

THE BELLS ARE TOLLING FOR THE DOLLAR

The Empire has ruled the world through economy and deceit rather than force. At the end of WWII, it had attained the privilege of minting the convertible hard currency, the monopoly over the nuclear weapon and the possession of most of the gold in the world while it was the only large-scale producer of manufactured equipment, consumer goods, food and services worldwide. However, there was a limit to the printing of paper money: the gold standard at a regular price of 35 dollars a troy ounce. This was the situation for over 25 years, until August 15, 1971, when an executive order issued by President Richard Nixon led the United States to unilaterally call off that international arrangement thus defrauding the world. I'll never tire out of repeating it. That was how it threw on the world economy its military buildup and war adventure expenses, especially the Vietnam War, which according to conservative estimates cost no less than 200 billion dollars and the lives of over 45 thousand American youths.

More bombs were dropped on that small Third World nation than were used in the latest world war. Millions of people were killed or maimed. The suspension of the gold standard turned the US dollar into a hard currency that could be printed at will by the US government without the backing of a regular value.

The Treasury bonds and bills continued to circulate as convertible hard currencies. The states' reserves continued feeding on that paper money that, on the one hand, could be used to buy raw material, properties, goods and services anywhere in the world while on the other favored American exports with respect to the rest of the economies of the world. Both, politicians and academics repeatedly mention the true cost of that genocidal war admirably portrayed in Oliver Stone's film. Sometimes in their calculations people tend to overlook the fact that the millions of dollars of 1971 are not the same as the millions of dollars of 2009.

One million of dollars today, when the price of gold –a metal whose value has been the most stable through centuries-- exceeds one thousand dollars a troy ounce, is worth about 30 times its value when Nixon suspended the convertibility. Therefore, 200 billion dollars of 1971 amount to 6 trillion dollars of 2009. If this is not taken into account the new generations will not have an idea of the imperialist barbarity.

Likewise, when reference is made to the 20 billion dollars invested in Europe after the end of WWII --through the Marshall Plan to rebuild and control the economies of the main European powers which had the necessary labor force and technical culture for a fast development of production and services--people usually do not take notice of the fact that the real value of what the empire invested at that time amounts to 600 billion dollars at the current international value. They don't realize that 20 billion dollars would hardly cover today the construction of three large oil refineries with a capacity of 800 thousand barrels of gasoline a day, in addition to other oil by-products.

The consumer societies and the absurd and whimsical waste of energy and natural resources that today threaten the survival of the human species could not be explained in such a short historical period without knowing the irresponsible way in which developed capitalism, in its highest stage, has governed the destiny of the world.

Such amazing waste explains why the debt of the two most industrialized countries in the world, the United States of America and Japan, amounts to approximately 20 trillion dollars.

Of course, the US economy is reaching an annual Gross Domestic Product of 15 trillion dollars. The

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capitalist crises are cyclical as the history of the system unequivocally shows but this time it is something else: it is a structural crisis, as Professor Jorge Giordani, Venezuelan minister of Planning and Development, explained last night to Walter Martinez in his Telesur program.

The press dispatches released today, Friday October 9, bring some additional irrefutable data. An AFP dispatch from Washington indicates that the US budget deficit for fiscal year 2009 amounts to 1.4 trillion dollars, that is, 9.9% of the GDP, "something unseen since 1945, after World War II," it added.

In the year 2007, the deficit had already been one-third of that figure, and high deficits are expected in 2010, 2011 and 2012. That huge deficit has practically been mandated by the US Congress and government to bailout that country's large banks, to prevent unemployment from rising beyond 10% and to release the United States from the recession. It is only natural that if they inundate the nation with dollars, the big stores will sell more goods, the industries will increase their outputs, less people will lose their housing, the wave of unemployment will subside and the Wall Street stocks will see their value grow. It was the classical way to solve the crisis. But, the world will never be the same. Paul Krugman, a celebrated Nobel laureate in Economics, has just said that international commerce has sustained its worst fall, worse even than that of the Great Depression, and expressed his doubts of a speedy recovery.

It is not possible to also inundate the world with dollars and believe that the paper money without a gold backing can retain its value. Other sounder economies have emerged. The US dollar is no longer the hard currency reserve of every state; actually, those who still have it wish to distance from it albeit trying, as much as possible, to prevent its devaluation before they can get rid of it.

The European Union Euro, the Chinese Yuan, the Suisse Franc, the Japanese Yen –despite this country's debt—and even the Pound Sterling and other hard currencies have come to take the place of the US dollar in international commerce. Once again the metal gold is becoming a significant international reserve currency.

This is not a whimsical personal opinion, nor do I wish to slander that currency.

Another Nobel laureate in Economics, Joseph Stiglitz, has said --according to a press dispatch-- that it is most likely that the green bill continues to be downcast, that politicians do not determine the exchange rates neither do speeches. He said this on October 6, at the IMF and World Bank Joint Annual Assembly held in Istanbul. The meeting was received with smashed shop windows and fires caused by Molotov cocktails.

Other news related that the European countries were afraid of the negative effect of the dollar's weakness with respect to the Euro and its consequences for the European exports. The US secretary of the Treasury said that his country was interested in a strong dollar. Stiglitz laughed at the official statement and said --according to EFE-- that in the case of the United States the money has been wasted and the reason has been the multimillion bailout of banks and wars like that of Afghanistan. Again according this press agency, the Nobel Laureate insisted that instead of investing 700 billion to help the bankers, the US could have used part of that money to help the developing countries and this would have encouraged global demand.

The president of the World Bank, Robert Zoellick, had sounded an alarm a few days before and warned that the dollar would not be able to endlessly preserve its status as the reserve currency.

An outstanding professor of Economics at Harvard University, Kenneth Rogoff, has said that the next big financial crisis will be that of the public deficits.

The World Bank has stated that the International Monetary Fund (IMF) had showed that the world central banks had accumulated fewer dollars during the second semester of 2009 than at any other time during the past ten years while increasing the amount of Euros.

On October 6, the AFP published that gold had reached the record figure of 1,045 dollars for one ounce due to the weakening of the dollar and fear of inflation.

The London daily Independent reported that a group of oil-producing countries were considering the replacement of the dollar in commercial transactions by a pool of hard currencies including the Yen, Yuan, Euro, gold and a future common currency.

The news, either leaked or deduced with impressive logic, was denied by some of the countries supposedly interested in that protective measure. They do not want it to collapse, but they neither want to continue to accumulate a currency that has lost 30 times its value in less than three decades.

I cannot avoid mentioning a dispatch from EFE, that cannot be accused of being anti-imperialist press agency and that in the present circumstances carries especially interesting opinions:

"Experts in economics and finances agreed in New York today that the worst crisis since the Great Depression has resulted in a less significant role for that country in world economy."

"Recession has changed the way in which the world looks at the US. Now our country is less significant than before and this is something we should admit, said David Rubenstein, president and founder of the Carlyle Group, the largest risk capital firm in the world, in his address to the World Business Forum."

"The financial world will be less focused in the US. (...) New York will never again be the financial capital of the world, a role it will have to share with London, Shanghai, Dubai, Sao Paulo and other cities, he said."

"...he described the problems the US will face once it leaves behind a major recession that will still be around for a couple of months."

"...the huge public debt, inflation, unemployment, the dollar's loss of value as a reserve hard currency, the energy prices..."

"The government should reduce public expenses to cope with the debt problem and do something it does not like much: raise taxes."

"Columbia University economist and special UN advisor Jeffrey Sachs has agreed with Rubenstein that the US economic and financial predominance is fading."

"We have left a system focused on the United States for one which is multilateral..."

"...twenty years of irresponsibility, first by Bill Clinton's administration and then by George W. Bush's, caved in to Wall Street pressures..."

"...the banks negotiated with 'toxic assets' to obtain easy money, Sachs explained."

"What is important now is to recognize the unprecedented challenge of achieving a sustainable economic development that is consistent with the basic rules of physics and biology on this planet..."

On the other hand, the reports coming directly from our delegation in Bangkok, capital of Thailand, were absolutely not encouraging:

Our ministry of Foreign Affairs literally reported that "what was under discussion was basically whether or not to ratify the concept of common but differentiated responsibilities among the industrial nations and the so-called emerging economies, essentially China, Brazil, India and South Africa, and the underdeveloped countries."

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"China, Brazil, India, South Africa, Egypt, Bangladesh, Pakistan and the ALBA countries are the most active. In general, most nations in the Group of 77 are holding correct and firm positions.

"The figures of carbon emissions reductions under discussion do not correspond with those scientifically calculated to keep the rise in temperature under 2 degrees Celsius, 25-40%. At the moment, the negotiation is moving around a reduction of 11-18%.

"The United States is not making any real effort but accepting just a 4% reduction with respect to the year 1990."

In the morning of this Friday 9, the world woke up to the news that "the good Obama" of the riddle –as explained by Bolivarian President Hugo Chavez Frias at the United Nations—had been awarded the Nobel Peace Prize. I do not always agree with the positions of that institution but I must admit that, at this moment it was, in my view, a positive action. It compensates the setback sustained by Obama in Copenhagen when Rio de Janeiro, and not Chicago, was chosen as the venue of the 2016 Olympics, a choice that elicited heated attacks from his right-wing adversaries.

Many will feel that he has yet to earn the right to receive such an award. Rather than a prize to the President of the United States, we choose to see that decision as a criticism of the genocidal policy pursued by more than a few presidents of that country who took that nation to the crossroads where it is today. That is, as a call for peace and for the pursuit of solutions conducive to the survival of the species.

Fidel Castro Ruz
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