

## **THE BERLIN WALL AND THE GLOBAL FINANCIAL CRISIS**

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**We should therefore celebrate the fall of the Berlin Wall, but we should not be fooled by radicals, whether liberal or socialist ones**

Today the world celebrates 20 years of the fall of the Berlin Wall. On that day a popular uprising established the triumph of democracy over authoritarianism and the victory of capitalism over statism. This double victory, however, led the developed worlds conventional thought to a double misconception: to presume that the market could replace the State in the coordination of economy, and to presume that the ideal of socialism had been definitely dismissed. The second mistake had no major consequences for what happened in the world afterwards. The liberal ideology won a point against the socialist one - the ideal of freedom prevailed over the ideals of equality and solidarity - but this doesnt mean that modern societies abandoned the two latter ideals.

Yet the first mistake, that found expression in neoliberalism, had negative consequences on the victorious capitalism. Capitalism won because the coordination by the market is vastly superior to the coordination by a planned model, after (not before) a society achieved its initial capital accumulation and became industrialized. But this doesnt mean that without a firm regulation by the State the markets will be able to achieve their task of allocating resources and their role of creating opportunities for innovative entrepreneurs to create new companies, discover new markets and foster the economy.

If 1989 was a historic landmark, 19 years later the Global Financial Crisis was another landmark. This crisis showed the excesses to which the liberal triumphalism, perversely transformed into neoliberalism, took us. After the World War II capitalism had taken on a social and democratic nature we lived then the 30 Glorious Years of Capitalism. However, since the late 1970s, this great advance was challenged by the neoliberal market fundamentalism. In the 1990s, based on the political hegemony achieved by the United States defeat of the Soviet Union, neoliberalism became the "only truth", promoted a decrease in wages in the rich countries and the reduction of investment opportunities for entrepreneurs, while it increased financiers bonuses and the rents of rent-seeker capitalists living on interests, rents, and dividends. It led, thus, to increased inequality, at the same time provoking repeated financial crises both in rich and middle-income countries - crises that ended up sadly in the major and long-lasting present crisis.

We should therefore celebrate the fall of the Berlin Wall, but we should not be fooled by radicals, whether liberal or socialist ones. The socialists carried out revolutions that gave rise to a lot of pain and did not result in socialism the liberals got carried away by neoliberalism, promoted a decrease in growth rates as compared to the 30 Glorious Years, and only benefited the richest two percent of the population. Ideologies are no longer mere false conscience as they were in the time of Marx and Engels. By discovering and denouncing them, these great thinkers eventually made them conscious and respectable systems of values and political beliefs, because they were associated with fundamental purposes: freedom, for the liberals equality and brotherhood, for the socialists. However, when ideologies become radical, the system of mutual concessions that is at the base of politics and, therefore, that defines democratic societies, begins to be in danger. Both the fall of the Berlin Wall and the Global Financial Crisis serve as a warning to us.