



G-20 Summit Designs for Global Economy

The G-20 Pittsburgh summit is over, and the Steel City is returning to normal. For the rest of the world, however, the latest gathering of leaders of the world's 20 strongest economic powers is likely to mark a turning point towards more comprehensive international regulation and control over finance and banking.



While the details are murky — presumably by design — the conferees agreed to implement substantial new controls on the banking and financial sector by the end of 2010, measures that include “rules aimed at improving ‘quantity and quality’ of bank capital and discouraging excessive risk-taking,” in the words of CNN’s Jennifer Liberto, measures which will be enforced beginning in 2012. Left unstated is precisely how the new rules will be enforced, but some kind of new international regulatory agency will presumably be required.

It should be noted that international implementation of new layers of banking regulations has been a particular conceit of the Europeans, who enjoy a peculiar dominance of the G-20 owing to the fact that the EU, in addition to France, Germany, Italy, and the UK, enjoys full membership, whereas in the old G-8, the EU enjoyed little more than observer status. The political implication is clear: the EU, with its web of transnational controls over trade, commerce, and finance, is being upheld as a model for global economic micromanagement.

Said a jubilant President Obama after the Pittsburgh summit:

In Pittsburgh, the world’s major economies agreed to continue our effort to spur global demand to put our people back to work. We committed ourselves to economic growth that is balanced and sustained — so that we avoid the booms and busts of the past. We reached an historic agreement to reform the global financial system — to promote responsibility and prevent abuse so that we never face a crisis like this again. And we reformed our international economic architecture, so that we can better coordinate our effort to meet the challenges of the 21st century.

Would that the President spoke the truth! For in truth, the “world’s major economies” could indeed reform finance, put people back to work, and “avoid the booms and busts of the past” — by restoring free-market economics, getting rid of central banks, and re-instituting the gold standard. This, however, is precisely the opposite of what Obama and company intend to do. Instead, the decades-old regime of comprehensive regulation of economic activity, both at the national and international levels, heavy taxation, central banks able to manipulate interest rates and the money supply at will, and fiat money unbacked and unrestrained by any precious metal standard, all guarantee that the cycle of boom and



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bust will not only continue but will gradually worsen as national indebtedness mounts and the value of inflationary paper money continues to shrink.

In another potentially significant development in Pittsburgh, the G-20 announced the phasing out of \$300 billion worth of fossil fuel subsidies, in an effort to promote “greener” energy and to combat the chimera of global warming.

All in all, the G-20 extravaganza was choreographed to encourage the notion that international cooperation and global financial management are responsible for bringing the world economy “back from the brink,” as President Obama stated at his post-summit press conference. In point of fact, the global economy, still encumbered by trillions of dollars in new debt run up by governments from Washington to Beijing, is far from being out of the woods.

But regardless of the tack the international economy may take in the months ahead, the song will remain the same from the globalist set: any downturn will necessitate further international controls, while any upsurge will be smugly attributed to their benign oversight.

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