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No "Bailout" for The World's Poorest

by Thalif Deen

UNITED NATIONS - As a spreading financial crisis threatens to deepen the economic recession in the United States, the news of an unprecedented 700-billion-dollar bailout package reverberated through the corridors of the United Nations last week as over 100 world leaders gathered in New York for the annual talk-fest: the 63rd session of the General Assembly.

At a time when the United Nations is seeking increased financial assistance from rich nations to help developing countries meet the faltering Millennium Development Goals (MDGs), including a 50-percent reduction on extreme poverty and hunger by 2015, the current U.S. economic crisis and its predictably negative fallout overseas is expected to be a major setback.

Addressing delegates last week, U.N. Secretary-General Ban Ki-moon warned that the current gloomy outlook threatens the well-being of billions of people, "none more so than the poorest of the poor."

"This only compounds the damage [already] being caused by much higher prices for food and fuel", he added.

Ban has called for 72 billion dollars per year in additional external financing to achieve the MDGs by 2015.

As one Asian delegate put it: "The 72 billion is peanuts compared to the 700 billion the White House wants to dish out to save some of the Wall Street firms from going belly up."

"And the urgent needs of developing nations will now be the least of the priorities of the United States and other Western donors," he predicted.

Father Miguel d'Escoto Brockman of Nicaragua, the newly-elected president of the General Assembly, warned that the current financial crisis will have "very serious consequences" that will impede the significant progress, "if indeed any progress is made", towards the targets established by the MDGs, "which are themselves insufficient".

"It is always the poor who pay the price for the unbridled greed and irresponsibility of the powerful," he said, taking a passing shot at the staggering 700-billion-dollar bailout proposed by the administration of President George W. Bush to save the high-stakes investment banks of New York from bankruptcy and collapse.

Norwegian Prime Minister Jens Stoltenberg told delegates that "money doesn't seem to be a problem, when the problem is money".

"Let us look for a moment at what is happening on Wall Street and in financial markets around the world. There, unsound investment threatens the homes and jobs of the middle class," he added.

There is something fundamentally wrong, he argued, "when money seems to be abundant, but funds for investment in people seem so short in supply".

Jamaican Prime Minister Bruce Golding told the General Assembly that the crisis currently rocking the world's financial markets reflects the inadequacy of the regulatory structures that are essential to the effective functioning of any market.

But it is more than that. It represents the failure on the part of the international financial system to facilitate the flow of resources into areas where they can produce real wealth -- not paper wealth, he added.

Golding said the world is not short of capital: "What it lacks are the mechanisms to ensure the efficient utilisation of that capital."

As the economic meltdown in the United States continues, the casualties are piling up both among commercial and investment banks: Bear Stearns, Lehman Brothers and Washington Mutual (allowed to collapse with no government bailout); American International Group, Goldman Sachs and Morgan Stanley (allowed to survive with emergency financial assistance, including some from the government); Merrill Lynch has been folded into Bank of America and Citigroup has taken over Wachovia Bank.

The outrage against Wall Street, described as the world's financial capital, is also directed at the high salaried chief executive officers and the middle rung bosses who make multi-million-dollar salaries, with stock options and perks that set them up in a privileged class by themselves.

According to one report, the lowest salary on Wall Street was around 280,000 dollars a year in a country where the average low or middle class employee would go home with a pay packet of 50,000 or 75,000 dollars per year.

In 2007, the chief executive officer (CEO) of Goldman Sachs, Lloyd Blankfein, was paid 68.7 million dollars -- described as "the most ever for a Wall Street CEO."

As the entire U.S. economic edifice is in danger of collapsing, the White House has been called upon to save some of the biggest financial institutions in the country and, at the same time, redress the excesses of Wall Street business tycoons who earned multi-million-dollar salaries and extravagant bonuses.

The greed factor in the crisis is that these same tycoons, who are responsible for mismanaging their companies, still insist on continuing with their same lavish lifestyles and lofty salaries even after the massive taxpayer-funded bailout.

But these salaries and bonuses are likely to be curbed as part a return for the bailout package.

Addressing the 192-member General Assembly last week, the President of Brazil Luiz Inacio Lula da Silva said the economy of any country is "too serious an undertaking to be left in the hands of speculators".

Ethics must also apply to the economy, he said. But, unfortunately, in the race for profits, the ethical factor has ceased to exist.

The president quoted the Brazilian economist Celso Furtado who once said: "We must not allow speculators' profits always to be privatised, while their losses are invariably socialised."

And as a postscript, the Brazilian president added: "We must not allow the burden of the boundless greed of a few to be shouldered by all."

In the 1987 Hollywood movie 'Wall Street,' Oscar-winning actor Michael Douglas plays the role of a ruthless corporate raider, Gordon Gekko, who forsakes all business ethics to climb to the highest echelons of the business world.

His speech to a meeting of stock traders is still considered a classic on Wall Street: "The point is, ladies and gentleman, that greed, for lack of a better word, is good. Greed is right, greed works."

"Greed clarifies, cuts through, and captures the essence of the evolutionary spirit. Greed, in all of its forms; greed for life, for money, for love, knowledge has marked the upward surge of mankind."

Douglas, who is the U.N.'s goodwill ambassador for disarmament and a "messenger for peace", was at the United Nations last week to participate in the International Day of Peace.

Responding to a reporter who asked him: "Are you saying, Gordon, that greed is not good?," a visibly annoyed Douglas shot back: ""I am not saying that. And my name is not Gordon. He's a character I played 20 years ago."

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