

DANGEROUS COUNTER-NARRATIVES: OUR GLOBAL FINANCE PONZI SCHEME AND IRANIAN COOPERATION

✘ According to this post, this op-ed in the WSJ got badly edited after it was originally published. The bolded words are just some of what WSJ axed after the fact. (h/t Naked Capitalism)

The official wisdom is that Greece, Ireland and Portugal have been hit by a liquidity crisis, so they needed a momentary infusion of capital, after which everything would return to normal. But this official version is a lie, one that takes the ordinary people of Europe for idiots. They deserve better from politics and their leaders.

To understand the real nature and purpose of the bailouts, we first have to understand who really benefits from them. Let's follow the money.

At the risk of being accused of populism, we'll begin with the obvious: It is not the little guy that benefits. He is being milked and lied to in order to keep the insolvent system running. He is paid less and taxed more to provide the money needed to keep this Ponzi scheme going. Meanwhile, a kind of deadly symbiosis has developed between politicians and banks: Our political leaders borrow ever more money to pay off the banks, which return the favor by lending ever-more money back to our governments, keeping the scheme afloat.

In a true market economy, bad choices

get penalized. Not here. When the inevitable failure of overindebted euro-zone countries came to light, a secret pact was made. Instead of accepting losses on unsound investments—which would have led to the probable collapse and national bailout of some banks—it was decided to transfer the losses to taxpayers via loans, guarantees and opaque constructs such as the European Financial Stability Fund, Ireland's NAMA and a lineup of special-purpose vehicles that make Enron look simple. Some politicians understood this; others just panicked and did as they were told.

The money did not go to help indebted economies. It flowed through the European Central Bank and recipient states to the coffers of big banks and investment funds.

The edits are interesting in their own right. But I couldn't help but think of an op-ed Flynt Leverett wrote back in 2006. Though the entire op-ed was, according to CIA officials, unclassified, during the review process the White House decided the parts that described Iran's cooperation with the United States after 9/11 had to be redacted.

Back in 2006, the fact that Iran had made significant efforts to reach out the US undercut the Village's entire narrative about national security.

It's not clear whether WSJ's editors decided on their own that revealing that the serial bankster bailouts benefit just the banksters was too dangerous for WSJ's readers, or whether someone in Timmeh Geithner's neighborhood called to complain (as they did when an Irish Times columnist revealed that Timmeh was behind nixing the IMF's efforts to restructure Ireland's debt).

But when a counter-narrative comes to be viewed

as this dangerous, it's usually a testament to the fragility of the narrative it threatens. In Leverett's case, the counter-narrative threatened the stupid efforts to shore up US hegemony in the Middle East by attacking Iran; in this case, the counter-narrative threatens our continuing willingness to embrace austerity so the bankers can get richer. Of course both narratives are about the same thing: sustaining US power.

I can't decide whether it's pathetic or funny that our power continues to rest on such fragile narratives.