Riots in Financial Markets

As Londoner's reflect on last week's riots in their streets, they might spare a thought for the riots occurring simultaneously in the world's financial markets. While none would condone the appalling lawlessness and destruction of life and property that erupted onto Britain's streets, we should recall the lawlessness – that is, the *lack* of laws and social accountability – that today pervades the world's financial markets. While rioters on the streets out-manoeuvred the police using mobile phones and social networking, today's global financial markets out-manoeuvre governments simply by moving, or merely threatening to move, billions of dollars to some other economy offering "an environment more conducive to higher profitability" or "a higher rate of interest"; and all at the click of a mouse. This, too, is a riot because, like on the streets, it's a dynamic that runs beyond any democratic control or accountability and, like on the streets, it causes mayhem and destruction.

And these two riots are not unconnected. Whether you're a hard-line conservative who believes we need more police on the streets and that rioters should be locked up, or a soft-hearted liberal who believes we need more resources pumped into deprived areas, the fact is that both approaches will require massive extra funding; funding which governments, because of the sovereign debt crisis that pervades financial markets, simply do not have. Local rioting, if you think about it then, is actually a *global* problem.

And it's global in more ways than one. For, without a global framework of laws and regulations which ensure rich non-doms, international banks and mobile transnational corporations pay their fair share of taxes, they can always move, or merely threaten to move, elsewhere. With governments living in fear, the rich and mobile are left to run rings around them, playing one off against another, so causing governments to engage in a riotous, competitive, international down-levelling of taxes and regulations which leaves the rich richer and the poor inevitably poorer and ever less revenue to fund public services. Hence, whether it's Britain or just about any other country, the riot of lawless financial markets ensures an upward flow of wealth to a privileged few, while leaving a deprived and swelling underclass ripe for their own brand of riot. This dynamic is no one's fault, as such, it's just the way the system works; the way it is *left* to work.

Centuries ago, the first kings and queens weren't so dumb as to allow themselves to become the pawns of the financial markets of their day. They minted all their own money. But although most of us believe governments do this today, they don't. Instead they borrow billions on financial markets at ruinous rates of interest. Little wonder, then, that they and we end up in debt and in a position where our governments can't fund either decent public services or regenerate deprived areas, *or* put more police on the streets. The so-called "discipline" global bond markets exert over national governments and their citizens is actually a euphemism for lawless rioting of quite another kind; a global-level riot which, because it runs outside of any democratic control or accountability, should not be tolerated any more than the looting, murder and mayhem we've seen on Britain's streets.

Like the cure at street level, the cure for the riot in the world's financial markets will be greater "policing"; that is, governments around the world will need to co-operate far more closely than they ever have in the past to implement binding globally-applied laws and taxes on financial markets, so bringing them back under collective international social control and accountability.

Governments, then, are fighting riots on two fronts. But if they fail to work together to quell the on-going riot at the global level, and if we, citizens, fail to pressure them to do just that, increasing and deepening riots and lawlessness on our streets will, regrettably, become our inevitable common future.