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**U.S. Economic Policy Faces a Defiant Planet  
Left Margin**

**By Carl Bloice**

**BlackCommentator.com Editorial Board**

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As President Obama begins his first European tour this week, starting with the G20 economic summit, he's finding that much of the rest of the world has suddenly become quite uppity.

If all goes as planned, by the time these word are published, floats will have departed in late morning April 1 on a "Financial Fools Day" parade from four different subway stations in London and formed a cross in front of the Bank of England to stage a "Bankers Banquet." Meanwhile, British global warming protestors will have set up "Climate Camp," a tent city in front European Climate Exchange on Liverpool Street while a giant iceberg is slated to start melting in front of the Excel Center where on April 2 the G20 Economic Summit will be getting underway. But that's not all. Demonstrations are planned at the Royal Bank of Scotland and the U.S. Embassy and a "shadow summit" will have opened at the University of East London near where the actual summit will be held.

All this follows last Saturday's massive Put People First march to Hyde Park, sponsored by a coalition of more than 100 unions, churches, charities and political activist groups that paraded under the slogan "Jobs, Justice and Climate."

"It is right to be angry as there is nothing inevitable about this recession," Trade Union Congress General Secretary Brendan Barber told the protestors Saturday. "Today is the birth of a powerful progressive voice."

The London protests, both in their size and political content, should put to rest a notion that the spirit of the 1999 anti-globalization outpouring in Seattle had died. Those demonstrations were prescient, coming as they did before a gathering of the World Trade Organization and warning of the foreboding direction underway in international economic affairs – the pitfalls of then little-understood, unrestrained and unregulated process of globalization.

The outcome is clear now: an economic crisis has hit hard in the biggest and richest capitalist countries evoking pain and anger on the part of the working and middle classes and, instead of economic advance, many of the poorest regions of the planet are facing dire circumstances.

Last week, British Prime Minister Gordon Brown, the host of the G20 summit, was appealing to people to not be cynical about the summit and its prospects for success. However, at the same time, officials in the UK and the United States were clearly in a damage control mode, trying to lower expectations about what might come out of the Excel Center deliberations. According to one report British officials have been suggesting the G20 leaders might have to reconvene in six months or so to take another stab at resolving their differences and rescuing the world's economy.

Brown said he had not been traveling across the globe to have the summit close with a bland statement of little agreement on how to tackle the growing crisis. Yet that is exactly what seasoned observers in the world of capitalist economic are predicting will happen.

For while the economic crisis is worldwide, and nearly everyone agrees the only possible corrective action must be global, the governments of the 20 or so countries involved in this week's talks are a complete loggerheads over where to go from here. While they rail against "protectionism," each nation or region involved is advancing its own interest in the negotiations while shoring up their economies along national or regional lines.

The United States wants the major powers to step up efforts to stimulate their economies through government spending. The response from Europe has been an adamant "no." The Europeans want the U.S. to agree to a new architecture for the world capitalist system that would involve cross border regulation and policing they believe would militate against the current crisis re-occurring. United Nations officials and non-governmental organizations are pressing for immediate and massive aid for the poorer countries of the world that stand to be devastated by the crisis. Such assistance would logically come through the International Monetary Fund (IMF); emerging states like, China, Brazil and South Africa are insisting on easing the austerity demand the IMF usually makes on aid recipients and greater representation of the fund's governing body (currently pretty much run by the U.S.)

However, as the prospect or progress at the summit dims, impatience with the leading participating governments is mounting. Last week, *Reuters* news agency reported,

"resentment is rising about how catastrophic errors in the boardrooms of the West are hurting the poor."

The step up in demands for stronger and comprehensive action with regards to the international economy isn't restricted to Europe. Prime Minister Brown probably heard its sharpest expression when he visited Latin America.

Brazilian President Luiz Inacio Lula da Silva is clearly exasperated. He had previously said that he didn't want the summit - which he will attend - to only produce an agreement to meet again. Perhaps Brown had conveyed to him the "another-summit-in-six-months" suggestion his aides in London were then floating to the media and are now voicing publically. Lula went off.

"If the G20 becomes a meeting just to set another meeting, we'll be discredited and the crisis can deepen," said Lula.

The financial crisis was not caused by any "black person" or "poor person," Lula said, adding that the major Western capitalist countries should take responsibility for solving the current economic situation. "This was a crisis fostered and boosted by the irrational behavior of people that are white and blue eyed," he said. "Before the crisis it looked like they knew everything about economics. And now they have demonstrated they don't know anything about economics," adding, "These were people who appeared to be gods of wisdom."

"Brazil for a long time has been highly responsible in terms of regulating our financial system," he said at a joint press conference with Brown, "The part of humanity that is responsible should pay for the crisis." He called on the rich countries to avoid limiting immigration during the crisis because that would make poor people its "victims." Lula also criticized the U.S. and Britain for their plans to bailout banks by buying or insuring their "toxic" assets, saying the money involved could be better spent.

One press report said Brown "looked uncomfortable alongside his Brazilian counterpart." Another reported that UK Cabinet Minister Douglas Alexander, who was in the audience, "rolled his eyes."

Asked later to explain his "white people with blue eyes," comment, Lula said he was not being prejudiced, only underscoring the fact that poor people stand to bare the brunt of the crisis.

You wouldn't know it by depending on the major U.S. media, but Brown's trip to Latin American had another purpose of which the huddle with Lula was only part. He went from Brasilia to a meeting in Vina del Mar, Chile - of Centre-Left leaders from around the world seeking a united approach to the issues before the G20 summit. Present were prime ministers Jose Luis Rodriguez Zapatero of Spain and Jens Stoltenberg of Norway; US Vice President Joe Biden; and presidents Luiz Inacio Lula da Silva of Brazil, Cristina Kirchner of Argentina, Tabare Vazquez of Uruguay and Chilean President Michelle Bachelet.

One result of the Lula-Brown meeting was the British leader's endorsement of a call by Brazil for the creation of a \$100 billion fund to boost international trade. In Chile, Brown pledged to carry the proposal to the London summit.

On the eve of the Vina del Mar summit, Bachelet cited the present economic crisis as a "great opportunity to lay the groundwork for a second stage in globalization." She called for joint actions at the global level, more open markets, and stronger

governments with the aim of "prosperity for all and not just for some." "The 21st century will either be governed by all of us together or it will be governed by no one at all," she said.

Argentine President Kirchner complained that the current system is in disarray. "It is a world without rules," she said.

Spanish President Zapatero said the world economic order must undergo "reform and change," be further democratized and incorporate environmental changes. "The future of the economy is the green economy," he said.

Lula has also demanded that the world economic powers take immediate steps to head off a looming crisis in the markets for energy and food amid the global economic downturn.

On Tuesday, Bachelet, Lula, Kirchner and Venezuelan Presidents Hugo Chavez of Venezuela, Bharrat Jagdeo of Guyana and Ronald Venetiaan of Suriname, Fernando Lugo of Paraguay, and vice presidents of Uruguay, Ecuador, and Colombia were scheduled to arrive in Doha, Qatar for the second Arab-South American countries summit where the world economic crisis is on the agenda along with plans for expanded trade and cooperation between the two regions.

Meanwhile, while visiting Moscow where the crisis is evoking almost continuous street protests, UN Secretary-General Ban Ki-moon warned of a potential catastrophe arising from the world economic crisis. "I am concerned that if we do not properly address this issue swiftly, this may develop rather alarmingly into political instability, into a political crisis."

"Looking around the world we see a growing list of political instability," said Ban. "If we do not manage it properly, this crisis, I am concerned that this crisis may develop into global political instability. If life goes much like this and harder...social unrest will surely increase."

Whatever proposals are actually adopted in London this week and whatever the wording of a final communiqué turns out to be, there are larger questions that are unlikely to be taken up seriously but remain world agenda when the meeting is over. These include:

- Merkel's call for the creation of an international economic body, similar to the United Nations Security Council, and a "new charter for a global economic order," "This may even lead to a UN Economic Council, just as the Security Council was created after the Second World War," Merkel said. A similar proposal has been offered by UN Commission on international financial reform headed by Joseph Stiglitz, Nobel Prize Winner in Economics. Stiglitz has coupled a call for a quick restructuring of the IMF and the World Bank with the creation of UN Economic Council. He was one of President Bill Clinton's chief economic advisers and was once chief economist at the World Bank.
- A suggestion by the government of China that there be a global reserve currency instead of the U.S. dollar. The Obama Administration has officially blown off the proposal and the British have made it clear it is not going to get much attention at this week's summit. However, the issue will not go away, having been met sympathetically in various countries including Russia, France and the countries of Latin America.

- The insistence by Lula and other emerging nations' leaders that the World Trade Organization's Doha Round of trade negotiations be jumpstarted. The now-stalled negotiations have floundered over disputes over export opportunities and protections for local industries from import surges.

The lower-your-expectations spin was in full motion on the eve of the G20 summit. Before departing Washington this week, President Obama both rejected the idea of a split with Europe and appealed for unity. "The most important task for all of us is to deliver a strong message of unity in the face of crisis," he told the *Financial Times*.

"Yet none of this renders the summit either meaningless or counterproductive," said the British *Independent* newspaper. "Rhetorical commitments to a coordinated stimulus, even if they are largely descriptive of what is happening anyway, help to herd national economic policies in a similar direction. They also make it less likely that countries will resort to protectionism, which was a main cause of global deflation in the 1930s. Far better, then, that the leaders of the world should meet, talk and issue bland communiqués than that they should stay at home and indulge in populist gestures, which often include tariffs on imports and subsidies for domestic producers."

That prescription is not likely to be swallowed by the protestors in the streets or the capitals of the emerging or the poorest nations. Nor will it stem the outrage the "populist gestures" are intended to assuage.

"The old ideas of unregulated free markets do not work, and have brought the world's economy to near-collapse, failed to fight poverty and have done far too little to move to a low-carbon economy," the British labor leader Barber said. "If we can generate fabulous wealth, as we can, then surely we can learn how to distribute that wealth more fairly. If we can unleash a technological revolution then surely we can ensure that everyone on this planet gets the food, the shelter and the health care that they need."

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