

“Crisis is an Opportunity”

Пише: Andrew Gavin Marshall
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Engineering a Global Depression to Create a Global Government

The following is a sample from an forthcoming book by Andrew Gavin Marshall on 'Global Government', Global Research Publishers, Montreal.



Problem, Reaction, Solution: “Crisis is an Opportunity”

In May of 2010, Dominique Strauss-Kahn, Managing Director of the IMF, stated that, “crisis is an opportunity,” and called for “a new global currency issued by a global central bank, with robust governance and institutional features,” and that the “global central bank could also serve as a lender of last resort.” However, he stated, “I fear we are still very far from that level of global collaboration.” [\[1\]](#) Well, perhaps not so far as it might seem.

The notion of global governance has taken an evolutionary path to the present day, with the principle global political and economic actors and institutions incrementally constructing the apparatus of a global government. In the modern world, global governance is an inter-lapping, intersecting, and intertwined web of international organizations, think tanks, multinational corporations, nations, NGOs, philanthropic foundations, military alliances, intelligence agencies, banks and interest groups. Globalization – a term which was popularized in the late 1980s to refer to the global spread of multinational corporations – has laid the principle ideological and institutional foundations for this process. Global social, economic and political integration do not occur at an equal pace; rather, economic integration and governance on a global level has and will continue to be ahead of the other sectors of human social interaction, in both the pace and degree of integration. In short, global economic governance will set the pace for social and political global governance to follow.

In 1885, Friedrich List, a German mercantilist economic theorist wrote that when it came to the integration of a “universal union or confederation of nations,” that “all examples which history can show are those in which the political union has led the way, and the commercial union has followed. Not a single instance can be adduced in which the latter has taken the lead, and the former has grown up from it.” [2] The twentieth century thus changed the historical trend, with undertaking economic integration – union – which is then followed by political integration. The best example of this is the European Union, which started out as a series of trade agreements (1951), eventually leading to an economic community (1957), followed by an economic union (1993), followed by a currency union (2002), and with the recent Lisbon Treaty, is now in the process of implementing the apparatus of a political union (2009). While this same regional governance model is occurring on a global scale in Africa, South America, East Asia, the Gulf Arab states, and with North American and Euro-American integration, it is simultaneously taking place on a global level. With the establishment of the World Trade Organization (WTO) in 1995, global trade systems were institutionally integrated, while the major global economic institutions of the IMF and World Bank, as well as others including the Bank for International Settlements (BIS), accelerated their management of the global economy.

The process of globalization has firmly established a globally integrated economic system, and now the global economic crisis is facilitating the implementation of global economic governance: to create the economic apparatus of a global government, including a global central bank and a global currency. This process is exponentially accelerated through economic crises, which create the need, desire, urgency and means of establishing a structure of global economic governance, purportedly under the guise of “preventing economic crises” and “maintaining” the global economy.

The same institutions and actors responsible for creating the crisis, are then given the job of determining the solution, and are then given the power and means of implementing it: problem, reaction, solution. They create a problem to incur a particular reaction for which they then propose a predetermined solution. When pressure needs to be applied to individual states that are not following dictates of the institutions of global governance, the market is turned against them in a barrage of economic warfare, often in the form of currency speculation and derivatives trading. The result of this economic warfare against a nation is that it must then turn to these same global institutions to come to its rescue: problem, reaction, solution.

The global economic crisis, really having only just begun, will in years to come spiral into a Great Global Debt Depression, plunging the entire world into the greatest economic catastrophe ever known. This will be the ultimate catalyst, the most pervasive crisis, and most commanding ‘opportunity’ to implement the formation of a global government. In 1988, the Economist ran an

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article entitled, “Get Ready for the Phoenix,” in which it postulated that by the year 2018, there will be a global currency, which it termed the “Phoenix.” The mention of a phoenix is not to go unnoticed, as symbolically, a phoenix dies and from its ashes a new phoenix emerges. It is the symbol of destruction as a form of creation; the ultimate incarnation of crisis as an opportunity. The article in the Economist acknowledged this meaning, with the idea that economic and monetary collapse will likely lead to the formation of a global currency, stating that, “several more big exchange-rate upsets, a few more stockmarket crashes and probably a slump or two will be needed before politicians are willing to face squarely up to that choice.” Further:

As time passes, the damage caused by currency instability is gradually going to mount; and the very trends that will make it mount are making the utopia of monetary union feasible... The phoenix would probably start as a cocktail of national currencies, just as the Special Drawing Right is today. In time, though, its value against national currencies would cease to matter, because people would choose it for its convenience and the stability of its purchasing power. [3]

This further reinforces the notion of crisis as an opportunity, and established the desire to form a global currency far before any crises that prompted official calls for one. In 2000, Paul Volcker, former Chairman of the Federal Reserve, stated that, “if we are to have a truly global economy, a single world currency makes sense,” and a European Central Bank executive stated that, “we might one day have a single world currency,” in “a step towards the ideal situation of a fully integrated world.” [4] In 1998, Jeffrey Garten, , former Undersecretary of Commerce for International Trade in the Clinton administration, former Managing Director at Lehman Brothers and member of the Council on Foreign Relations, wrote an article for the New York Times in which he called for the creation of a “global Fed” and said that, “the world needs an institution that has a hand on the economic rudder when the seas become stormy. It needs a global central bank.” [5]



The Global Economic Crisis □ As a Pretext for □ Global Governance

With the onset of the global economic crisis in 2008, powerful political and economic figures began making the call for constructing systems of global governance to manage and “prevent” crises. In September of 2008, in the midst of the financial crisis, Garten wrote an article for the

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Financial Times renewing his call for a global central bank, which he termed a “Global Monetary Authority.” [6] A month later, Garten wrote a piece for Newsweek saying that, “leaders should begin laying the groundwork for establishing a global central bank.” [7] In the same month, John Mack, CEO of Morgan Stanley said that, “it may take continued international coordination to fully unlock the credit markets and resolve the financial crisis, perhaps even by forming a new global body to oversee the process.” [8]

In October of 2008, then Prime Minister of the UK, Gordon Brown, called for “a new Bretton Woods – building a new international financial architecture for the years ahead,” and that he would want “to see the IMF reformed to become a ‘global central bank’ closely monitoring the international economy and financial system.” [9] In the same month, Brown wrote an op-ed for the Washington Post in which he said that this ‘new Bretton-Woods’ should work towards “global governance.” [10]

That month, the world’s central bankers met in Washington D.C., of which the principle question they faced was “whether it is time to establish a global economic ‘policeman’ to ensure the crash of 2008 can never be repeated,” and that any organization with the power to police the global economy would have to include representatives of every major country – a United Nations of economic regulation.” A former governor of the Bank of England stated that the answer might be in the form of the Bank for International Settlements (BIS), the central bank to the world’s central banks, which compared to the IMF, “is more independent and much better placed to deal with this if it is given the power to do so.” [11]

The first major summit of the G20 – the group of the 20 largest economies in the world – was in November of 2008, in the midst of the financial crisis. The G20 was to replace the G8 in the management of the global economy. The member nations are the United States, Canada, France, Germany, Italy, the United Kingdom, the European Union, Australia, Russia, Japan, South Korea, Turkey, Mexico, Indonesia, Saudi Arabia, Brazil, South Africa, Argentina, India and China. The World Bank and IMF also work directly with the G20, as does the Bank for International Settlements.

In March of 2009, Russia suggested that the G20 meeting in April should “consider the possibility of creating a supra-national reserve currency or a ‘super-reserve currency’,” and to consider the IMF’s Special Drawing Rights (SDRs) in this capacity. [12] A week later, China’s central bank governor proposed the creation of a global currency controlled by the IMF, replacing the US dollar as the world reserve currency, also using the IMF’s SDRs as the reserve currency basket against which all other currencies would be fixed.

[\[13\]](#)

Days after this proposal, the US Treasury Secretary Timothy Geithner, former President of the New York Federal Reserve Bank, told the Council on Foreign Relations that, in response to a question about the Chinese proposal, “we’re actually quite open to that suggestion. But you should think of it as rather evolutionary, building on the current architectures, than -- rather than -- rather than moving us to global monetary union.” [\[14\]](#)

In late March a UN panel of economists recommended the creation of a new global currency reserve that would replace the US-dollar, and that it would be an “independently administered reserve currency.” [\[15\]](#)

Following the April 2009 G20 summit, “plans were announced for implementing the creation of a new global currency to replace the US dollar’s role as the world reserve currency.” Point 19 of the communiqué released by the G20 at the end of the Summit stated, “We have agreed to support a general SDR allocation which will inject \$250bn (£170bn) into the world economy and increase global liquidity.” SDRs, or Special Drawing Rights, are “a synthetic paper currency issued by the International Monetary Fund.” As the Telegraph reported, “the G20 leaders have activated the IMF’s power to create money and begin global ‘quantitative easing’. In doing so, they are putting a de facto world currency into play. It is outside the control of any sovereign body.” [\[16\]](#) The Washington Post reported that the IMF is poised to transform “into a veritable United Nations for the global economy”:

It would have vastly expanded authority to act as a global banker to governments rich and poor. And with more flexibility to effectively print its own money, it would have the ability to inject liquidity into global markets in a way once limited to major central banks, including the U.S. Federal Reserve... the IMF is all but certain to take a central role in managing the world economy. As a result, Washington is poised to become the power center for global financial policy, much as the United Nations has long made New York the world center for diplomacy. [\[17\]](#)

In April of 2010, the IMF released a report in which it explained that while SDRs will aid in ‘stabilizing’ the world economy, “a more ambitious reform option would be to build on the previous ideas and develop, over time, a global currency,” but that this is “unlikely to materialize in the foreseeable future absent a dramatic shift in appetite for international cooperation.” [\[18\]](#) Of course, the exacerbation of a global economic crisis – a new great depression – could spur

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such a “dramatic shift in appetite for international cooperation.”

While the IMF is pushed to the forefront of the global currency agenda, the Bank for International Settlements (BIS) remains as the true authority in terms of ‘global governance’ overall. As the IMF’s magazine, Finance and Development, stated in 2009, “the Bank for International Settlements (BIS), established in 1930, is the central and the oldest focal point for coordination of global governance arrangements.” [19] Jean-Claude Trichet, President of the European Central Bank (ECB), gave a speech at the Council on Foreign Relations in April of 2010 in which he explained that, “the significant transformation of global governance that we are engineering today is illustrated by three examples”:

First, the emergence of the G20 as the prime group for global economic governance at the level of ministers, governors and heads of state or government. Second, the establishment of the Global Economy Meeting of central bank governors under the auspices of the BIS as the prime group for the governance of central bank cooperation. And third, the extension of

Financial Stability Board membership to include all the systemic emerging market economies. [20]

In concluding his speech, Trichet emphasized that, “global governance is of the essence to improve decisively the resilience of the global financial system.” [21] The following month, Trichet spoke at the Bank of Korea, where he said, “central bank cooperation is part of a more general trend that is reshaping global governance, and which has been spurred by the global financial crisis,” and that, “it is therefore not surprising that the crisis has led to even better recognition of their increased economic importance and need for full integration into global governance.” Once again, Trichet identified the BIS and its “various fora” – such as the Global Economy Meeting and the Financial Stability Board – as the “main channel” for central bank cooperation. [22]



The Great Global Debt Depression

As commentators and governments praised the ‘economic recovery’, the world entered into a massive global debt crisis, a veritable ‘Great Global Debt Depression,’ in which the major industrialized nations of the world, having taken on excessive debts due to bailouts, stimulus packages and decades of imperial expenditures and war-mongering. The debt trap used to enslave the ‘global south’ has come home to roost. The first stage of the ‘Great Global Debt Depression’ began in Greece, where the country was so indebted that it needed to seek help in the form of an IMF ‘bailout’ simply to pay the interest on its debt. For nearly a decade, Greece’s government colluded with major Wall Street firms such as Goldman Sachs and J.P. Morgan Chase to hide its true debt in the derivatives market, so when a new government came to power in October of 2009, it inherited a debt twice as large as it had anticipated, at 300 billion euros. [[23](#)]

In early 2010, Greece sought a bailout from the European Union (European Central Bank – ECB) and the IMF in order to pay the annual interest fee on its debt. The ECB and IMF agreed to a loan in April. [[24](#)] Greece, however, had been pressured by both the EU and the IMF that in order to receive a loan, it must implement “fiscal austerity measures” in order to reduce its deficit, and also to convince “global markets” that it could reduce its deficit. Greece had implemented two austerity packages that included massive social spending cuts and increases in taxes. Yet, this seemed to not be enough for the EU, IMF or global markets.

[[25](#)]

As Greece was imposing ‘fiscal austerity’ and seeking international loans, ‘global markets’ had turned against the country, as derivatives – particularly Credit Default Swaps (CDS) – were being used to bet that Greece would default on its debt, thus plunging the country further into crisis. Many of the banks participating in this speculative assault were the very same ones that helped Greece hide its debt in the first place. Thus, if Greece defaults on its debt, the speculators who bet against Greece stand to profit, and as these trades become popular, it makes it more difficult for Greece to borrow the money it needs to pay its interest. As one expert explained, “It’s like buying fire insurance on your neighbor’s house — you create an incentive to burn down the house.”

[[26](#)]

J.P. Morgan Chase, Goldman Sachs, and several other leading banks helped hide the debt for several nations across Europe, which all began to enter into a debt crisis. [[27](#)] Interestingly, banks rapidly expanded their use of the derivatives trade not only in Greece, but Spain and Portugal as well, “as worries about those countries’ debts moved markets around the world.” Subsequently, “European banks including the Swiss giants Credit Suisse and UBS, France’s Société Générale and BNP Paribas and Deutsche Bank of Germany have been among the heaviest buyers of swaps insurance.” The reason for this: “those countries are the most

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exposed. French banks hold \$75.4 billion worth of Greek debt, followed by Swiss institutions, at \$64 billion,” and “German banks’ exposure stands at \$43.2 billion.”

[\[28\]](#)

J.P. Morgan Chase, Goldman Sachs, and other US banks are also participating in the derivatives assault against Greece, which may be “pushing Greece toward financial collapse.”

[\[29\]](#)

Thus, we have a situation in which major global banks helped governments acquire expansive debts (and hide it from their balance sheets), and then the countries enter into a debt crisis. As they impose fiscal austerity measures to reduce their deficits, and seek help from central banks and the IMF to pay their interest, these same global banks speculate against the debts, thus pushing the nations further into crisis, exacerbating the social crisis, and forcing further and more expansive ‘austerity measures.’ The interest payments on the debt are, as an added insult, to be paid to these same global banks, which hold most of the debt of these nations. In short, the debt crisis is amounting to a form of financial warfare and social genocide, implemented by the major global banks, the central banking system (which they control), and the international organizations that serve their interests.

A working paper issued by the Bank for International Settlements (BIS) in March of 2010 explained that the West is facing a massive debt crisis, and that the United Kingdom and United States – along with other nations such as Spain and Ireland – took on massive debt in the past three years, making the debt crises in Italy and Greece “comparatively small.” [\[30\]](#) Further, investors are expected “to demand a higher risk premium for holding the bonds issued by a highly indebted country.”

[\[31\]](#)

In other words, the BIS warned that speculators would likely undertake a ‘market’ assault against indebted nations, further exacerbating the debt crisis and increasing pressure to impose ‘fiscal austerity’, or commit ‘social genocide’. In September of 2009, the derivatives market had rebounded to \$426 trillion, and continued to pose “major systemic risks” for the financial system.

[\[32\]](#)

Nouriel Roubini, an economist who had predicted the 2008 financial crisis, warned in March of 2010 that, “the recent difficulties of Greece are part of the iceberg. Markets have already targeted Greece, Spain, Portugal, Great Britain, Ireland and Iceland. They could deal with other countries, including Japan and the United States.” [\[33\]](#) Renowned economist Kenneth Rogoff (who accurately predicted the 2008 economic crisis) had also warned that a global debt crisis is on the horizon, which “could set the scene for years of financial troubles.”

[\[34\]](#)

In 2010, the World Economic Forum warned of the potential of a “full-scale sovereign fiscal crisis” – a global debt crisis – possibly accompanied by a second major financial crisis. [\[35\]](#)

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Jürgen Stark, an executive member of the European Central Bank warned in April of 2010 that, “We may already have entered into the next phase of the crisis: a sovereign debt crisis,” which could spread across the EU, to the U.K., United States, and Japan.

[\[36\]](#)

Economic historian (and Bilderberg participant) Niall Ferguson warned of a “Greek Crisis Coming to America,” and a “fiscal crisis of the western world,” which will spread from Greece, throughout Europe, and to the U.S. and Japan.

[\[37\]](#)



Structural Adjustment in the West

As the nations of the West took on enormous debts by giving the banks money (effectively buying the bad debt of the banks), and with decades of imperialism building massive foreign debts, the West and notably America, are entering into a period in which they will be subjected to the same or similar forms of ‘structural adjustment’ as they have inflicted upon the rest of the world. With the G20 promising to impose “fiscal austerity,” public sector jobs will be lost, state-owned assets and infrastructure privatized, taxes raised, interest rates will soar (eventually), and liberalized markets will be expanded and institutionalized, not least so that major global banks will be able to profit off of the subsequent collapse of nations through the financial weapon of speculation. The middle classes will vanish and poverty will reign supreme, while the rich become immeasurably richer and more powerful. Naturally, people will rise up, take to the streets, protest, demonstrate, riot, even rebel and revolt. As sure as the people will resist, the state will repress with police, the military and the ‘Homeland Security State’ apparatus of surveillance and control. Make no mistake: this is the ‘Thirdworldization’ of the West: the ‘Post-Industrial Revolution.’

In early June of 2010, the G20 finance ministers and central bank governors met in Seoul, South Korea, in a meeting with significantly less media coverage than the later G20 leaders summit in Toronto, and significantly more importance to the state of the world economy. The communiqué released by the finance minister and central bankers following the summit stated that G20 nations needed to speed up the process of “fiscal consolidation” (see ‘fiscal austerity’).

[\[38\]](#)

The IMF presented a report at the meeting recommending the adoption of “adjustment policies”

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to presumably aid in economic growth.

[\[39\]](#)

There was no mention, however, of how similar “adjustment policies” failed to deliver growth to the developing world over the previous 30 years, and in fact, spread poverty and economic despair instead.

After the G20 leaders meeting in late June of 2010, leaders of the world’s largest economies agreed on a timetable to impose ‘fiscal austerity’ measures to cut their deficits and halt the growth of their debts. The plan entailed cutting deficits in half by 2013. [\[40\]](#) In June, Germany had announced massive austerity cuts to spending, spurring protests in the streets.

[\[41\]](#)

Simon Johnson, former Chief Economist at the IMF, stated that fiscal austerity would likely result in “exacerbating developing world-type problems in the United States – and to creating the conditions for another financial crisis.”

[\[42\]](#)

The chief economist of the major global bank HSBC, stated in May of 2010 that, “at the very least, governments need to pursue a multi-year period of fiscal austerity,” and ultimately, “fiscal positions will become intolerable politically, economically and financially.”

[\[43\]](#)

Fiscal austerity will imply massive cuts in social spending, which will do to the developed world what they did to the ‘developing’ world: health, education and social services will be cut, with public employees in those and other sectors fired, creating a massive new wave of unemployed people. Simultaneously, taxes will be dramatically increased, particularly on the middle and lower classes, which would then be more impoverished than ever before. However, fiscal austerity is not the only condition of “structural adjustment,” as many other measures will be taken, advancing on current trends, including further expanding and institutionalizing trade liberalization, as well as selling off public assets in major privatization schemes. Since the West largely privatized all the state-owned industries in the dawn of the neoliberal era, the remaining areas of privatization are largely in infrastructure projects such as roads, airports and ports. However, in America, this will be undertaken by individual states and cities desperate for cash and ‘investment’. Thomas Osborne, head of infrastructure and privatization at UBS bank, said in May of 2009 that, “privatization will eventually take hold,” but it will be done in “a more incremental approach.” [\[44\]](#)

In September of 2010, the Chicago Council on Global Affairs released a report on infrastructure privatization. The Council represents and is run by various officials from J.P. Morgan Chase & Co., CME Group (the world’s largest derivatives exchange), the Federal Reserve Bank of Chicago, Bank One Corporation, McKinsey and Company, Goldman Sachs, Boeing, Northern Trust, United Airlines, the Chicago Board of Trade, and a host of other corporate, financial and

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banking interests, and the board even includes the First Lady, Michelle Obama. [\[45\]](#) In the report sponsored by the Chicago Council, it stated that, “the trend toward infrastructure privatization is happening not just in the United States, but globally.”

[\[46\]](#)

Ultimately, the report found that, “financial realities mean that the privatization of infrastructure will continue.”

[\[47\]](#)

In defining infrastructure, the report identified roads, bridges, port facilities, water treatment plants, electric transmission lines, and railways, as well as hospitals, prisons, “and other communal assets that serve the public interest.”

[\[48\]](#)

On this note, sovereign wealth funds (SWFs) from around the world are buying up American infrastructure. Sovereign wealth funds are state-owned investment funds of stocks, bonds, financial assets, resources and property. Some of the world’s largest SWFs are those of the United Arab Emirates, Saudi Arabia, Norway, China, South Korea, Kuwait, and Russia. As the “recovery” edges into the oblivion of the Great Global Debt Depression, SWFs are buying up American infrastructure, including:

A toll highway in Indiana. The Chicago Skyway. A stretch of highway in Florida. Parking meters in Nashville, Pittsburgh, Los Angeles, and other cities. A port in Virginia. And a whole bevy of Californian public infrastructure projects, all either already leased or set to be leased for fifty or seventy-five years or more in exchange for one-off lump sum payments of a few billion bucks at best, usually just to help patch a hole or two in a single budget year.

America is quite literally for sale, at rock-bottom prices, and the buyers increasingly are the very people who scored big in the oil bubble. Thanks to Goldman Sachs and Morgan Stanley and the other investment banks that artificially jacked up the price of gasoline over the course of the last decade, Americans delivered a lot of their excess cash into the coffers of sovereign wealth funds like the Qatar Investment Authority, the Libyan Investment Authority, Saudi Arabia's SAMA Foreign Holdings, and the UAE's Abu Dhabi Investment Authority. [\[49\]](#)

This process is also underway in Canada, as the Ontario government in 2009 considered selling off “all or part” of its Crown corporations to reduce the provincial deficit, and it hired CIBC and Goldman Sachs to write a blueprint for possible privatizations. [\[50\]](#) Further, there are increased calls – globally – for advancing the agenda of the privatization of water, a scheme which the World Bank has pushed on several countries around the world, resulting in enormous costs – in economic, political and social terms – to the poorest people, and enormous profits for the

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handful of global water conglomerates. Organized around the International Water Association and the World Water Council, the major water conglomerates, the World Bank and the UN have been promoting water privatization schemes across the ‘developing’ world and increasingly within the West as a means to ‘solving’ the world water crisis. As we have seen, however, from the cases of water privatization in places like Bolivia, South Africa, El Salvador, and several others, it is the poor who suffer the most, and it will be the same whether it is in Angola or America.



Debt Slavery

While nations of the West begin to impose fiscal austerity on their populations and social structures, the harsh effects will come with time, as nations have maintained extremely low interest rates, thus keeping the ‘cost’ of money cheap. However, as the Bank for International Settlements (BIS) report of June 2010 stated, “both fiscal and monetary policy may have to be tightened at the same time.” This means that, according to the BIS, interest rates must rise along with fiscal austerity measures. It was, lest we forget, the extremely high interest rates in the late 70s and early 80s that set off the 1980s debt crisis, as nations with large foreign debts could no longer afford to pay their annual interest payments, thus needing to turn to the IMF and World Bank for ‘assistance’ in the form of ‘structural adjustment programs’. The massive stimulus spending and bailouts will create the likely scenario of causing inflation, making prices rise dramatically. To fight inflation, nations can raise interest rates, which then make the currency more expensive, and thus, reduces the rates of inflation.

As central banks around the world injected billions and trillions of dollars into the financial system, they kept interest rates extremely low in order to encourage the flow of money. In the 2009 annual report of the BIS, it warned that this policy could create massive inflation, so interest rates will have to be raised eventually. The major question is ‘when’ they will rise; if it’s too late, inflation could get out of control, if it’s too early, it could destroy the ‘recovery.’ [\[51\]](#) So as the 2010 annual report of the BIS calls for simultaneous fiscal and monetary tightening, this could be potentially disastrous, possibly “pushing the global economy into depression.”

[\[52\]](#)

The effect of high interest rates, while potentially decreasing the rate of inflation, will increase

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the cost of the annual debt payments nations must make, thus exacerbating and feeding the ‘fiscal austerity’ measures imposed to reduce spending. This would reverberate onto the average person, as interest rates on all debts, including their personal debts would also increase. While fiscal austerity will increase taxes, increase poverty, and deconstruct the middle class, high interest rates would bleed them dry. However, inflation itself acts as a hidden tax, increasing the cost of consumer goods such as food and fuel, as the currency depreciates in value. This is also a major cost to the vanishing middle class. It seems that either way, the average person is in the crosshairs of a system of economic terrorism. It’s the epitome of a ‘Catch-22’; you’re damned if you do, and you’re damned if you don’t.

Raising interest rates during a time of fiscal austerity, however, is particularly destructive to the average person. Notably, “fiscal and monetary tightening were tried in tandem in the early 1930s and it didn't work then.” [\[53\]](#) In other words, it helped plunge the world into the Great Depression. Today, however, it would be significantly worse, as now we have the reality of mortgages, credit card debt, derivatives, student debt, etc. These things did not exist at the onset of the Great Depression, so today it would result in the ‘Greatest Depression.’ It’s a debt trap, and everyone is caught in it. If states don’t raise interest rates, the ‘market’ may turn against them, as major global banks, hedge funds and currency speculators may ‘lose confidence’ in a nation’s currency, and flee the currency, thus plunging it in value, leading to potentially hyperinflation (as was experienced in Weimar Germany and Zimbabwe), which also has the effect of devastating a nation and plundering the wealth of its people.

While increasing interest rates is done in the name of reducing the debt at a quicker pace, it ultimately has the opposite effect. It essentially creates a condition in which a nation is permanently indebted, and the cumulative debt increases annually. This occurs due to a nation struggling to pay its annual interest on the debt, and so it seeks the ‘assistance’ of the IMF and international creditors to provide a quick loan to the country to pay the interest. The IMF provides a loan, which is instantly redirected to pay the creditors, and the loan amount that the IMF provided is then added to the overall national debt. Thus, rising interest rates will increase the annual interest payments, because the debt itself has enlarged. The nation will need the ‘assistance’ of another loan – more debt – to pay interest on its overall debt, which then continues to rise. This is how the nations of the ‘Third World’ became so indebted: accumulating more debt to pay interest on old debt, which then creates new debt, requiring more debt to pay the interest on the accumulated debt, and on and on and on. Meanwhile, the ‘structural adjustment programs’ (SAPs) were implemented under the ‘conditions’ of IMF and World Bank loans and ‘assistance’ to deconstruct the social foundations of a nation, eliminate the middle class and exacerbate poverty, presumably in order to help reduce the deficit. This now appears to be the fate of the ‘First World’ industrialized nations. While the BIS annual report called for increasing interest rates, an internal working paper written by the Chief Economist of the BIS in March of 2010 warned that, “fighting rising inflation by tightening monetary policy would not work, as an increase in interest rates would lead to higher interest payments on public debt, leading to higher debt.” [\[54\]](#)

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Ultimately, talk about whether or not to increase interest rates, and how to impose fiscal austerity are misleading. This is because these discussions operate on the basis that these debts are legitimate. The legal doctrine of ‘odious debt’ stipulates that sovereign debt incurred without the consent of the people and not benefiting the people is odious and should not be transferable to a successor government. In other words, if a debt doesn’t benefit the people, it’s illegitimate and should not be repaid. If this principle was applied to the ‘Third World’, it could be safely said that the IMF, World Bank, and Western nations would effectively lose their control of the global south. It is through the mechanism of debt that modern imperialism functions most effectively. Naturally, the correct economic path to take for an actual recovery would be to declare all these major debts illegitimate – of the ‘Third World’, and of the Western world – as the debts of the West were incurred from financing foreign imperial adventures, and the debt of the ‘rest’ is the result of that imperialism.

Through the economic crisis, the debts incurred were largely done so in terms of buying the bad debts of the banks that created the crisis, thus, they too are illegitimate. Even the ‘stimulus’ money was indebted in order to solve a financial crisis created by a corrupt minority around the world. Credit card debts and student debts exacerbate poverty, and if there are no jobs for students in a broken economy, their debt is illegitimate. Since credit card debt was incurred to finance consumption and allow people to live beyond their means, there is a notion of responsibility on the part of the debtor, however, because credit card companies target the indebted and have essentially ‘captured’ the middle class, and now they must pay through their own impoverishment, people have been misled, and the debt ultimately did not benefit them; thus, it too is illegitimate. If our governments, the banks, the corporations and all creditors have colluded together to seek personal profit and gain, while impoverishing us and the rest of the world in the process, all the world’s debts to these institutions, actors and nations is odious and should not be repaid. Taking this stance, however, would not get you far in the world of economics or politics, as you would be advocating for the end of financial, economic, social and political imperialism and power structures; not a particularly popular position from the perspective of the powerful.

So the debates and discussions will rage on; when to raise interest rates, how to impose fiscal austerity, how to create ‘recovery’; all the while global political and economic institutions, states and actors will be working to impoverish you and destroy the foundations of society upon which you stand.

“Crisis is an Opportunity”

Пише: Andrew Gavin Marshall
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