

The Failure of Laissez Faire Capitalism and Economic Dissolution of the West

Americans' Economic Prospects And Civil Liberties Have Been Stolen

By [Global Research News](#)

Global Research, March 27, 2013

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Region: [USA](#)

Theme: [Global Economy](#)

Author's Note

I receive numerous questions from readers about our economic situation and the condition of civil liberty.

There is no way I can answer so many inquiries, and no need. I have written two books that provide the answers, and they are inexpensive. I have done my job. It is up to you to inform yourself. Kindle Reader software is available as a free online download that permits you to read ebooks in your own web browser.

My latest, [The Failure Of Laissez Faire Capitalism And Economic Dissolution of the West](#) , is available as an ebook in English as of March 2013 from [Amazon.com](#) and from Barnes&Noble.

My book is endorsed by Michael Hudson and Nomi Prims and has a 5 star rating from Amazon reviewers (as of March 23, 2013). [Pam Martens' review at Wall Street On Parade is available here](#)

Libertarians who have not read the book have had an ideological knee-jerk reaction to the title. They demand to know how can I call the present system of crony capitalism laissez faire. I don't. The current system of government supported crony capitalism is the end result of a 25-year process of deregulation.

Deregulation did not produce libertarian nirvana. It produced economic concentration and crony capitalism.

Amazon provides as a free read the introduction by Johannes Maruschzik to the German edition. Below is my Introduction to my book.

Paul Craig Roberts, March 27, 2012

Not only has your economy been stolen from you but also your civil liberties. My coauthor Lawrence Stratton and I provide the scary details of the entire story in [The Tyranny of Good Intentions](#) ^[5]. In the US law is no longer a shield of the people against arbitrary government. Instead, law has been transformed into a weapon in the hands of the government.

Josie Appleton documents that in England also law has been turned into a weapon against

the people. <http://www.spiked-online.com/site/printable/13420/> ^[6] Anglo-American law, the foundation of liberty and one of the greatest human achievements, lies in ruins.

Libertarians think that liberty is a natural right, and some Christians think that it is a God-given right. In fact, liberty is a human achievement, fought for by Englishmen over the centuries. In the late 17th century, the achievement of the Glorious Revolution was to hold the British government accountable to law. William Blackstone heralded the achievement in his famous *Commentaries On The Laws Of England*, a bestseller in pre-revolutionary America and the foundation of the US Constitution.

In the late 20th century and early 21st century, governments in the US and Great Britain chafed under the requirement that government, like the people, is ruled by law and took steps to free government from accountability to law.

Appleton says that the result is a “tectonic shift in the relationship between the state and the citizen.” Citizens of the US and UK are once again without the protection of law and subject to arbitrary arrests and indictments or to indefinite detention in the absence of indictments.

In the US, citizens can be detained indefinitely and even executed without due process of law. There is no basis in the US Constitution for these asserted powers. The unconstitutional powers exist only because Congress, the judiciary and the American people have accepted the lie that the loss of civil liberty is the price paid for protection against terrorists.

In a very short time the raw power of the state has been resurrected. Most Americans are oblivious to this outcome. As long as government is imprisoning and killing without trials demonized individuals whom Americans have been propagandized to fear, Americans approve. Americans do not understand that a point is reached when demonization becomes unnecessary and that precedents have been established that revoke the Bill of Rights.

If you are educated by these two books, you will be better able to understand what is happening and, thus, you will be in a better position to survive what is coming.

Introduction to The Failure of Laissez Faire Capitalism and Economic Dissolution of the West: Towards a New Economics for a Full World

The collapse of the Soviet Union in 1991 and the rise of the high speed Internet have proved to be the economic and political undoing of the West. “The End Of History” caused socialist India and communist China to join the winning side and to open their economies and underutilized labor forces to Western capital and technology. Pushed by Wall Street and large retailers, such as Wal-Mart, American corporations began offshoring the production of goods and services for their domestic markets. Americans ceased to be employed in the manufacture of goods that they consume as corporate executives maximized shareholder earnings and their performance bonuses by substituting cheaper foreign labor for American labor. Many American professional occupations, such as software engineering and Information Technology, also declined as corporations moved this work abroad and brought in foreigners at lower remuneration for many of the jobs that remained domestically. Design and research jobs followed manufacturing abroad, and employment in middle class professional occupations ceased to grow. By taking the lead in offshoring production for domestic markets, US corporations force the same practice on Europe. The demise of First

World employment and of Third World agricultural communities, which are supplanted by large scale monoculture, is known as Globalism.

For most Americans income has stagnated and declined for the past two decades. Much of what Americans lost in wages and salaries as their jobs were moved offshore came back to shareholders and executives in the form of capital gains and performance bonuses from the higher profits that flowed from lower foreign labor costs. The distribution of income worsened dramatically with the mega-rich capturing the gains, while the middle class ladders of upward mobility were dismantled. University graduates unable to find employment returned to live with their parents.

The absence of growth in real consumer incomes resulted in the Federal Reserve expanding credit in order to keep consumer demand growing. The growth of consumer debt was substituted for the missing growth in consumer income. The Federal Reserve's policy of extremely low interest rates fueled a real estate boom. Housing prices rose dramatically, permitting homeowners to monetize the rising equity in their homes by refinancing their mortgages.

Consumers kept the economy alive by assuming larger mortgages and spending the equity in their homes and by accumulating large credit card balances. The explosion of debt was securitized, given fraudulent investment grade ratings, and sold to unsuspecting investors at home and abroad.

Financial deregulation, which began in the Clinton years and leaped forward in the George W. Bush regime, unleashed greed and debt leverage. Brooksley Born, head of the federal Commodity Futures Trading Commission, was prevented from regulating over-the-counter derivatives by the chairman of the Federal Reserve, the Secretary of the Treasury, and the chairman of the Securities and Exchange Commission. The financial stability of the world was sacrificed to the ideology of these three stooges that "markets are self-regulating." Insurance companies sold credit default swaps against junk financial instruments without establishing reserves, and financial institutions leveraged every dollar of equity with \$30 dollars of debt.

When the bubble burst, the former bankers running the US Treasury provided massive bailouts at taxpayer expense for the irresponsible gambles made by banks that they formerly headed. The Federal Reserve joined the rescue operation. An audit of the Federal Reserve released in July, 2011, revealed that the Federal Reserve had provided \$16 trillion—a sum larger than US GDP or the US public debt—in secret loans to bail out American and foreign banks, while doing nothing to aid the millions of American families being foreclosed out of their homes. Political accountability disappeared as all public assistance was directed to the mega-rich, whose greed had produced the financial crisis.

The financial crisis and plight of the bankers took center stage and prevented recognition that the crisis sprang not only from the financial deregulation but also from the expansion of debt that was used to substitute for the lack of growth in consumer income. As more and more jobs were offshored, Americans were deprived of incomes from employment. To maintain their consumption, Americans went deeper into debt.

The fact that millions of jobs have been moved offshore is the reason why the most expansionary monetary and fiscal policies in US history have had no success in reducing the unemployment rate. In post-World War II 20th century recessions, laid-off workers were

called back to work as expansionary monetary and fiscal policies stimulated consumer demand. However, 21st century unemployment is different. The jobs have been moved abroad and no longer exist. Therefore, workers cannot be called back to factories and to professional service jobs that have been moved abroad.

Economists have failed to recognize the threat that jobs offshoring poses to economies and to economic theory itself, because economists confuse offshoring with free trade, which they believe is mutually beneficial. I will show that offshoring is the antithesis of free trade and that the doctrine of free trade itself is found to be incorrect by the latest work in trade theory. Indeed, as we reach toward a new economics, cherished assumptions and comforting theoretical conclusions will be shown to be erroneous.

This book is organized into three sections. The first section explains successes and failures of economic theory and the erosion of the efficacy of economic policy by globalism. Globalism and financial concentration have destroyed the justifications of market capitalism. Corporations that have become “too big to fail” are sustained by public subsidies, thus destroying capitalism’s claim to be an efficient allocator of resources. Profits no longer are a measure of social welfare when they are obtained by creating unemployment and declining living standards in the home country.

The second section documents how jobs offshoring or globalism and financial deregulation wrecked the US economy, producing high rates of unemployment, poverty and a distribution of income and wealth extremely skewed toward a tiny minority at the top. These severe problems cannot be corrected within a system of globalism.

The third section addresses the European debt crisis and how it is being used both to subvert national sovereignty and to protect bankers from losses by imposing austerity and bailout costs on citizens of the member countries of the European Union.

I will suggest that it is in Germany’s interest to leave the EU, revive the mark, and enter into an economic partnership with Russia. German industry, technology, and economic and financial rectitude, combined with Russian energy and raw materials, would pull all of Eastern Europe into a new economic union, with each country retaining its own currency and budgetary and tax authority. This would break up NATO, which has become an instrument for world oppression and is forcing Europeans to assume burdens of the American Empire.

Sixty-seven years after the end of World War II, twenty-two years after the reunification of Germany, and twenty-one years after the collapse of the Soviet Union, Germany is still occupied by US troops. Do Europeans desire a future as puppet states of a collapsing empire, or do they desire a more promising future of their own?

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