



Written by [Charles Scaliger](#) on March 16, 2009

G20 Consensus Hostile to Free Market

If the talk at the G20 gathering in England is any indication, the hard-beset global economy is stuck between the devil and the deep blue sea. From the American perspective, as articulated by Treasury Secretary Timothy Geithner, what the global economy needs is the same sort of placebo the American government has been administering domestically, to the delight of the ruling classes but the muffled dismay of the middle-class tax base: more stimulus spending.



The Europeans and much of the rest of the economically consequential world (China, India, Russia, and Brazil all have a voice nowadays), meanwhile, are agitating for more international oversight and control of global financial and business transactions. A retooled, strengthened IMF is one popular solution among European and Asian banking and financial elites, led by the eloquent and thoroughly socialistic British Prime Minister Gordon Brown and his man Friday, Treasury chief Alistair Darling.

The only glimmering of common sense reported in the press came from German Finance Minister Peer Steinbrueck who, in implied criticism of the American tax and spend solution, pointed out that “it makes no sense to pump more and more money in our economy when we haven’t restored the confidence on the financial market.”

True enough, but the only thing likely to restore confidence in the global economy is precisely the opposite of what the participants in the G20 (and their political cronies at home) are proposing: lower taxes, abolish or severely curtail the regulation of financial activity, abolish the inflationary banking system, restore the gold standard, and allow the free market to reassert itself.

But from the perspective of government functionaries like Geithner, Darling, and Steinbrueck, the blame for all our ills must be laid on the private sector — on “freewheeling hedge funds” (the AP’s Jane Wardell’s revealing choice of words), for example, and on free-market forces run amuck (though precisely what these forces are supposed to be is never made clear in the popular press).

Although the participants in the G20 disagree on which big-government solution to recommend, they are united in philosophical hostility to the free market. Geithner assured the press that there is a “broad consensus globally on the need [for government] to act aggressively to restore growth to the global economy.”



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Peer Steinbrueck was more specific. “We agreed that stronger regulation ... was necessary to prevent the build-up of systemic risk,” he told reporters. The G20 participants, Steinbrueck claimed, agreed that “all systematically important financial institutions, markets and instruments are subject to an appropriate degree of regulation and oversight and that hedge funds or their managers are registered and disclose appropriate information to assess the risks they pose.” And, lest any misunderstand, Steinbrueck made clear that there was unanimity at the G20 that “every financial market ... should be supervised, regulated or overseen and that includes pools of capital like hedge funds or private equity funds.”

Add this kind of cant to ongoing talk of a “global New Deal” and a “new Bretton Woods,” and we may well have the makings of a financial New World Order in the not-too-distant future. Should such a thing come to pass, our grandchildren’s textbooks may yet speak of “free market capitalism” as just another historical oddity, like feudalism or colonialism. Unlike almost every other “ism,” though, the loss of capitalism would be a historical tragedy like no other since the fall of the Roman Republic — the snuffing out of one of the brightest lights that ever illuminated human progress.

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