

# Socialism the only remedy

Thursday 16 July 2009, by [KARUNARATNE Vickramabahu \("Bahu"\)](#) (Date first published: 12 July 2009).

The world economic crisis is still continuing in spite of various measures taken globally to arrest the process. One news item dated July 05, 2009 said "the Federal Reserve has said is 'slowing' but the economy is likely to remain weak. ...The Fed also said it would continue its present level of purchasing long-term government debt to expand money supply. It expects inflation to stay 'subdued for sometime' even though energy and commodity prices have risen recently. "Information received since the Federal Open Market Committee (FOMC) met in April suggests that the pace of economic contraction is slowing," the Fed said in a statement after concluding a two-day meeting." In contrast to this assurance we are informed that unemployment in the UK is at a 12-year high, the French at a two-year high and the Euro at a decade high.

## Keynesian economics

Some people assume that the problem could be contained by shifting to Keynesian economics. Once stability is achieved everybody can switch back to neo liberal policies and the global capitalist expansion will continue unabated! Except unrepentant Marxists, all the others assumed that days of "fundamental crisis of capitalism" have gone forever leaving the market economy as the historic selection; with that socio economic history came to an end.

On 16 Nov. 2008 in this column referring to Obama I said "The only path he could take is the path of state capitalism. State capitalism could be used not only in America but also on the international plane. The IMF, the WB and the WTO should be used to monitor all investments and the so-called development projects as suggested by Joseph Stiglitz. The trio should be used to check ecology balance, environment hazards and world food production. Immediate steps should be taken to bring down barriers on migration and the flow of labour. Steps could be taken to convert the United Nations assembly into a true democratic assembly. That could be a means to abolish nuclear weapons and war as a method to resolve conflicts. Every aspect of democracy should be promoted in all dimensions. I do not believe he could at least be a good state capitalist, but it is a pleasant dream for the moment." in spite of my disbelief he has taken the path I envisaged. It shows that the pressure of the working masses is real. After the Second World War when they signed the Bretton Woods Agreement, the working masses were exhausted with the war and the crimes of fascism. But today it is not so. Workers in the developed world are well organized and will fight back if the recession continues. We have achieved a stage in which all information is available and freedom of expression is very high. State capitalism of Obama and other world leaders is still for the rich and is against the poor.

## Nominally democratic

All rescue packages are only nominally democratic and both the jobless workers and the robbed petty bourgeoisie are fuming with anger.

Commenting on the recent UN meeting on the "global financial crisis" Dr Stiglitz said "The UN meeting reflected what is now a global consensus: "The current crisis has been compounded by an initial failure to appreciate the full scope of the risks accumulating in the financial markets and their potential to destabilise the international financial system and the global economy ..." But discussion highlighted the shortfalls in the proposed regulatory reforms - for instance, the reluctance in some countries to do enough about the too-big-to-fail banks. While

everyone talks about the need for transparency, some participants raised concerns about changes in accounting in the US that have made matters worse. Perhaps the most important conclusion was the most obvious: "The ongoing crisis has highlighted the extent to which our economies are integrated, the indivisibility of our collective well-being, and the unsustainability of a narrow focus on short-term gains." We have allowed economic globalisation to outpace political globalisation - we do not have the institutions or the mindset to respond collectively in ways that advance the wellbeing of all. The UN meeting represented a small, but important, step forward."

I believe this is the biggest understatement by the famous economist, because the only way economic globalisation can accompany political globalisation is through socialism.

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**P.S.**

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