

WALL STREET, AIG & ECONOMIC CRISIS: GETTING A GRIP ON GREED

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By Linda McQuaig, [The Toronto Star](#), 24 March 2009

Don't get me wrong: I'm not against tarring and feathering those AIG guys who helped destroy the world economy with their financial manoeuvres, and then received million-dollar bonuses to undo their own handiwork.

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Don't get me wrong: I'm not against tarring and feathering those AIG guys who helped destroy the world economy with their financial manoeuvres, and then received million-dollar bonuses to undo their own handiwork.

But focusing just on them is like just going after the crude thugs who unleashed dogs on Iraqi prisoners at Abu Ghraib, without noticing that their actions were the product of a climate of lawlessness and vengeance fostered by the White House.

Similarly, for several decades now, the financial and corporate elite has championed an unbridled capitalism, and pressed for the removal of crucial regulations needed to protect the public. It has also championed an ethos of greed that justified extraordinary compensation, and very low tax burdens, for those at the top.

In this climate – with regulations stripped away, an intense fanning of the flames of acquisitiveness and the prospect of ever-larger bonuses dangled in front of them – are we surprised that some Wall Street types unleashed their inner dog in ways that took little account of the public interest?

Greed had become the new black. No one even seemed embarrassed to show it. As Barbara Amiel once said, "I have an extravagance that knows no bounds." This wasn't something she cooed privately into the ear of her husband, but rather boasted publicly to fashion magazine Vogue.

Of course, any attempt to critique greed or the unbridled capitalism that accommodates it is quickly dismissed. Resistance is pointless, we're told. Greed is simply natural – as basic to the human condition as jealousy, anger, pride, pimples.

But the late economic historian Karl Polanyi noted that resisting the rapacious effects of the unregulated market is also natural, perhaps even more basic in humans.

Polanyi pointed out that the rise of capitalism centuries ago was so disruptive to the lives of ordinary people – who were forced into mines and factories after losing their rights to the common fields – that it produced a counter-reaction aimed at controlling the market.

Indeed, Polanyi argued that while capitalism was a carefully planned set of laws designed by the financial elite, the reaction to capitalism – protests, unionization, political agitation – was a natural set of responses that emerged spontaneously from the masses.

The impulse to resist unbridled capitalism – with its resulting extreme inequality and economic domination by the rich – is basic and has persisted throughout the centuries, according to Polanyi.

It culminated in the rise of the social welfare state in the early decades after World War II – an era in which the market excesses of the 1920s were reined in by financial regulation, and tax and spending policies led to greater social equity. In both the U.S. and Canada, there was real growth in the incomes of the middle and lower classes.

In comparison, the last few decades of more freewheeling capitalism have been much less favourable to the broad public, with virtually all the income growth going to the top. (And I haven't even mentioned how badly the masses have fared recently, as unregulated capitalism has imploded on Wall Street.)

All this is worth keeping in mind as the battle shapes up over how to redesign the economy in the wake of the current meltdown.

Watch out for lots of admonitions about the naturalness of greed. And then go with your gut instinct and insist on putting greed in its proper place – as, in the words of R.H. Tawney, "the servant, not the master of civilization."

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