The Financial Crisis, Fruit of the "Mortiferous Thirty"

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1-2-30. That's the losing trio in the history of the last three decades. One year ago, the Lehman Brothers bankruptcy brought the entire global banking system to the brink of explosion. But that was only the outcome of a development that had shaken the very heart of capitalism, namely the United States, two years earlier, with a downturn in the real estate market and the subsequent devaluation of related financial assets. Moreover, should we confine our scrutiny to the effects of the financial crisis, we would forget that it has deep roots in the structural changes that global capitalism has undergone for the last thirty years.

Indeed, 1979 marks a turning point taken by the world's dominant classes to revive the accumulation of capital, which had been compromised by declining rates of profitability. That year, under the aegis of Paul Volcker, the US Federal Reserve brutally increased interest rates, thus indicating a reversal in its economic policies. The Keynesian "Glorious Thirty" would thus be succeeded by the neoliberal "Mortiferous Thirty", whose main objectives were to increasingly sustain financial returns and to relentlessly expand the frontiers of commodification.

Once obstacles to the flow of capital were abolished, the world settled into a track of deregulation, privatisation – in a word, liberalisation – to turn everything that had previously escaped the law of profit-making into a lucrative undertaking: public transport, telecommunications, energy, water supply distribution, schools, culture, health services and pensions. A new picture was drawn up, in which mergers, acquisitions, outsourcing and relocations proliferated. Such streamlining reinforced the concentration of capital.

Under the pretext of fighting inflation, salaries were disconnected from the productivity of labour, initiating a relative plunge of several percentage points of added value. In order to bring developing countries into the mould of globalisation, the International Monetary Fund and the World Bank forced them to adopt structural adjustment plans. This dogma even got its own brand name: the "Washington Consensus". The result was brutal: numerous countries in the South endured an unending spiral of indebtedness, while their self-sufficiency dwindled little by little as they were forcefully integrated into the global marketplace.

Essentially, the model of financial accumulation ended up exploding: indeed as the living conditions of workers had become more and more precarious, an externalising finance system petered out. In other words, finance was caught up by the very constraint it had thought it could shale away: only work can produce economic value. Thus the illusion of a wonderworld – where riches spring from a void thanks to some miracle-worling finance system – gave way to a global crisis, because there's a limit to how much the labour force and nature can be exploited. This capitalist crisis is in fact even more serious because it has broken out in the context of an energy crisis and of an unprecedented environmental crisis. The closer we get to the planet's physical limits, the more difficult it is for the economic system to reproduce, and on a larger scale, the less we are able to ensure the survival of humankind. No vague desire for "green growth", no "environment-friendly" tax discount scheme will be enough to begin changing fundamental choices regarding production and consumption.

So we still can't see the light at the end of the tunnel, in spite of the return to slightly positive economic growth rates in France, Germany and Japan. We know face the risk of a bond market crash hovering over an ocean of public deficits. Employment keeps on tumbling down and will certainly not be picked up by the effects of stimulus plans, which are short-sighted and, more importantly, are contradictory to a truly environmentally friendly approach.

A systemic crisis like this can be dealt with only through a systemic response, which we haven't noticed any signs of in international organisations or at the G20 summits. Instead of doing away with tax havens, they have taken them off the black list. The free movement of capital, which is at the root of this finance-dominated economy, is still unchecked, to the point where even the Chairman of the British Financial Services Authority, Adair Turner, deems that finance is a "socially useless activity" and is calling for taxes on financial transactions to be implemented. Banks' practices have remained unchanged despite the public money that was granted to them. Developing countries' debts, which have become more and more illegitimate over the years, have yet to be cancelled. The European Union and the United States refuse to do away with subsidies for agricultural exports, which ruin all forms of subsistence farming. Managing climate change is about to be entrusted to a new sphere of finance, to a branch specialising in speculation on carbon dioxide emissions prices, which will take over from speculation in real estate and raw materials.

It is no longer just a matter of needing more regulations, as those who recently deregulated full throttle are now allowing themselves to say. Rather, it is the principle of accumulating capital which leads to the sacrifice of human beings and of the natural environment. Therefore, the scope of financial profitability must be cut down and all public goods must be kept out of its encroaching reach, so that respect for political, social and environmental rights take precedence over business rights and competition, in order to define a different mode of human development. Only if we do this can we prevent our societies from being cut apart by the jagged blades of commodification. "The era of the finite world has begun," said French poet and essayist Paul Valéry in 1945. The "Mortiferous Thirty" have sped up the process. It is now vital to come out of it.