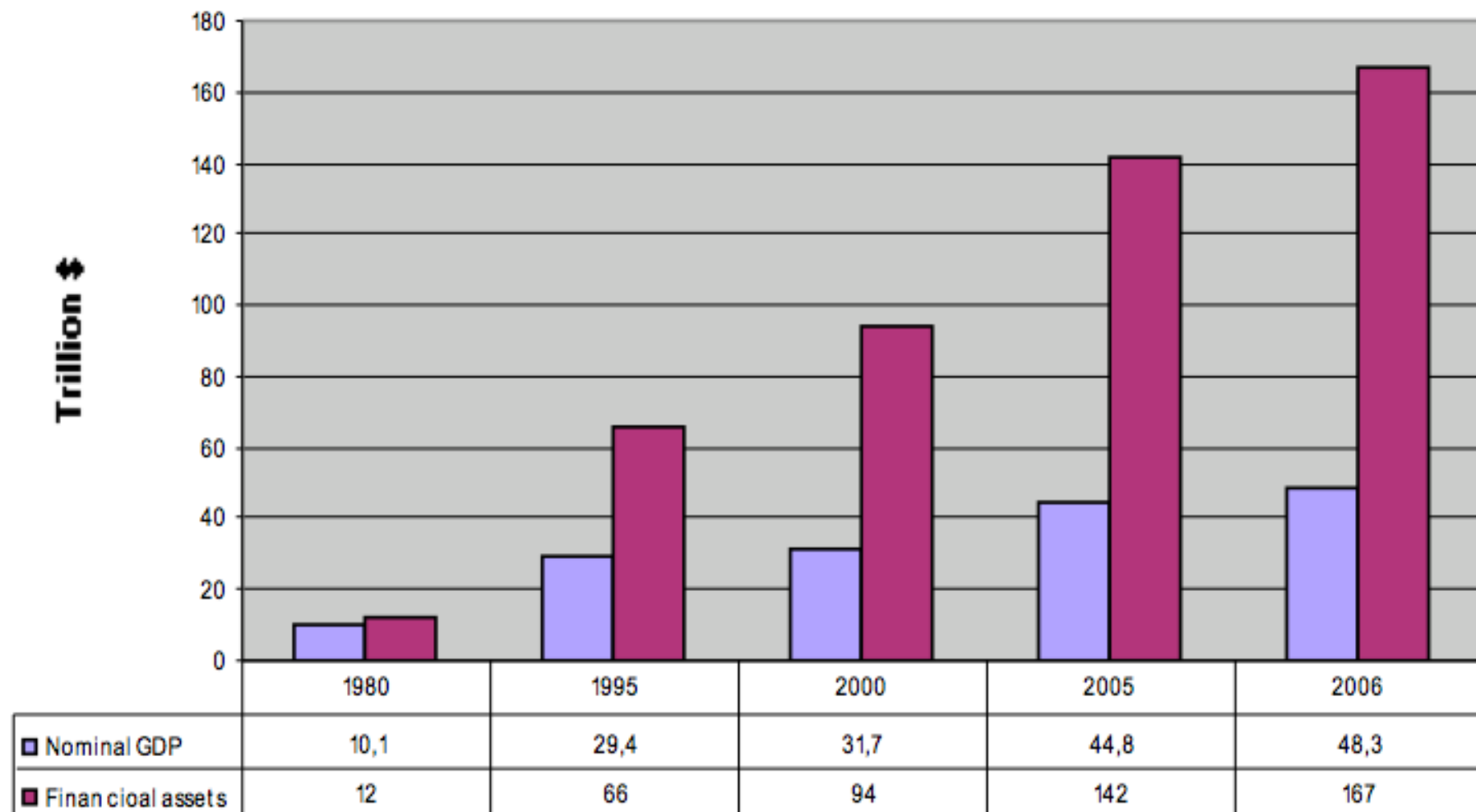
2000 → 630 miljoen \$

2007 → 63 miljard \$ (100x meer)

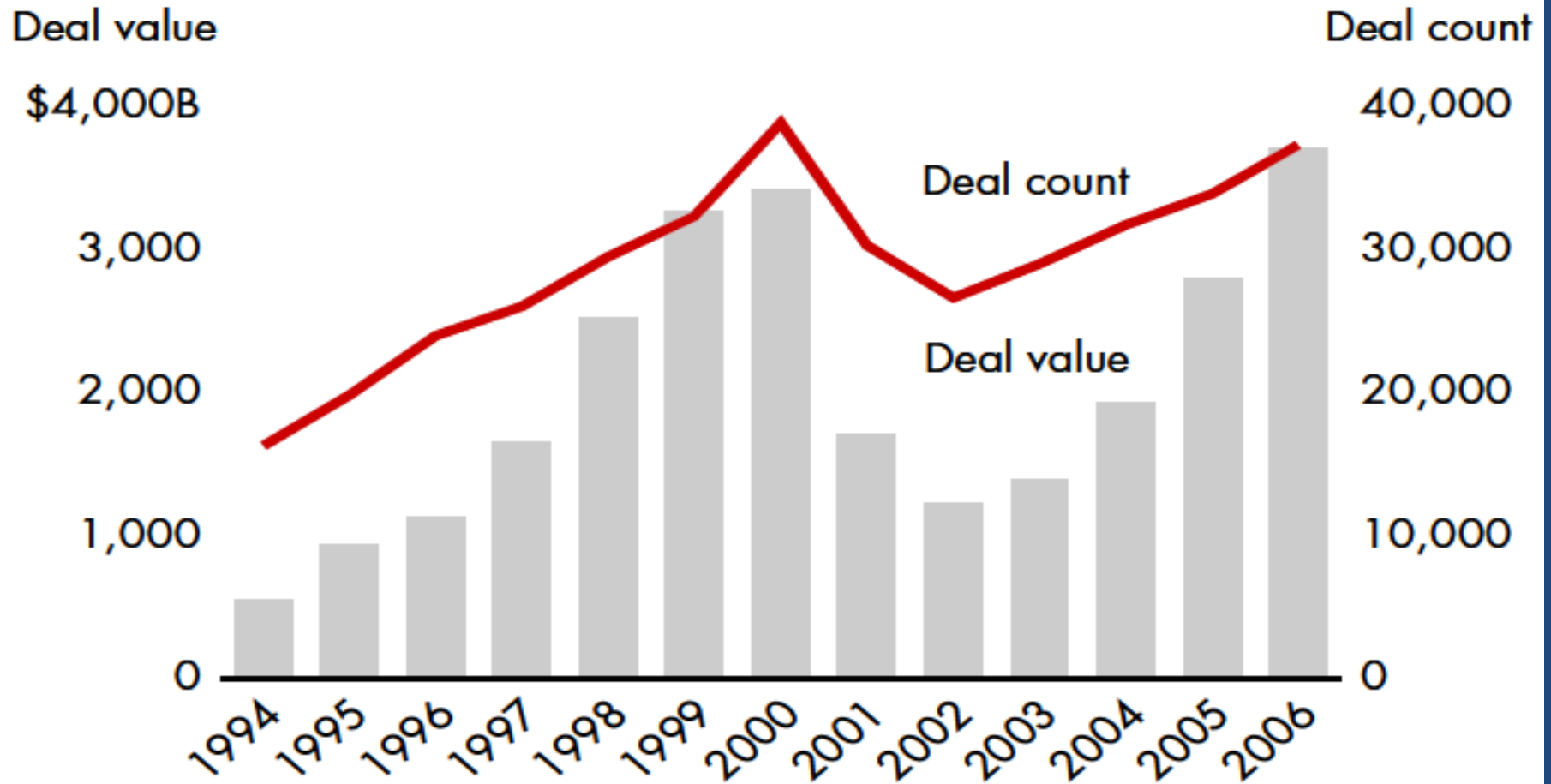
Ter vergelijking: VS BBP: 13 miljard, wereld BBP 54 miljard !!!

Mega-trend 1: Accumulation of financial assets:

Development of financial assets and GDP worldwide 1980-2006



Global M&As



Source: Thomson Financial



From national to global (financial) crises

Mexico (1994)

Asia (1997)

Russia (1997)

Brazil (1998)

Turkey (1999)

Argentina (2001)

IMF: 1975-1997 → 158 crisis cases

- corporate crises (LTCM, Enron, Worldcom, Parmalat)
- US subprime crisis (2007/8)
- locusts debate
- financial bubbles ((shares 1992; dot.com in 2000)
- global financial and economic crisis (2008-?)
- sovereign debt crisis

Going Back in History

Open world economy

Renewed expansion of the global economy

Interwar Period

1870

1914

1944

1970

1980

1990

1999

2002

2007

Collaps: floating

**Classical Gold Standard:
1870-1914**

**Bretton Woods
1944-1973**

*Washington
Consensus*

1972 ERM

1993 EMU

**Flexible Exchange Rate Regime
1973-present**



IMF

Worldbank

GATT

} Fixed exchange rates

} \$ -gold standard

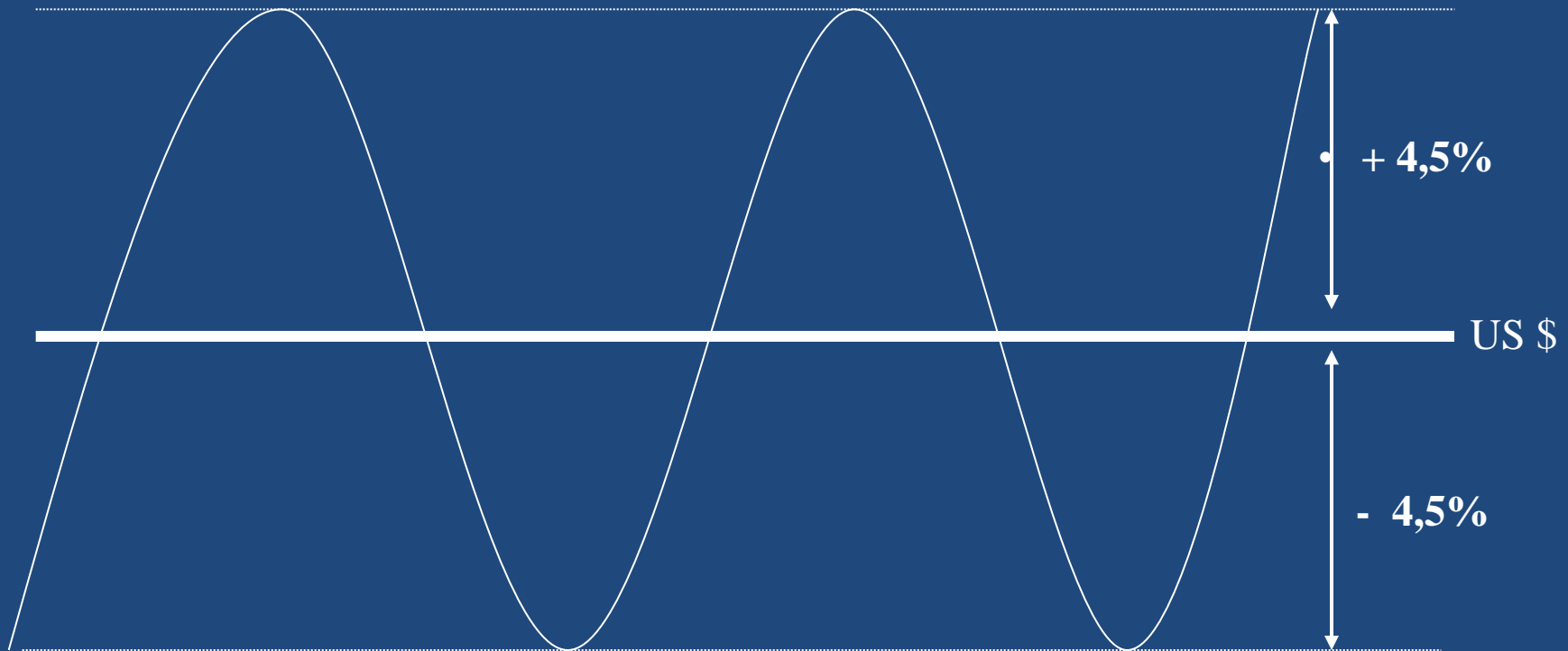
Financial Deregulation

The Snake (before BW collapse)

EC system of fixed exchange rates: May 1971 (NL/D)

- no longer fixed exchange rate with the US \$ (fluctuation)
- **but** fluctuation margins defined: 9% max.

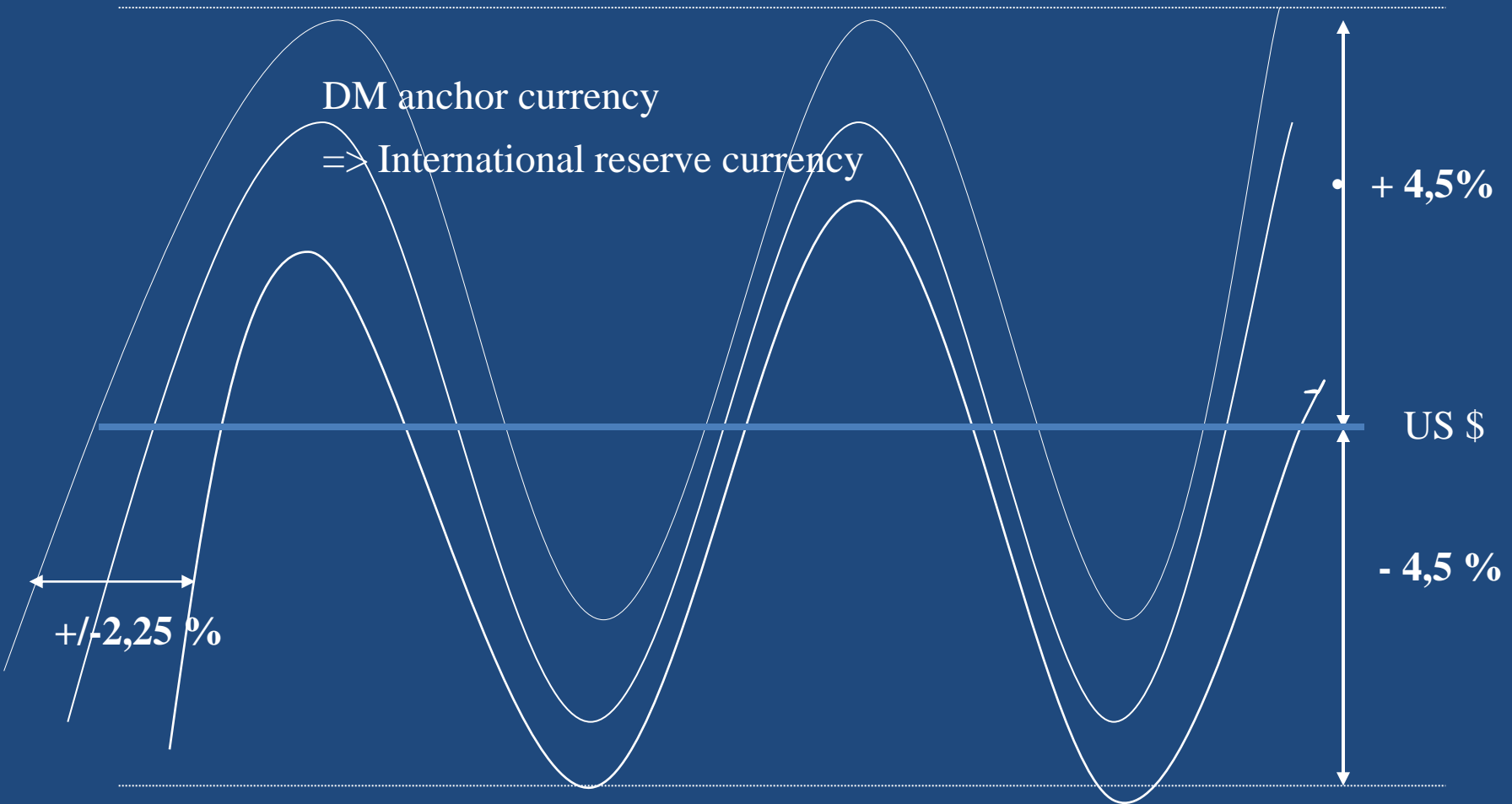
→→→ collapsed with the collapse of Bretton Woods in August 1971



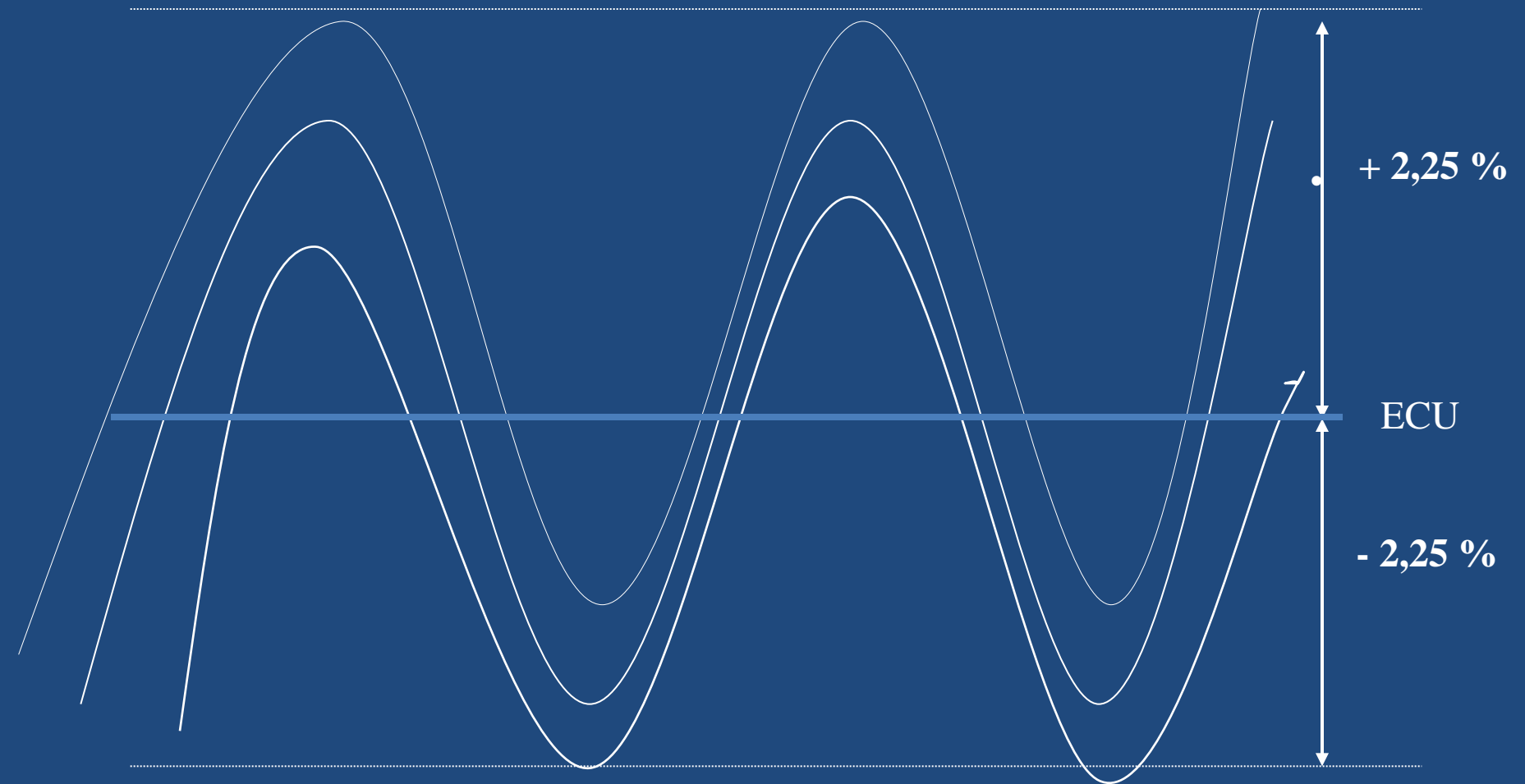
The 'Snake in de tunnel'

1972: snake re-established (fluctuation bandwidth of $\pm 2,25\%$; $4,5\%$ \$)

Problem: UK/F could not stay within the snake,
became a *de facto* German block



Het Europees Monetair Stelsel (EMS) in 1979



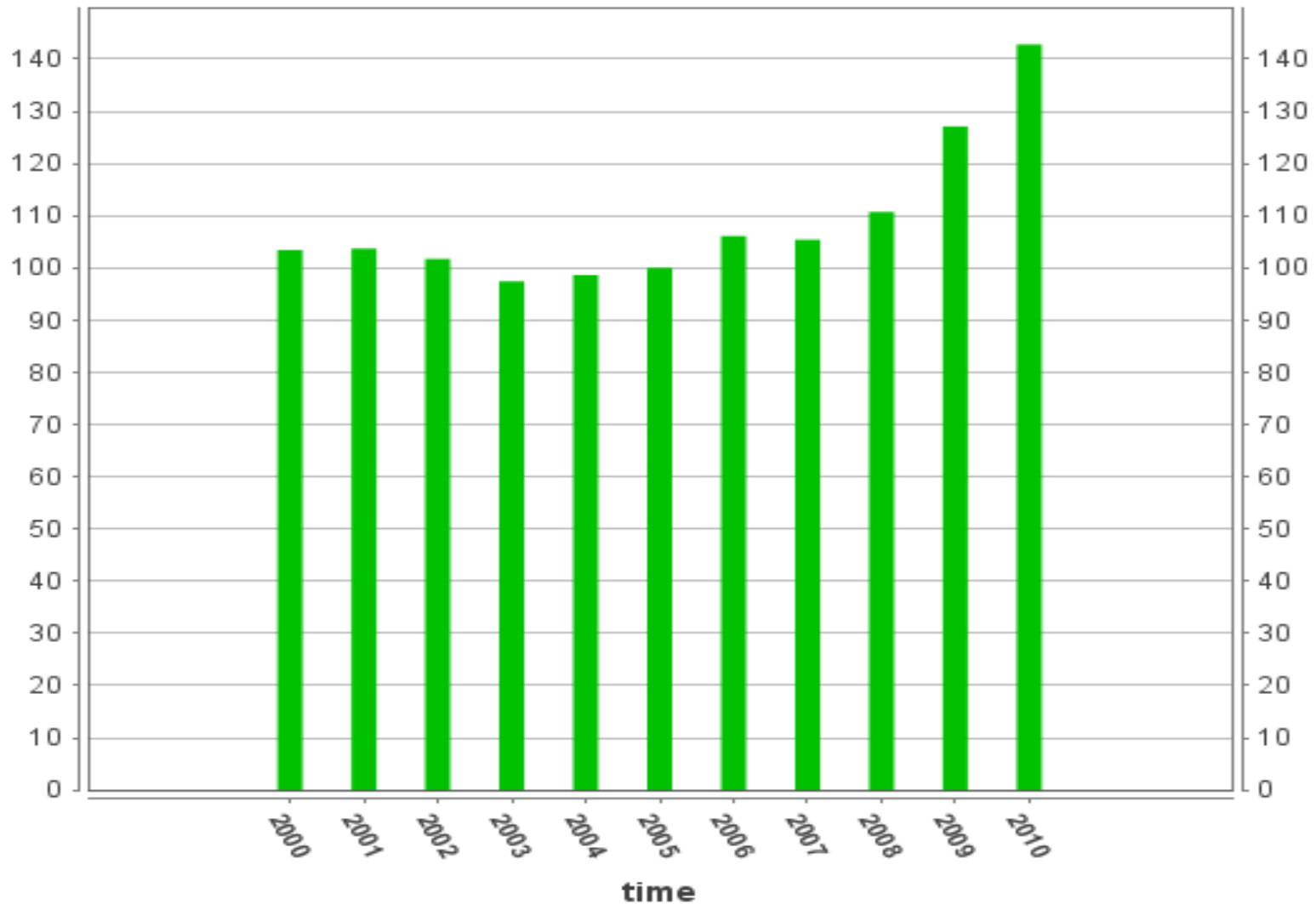
De Convergentie Criteria

- 1) prijsstabiliteit: inflatie niet meer dan 1,5 procentpunten hoger dan die van de drie lidstaten die in het voorgaande jaar de laagste inflatie hadden
- 2) begrotingstekort (kloof tussen de inkomsten/ uitgaven van overheid): onder 3 % van het bruto binnenlands product
- 3) overheidsschuld: max. 60 % van BBP, landen met hogere schuldquote kunnen niettemin de euro invoeren indien hun schuldenlast gestaag daalt
- 4) langetermijnrente: niet meer dan twee procentpunten hoger dan die van de drie lidstaten, die het voorgaande jaar de laagste inflatie hadden
- 5) wisselkoersstabiliteit : de wisselkoers moest twee jaar lang binnen van tevoren vastgestelde fluctuatiemarges blijven.

Staatsschuldencrisis in Griechenland



Greek government debt, percentage of GDP



Reddingspakket EU/IMF

- Totaal: 750 miljard (3/4 biljoen)
- 1) 60 miljard bijzondere kredieten (EU Commissie)
- 2) 440 miljard (EU lidstaten staan garantie: Duitsland voor 120 miljard)
- 3) 250 miljard (IMF)

Hoeveel naar wie gaat wordt op individuele basis besloten.

Alternatieven?

1. 'Leverage' (hefboom effect noodfonds)?
2. Higher liquidity buffers voor banken?
3. Debt write off (a la Argentinië)
4. Credit rating agencies afschaffen (licenties weghalen/beperken → Michel Barnier)
5. Kleinere banken?
6. Gewone banken en commerciële banken?
7. Financial transaction tax?
8. Herstel groei? Visie op krimp?
9. Alternatieve economie/systeem?
10. Inflatie?
11. Supranationale toezicht (Europese Commissie) overheidsbudgetten? Democratie?

The European Monetary System (EMS)

1979 Fixed, but periodically adjustable exchange rates.

1) *European Currency Unit (ECU)*

2) ERM (bandwidth of fluctuation: +/-2.25%, not pegged to \$)

3) Joint rescue mechanism → (buying/selling), governed by the *Economic and Financial Committee* (intergovernmental)

4) Special treatment of the lira (6%)

5) £ in ECU, but not in ERM tot 1991

Success?

1979-83: lot of adjustments/fluctuation

1983-87: more stable

1987-92: success

na 1992: big crisis!