

ECONOMIC ILLITERACY

In Zulia, Chavez made reference to “comrade Sarkozy”. This remark carried some irony but he meant no offense. On the contrary, he was rather recognizing the sincerity of the President when he spoke in Beijing in his capacity as chairman of the European Community.

Nobody was saying what every European leader knows but would rather avoid: that the current financial system is useless and must be changed. The Venezuelan President candidly proclaimed:

“It is not possible to re-found the capitalist system; it would be like trying to sail on the Titanic when it’s laying on the ocean floor.”

According to press dispatches, at the meeting of the European and Asian Nations Association attended by 43 countries, Sarkozy made remarkable confessions:

“The situation is not good for the world which is facing an unprecedented financial crisis marked by its magnitude, swiftness and violence, a crisis whose consequences on the environment call into question the survival of mankind, as 900 million people lack the means to feed themselves.”

“The countries taking part in this meeting account for two thirds of the global population and half its wealth. The financial crisis started in the United States, but it is now a global crisis demanding a global response.”

“An eleven-year-old boy’s place is not in a factory but in a school.”

“No region in the world has a lesson to teach others.” This is a clear reference to the United States.

Finally, he recalled before the Asian nations the colonial past of Europe in that continent.

If Granma had written such words, they would have been considered a cliché of the official communist press.

German Chancellor Angela Merkel said in Beijing that it was not possible “to foresee the magnitude and duration of the current international financial crisis. We are actually dealing with the inception of a new constituent Charter of finances.” That same day the news revealed the general uncertainty unleashed.

The 43 countries from Europe and Asia gathering in Beijing agreed that the IMF should play a major role in assisting the countries most seriously afflicted by the crisis. They also supported an interregional summit to promote stability on the long run and the development of the world economy.

The President of the Spanish government, Rodriguez Zapatero, stated that “there is a crisis of responsibility which has enabled a few to grow richer while the majority is increasingly poor.” He also said that “the markets have lost confidence in the market,” and he urged the countries to fend off protectionism as he is convinced that competition will force the financial markets to play their role. He has not been officially invited to the Washington summit since Bush resents his withdrawing of the Spanish troops from Iraq.

The European Community President, Jose Manuel Durao Barroso, upheld his warning on protectionism.

The UN Secretary General, Ban Ki-Moon, had his own meeting with outstanding economists trying to

prevent that the developing countries become the main victims of the crisis.

The former Foreign Minister of the Sandinista Revolution and current President of the UN General Assembly, Miguel D'Escoto, asked that the issue of the financial crisis be not discussed among the wealthiest nations and a group of emerging countries that make up the G-20 but rather at the United Nations.

There are discrepancies about the venue and the meeting where a new financial system should be adopted that would put an end to chaos and to the absolute lack of security for the peoples. There is much fear that the wealthiest countries in the world, meeting with a small group of emerging nations enduring the financial crisis, might end up adopting a new Bretton Woods in disregard of the rest of the world. President Bush said yesterday that "the countries that will discuss here next month the global crisis should also renew their commitment to the basics of economic growth on a long term basis: free markets, free enterprise and free trade."

The banks were lending tens of dollars for every dollar deposited by the savers. They multiplied the money. They breathed and perspired loans through every pore. Any contraction led to ruin or to absorption by other banks. They had to be saved; always at the expense of the taxpayers. They were amassing great fortunes. Their privileged majority shareholders could afford to pay any money for anything.

Shi Jianxun, a professor at the Tongui University in Shanghai, claimed in an article he published in the foreign edition of The People's Daily that "the harsh reality has made the people realize, amidst the panic, that the United States has used the predominance of the dollar to plunder the riches of the world. There is a pressing need to change

the international monetary system based on the predominant position of the dollar."

He used few words to explain the essential role of currencies in the international economic relations. This had been happening for centuries between Asia and Europe. Let's not forget that opium was imposed on China as a currency. I already addressed this when I wrote The Chinese Victory.

The authorities of that country would not even receive the metal silver initially used by the Spaniards from their colony in the Filipinas to pay for the products purchased in China, because it was progressively devaluated due to the abundance of this metal in the New World recently conquered by Europe. Today, the European leaders feel embarrassed by the things they had imposed on China for centuries.

According to the Chinese economist, the existing difficulties with the terms of trade between these two continents should be resolved with Euros, pound Sterling, yens and yuans. Undoubtedly, a reasonable regulation between these four currencies would help in the development of fair trade relations between Europe, Great Britain, Japan and China.

Two countries which produce sophisticated equipment with state-of-the-art technology, both for production and services, such as Japan and Germany would be included in that area, as well as the potentially largest engine pushing the world economy, China, with a close to 1.4 billion population and over \$1.5 trillion in its hard currency reserves mostly in US dollars and Treasury bonds. Japan is only second with almost an identical amount of hard currency reserves.

At the present juncture, the value of the dollar is increased by this currency's predominant position imposed on the world economy as the Shanghai professor has rightly indicated and rejected.

A large number of Third World countries, which are exporters of goods and raw materials with little added value, are importers of Chinese consumer goods. These usually have reasonable prices, unlike Japanese and German goods which tend to be increasingly expensive. Even when China has tried to

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Published on FIDEL Soldier of Ideas (<http://www.comandanteenjefe.info>)

prevent the overvaluation of the yuan, as the Yankees have constantly demanded to protect their industries from Chinese competition, the value of the yuan increases and the purchasing power of our exports decreases.

The price of nickel, our main export item, whose value recently was over 50 thousand dollars, now hardly reaches 8,500 dollars a ton, that is, less than 20% of the top price it had enjoyed. The price of copper has decreased to less than 50%, and the same is true of iron, aluminum, tin, zinc, and every other mineral indispensable for a sustained development. And defying any rational or common sense, the price of consumer goods such as coffee, cocoa, sugar and others has barely grown in over 40 years. This is the reason why not long ago I also warned that as a result of an impending crisis, the markets would be lost and the purchasing power of our products would be considerably reduced. The developed capitalist nations are well aware that under such circumstances their factories and services would be paralyzed, and only the consumption capacity of a large part of mankind already living at the poverty line or under this level, would keep them going.

This is the great dilemma raised by the financial crisis and the danger that social and national selfishness will prevail regardless of the wishes of many politicians and statesmen agonizing over this phenomenon. They have no confidence in the system from which they emerged as public men.

After the people have left illiteracy behind; when they have learned how to read and write and they have an indispensable minimum knowledge allowing them to live and produce honestly, they still need to overcome the worst form of ignorance in our times: economic illiteracy. It's the only way to know what's happening in the world.

Fidel Castro Ruz

October 26, 2008

5:15 p.m.

Date:

26/10/2008

Source URL: <http://www.comandanteenjefe.info/en/articulos/economic-illiteracy?height=600&width=600>