The Role of Crisis: Greasing the Road to Multipolar Globalism

By Wilfred Hahn

Despite the savagery of the financial storm of recent years, the world's financial system has not collapsed. Though the scale and rapidity of the crisis was unprecedented in history, to date, the interventions of the world's leaders and authorities have managed to prevent total demise. Actually, it is partly because of the great government interventions around the world that global economic collapse has not occurred. It is these reactions on the part of policymakers and their role in establishing the nature of global financial systems that we wish to examine further.

The severity of the financial collapses prompted the interventions of policymakers in the first place. At this point, it might begin to seem somewhat circuitous that the crises themselves prompt interventions to further prevent them. But it's actually not. This is precisely how mankind has propelled itself up the slope of globalism. It is the fears and irrational expectations of emotional humans that push up globalism's slope. This is an important process to understand, beginning with the individual.

The carnal Homo sapien, driven by his or her basic impulses —"the lust of the flesh, and the lust of the eyes, and the pride of life" (1 John 2:16) — is to an extent facilitated by pre-wired neurological programming. In other words, it is the innate sinful nature of man that responds behaviorally to expectations and wants. At this level, the goals of natural man are quite basic — namely, the pursuit of pleasure and the avoidance of displeasure. Viewed in the great arena of monetary finance and economies, unsustainable economic excesses driven by unbridled greed and wants lead to conditions where threatening economic downturns generate avoidance behavior. This process is evident both at the individual and societal levels.

But, it is the "official" interventions that we want to focus upon in our examination of the role of financial institutions. Today, we live in an age when government intervention is considered a developed science. Policymakers and voters alike have come to believe that prosperity is an inviolable right and that it can be fabricated without any accountability to morality or behavior. No matter what might have occurred in the past — whether excesses, corruption, manias, organized deceptions, or national sins — a new period of prosperity can always be coaxed out of the magician's hat by its policymaking wizards. Prosperity is always ahead, never to be restrained by past sins, whether or not past wrongs have been righted or restitution paid.

When Global Policymakers Know Best

A recent comment by Paul Volcker captures the times:

> "Fortunately, there is also good reason to believe that the means are now available to turn the tide. Financial authorities, in the United States and elsewhere, are now in a position to take needed and convincing action to stabilize markets and to

> restore trust … the point is the needed tools to restore and maintain functioning markets are there."

The octogenarian Mr. Volcker is highly respected, given his firm stewardship of America's monetary affairs as chairman of the Federal Reserve Board between 1979 and 1987. While he certainly does not ignore the fact that it will take time to clean up the financial mess of recent years, his comments reflect the consensus of policymakers that governments today can fix any problem.

Few politicians are elected on the promise of delivering tough times to their constituents. Therefore, the fear of a very large, horrible financial meltdown or economic travails will trigger a very large intervention on the part of authorities. A smaller threat, on the other hand, may generate no response at all. The point being made here is that a crisis must be threatening enough to prompt an official government response and to be more easily accepted by the populace, especially when interventions may infringe upon freedoms.

Following a crisis, when the memories of previous fears and the sting of losses are still very fresh, policymakers collaborate to institute changes that will forevermore ensure that their country — or indeed, the entire world — will never again experience such a crisis. These may include new government spending programs, new laws or financial regulations, and new agencies with responsibilities as deemed necessary. Once these changes are made, society takes comfort from these changes, soon thinking that financial systems and economies will be invulnerable to similar disasters in the future.

However, in time, greed, unrealistic expectations, and complacency born of new confidence lead to another crisis. The important aspect of this repetitive and rotating cycle between human hubris and insecurity is that each new crisis must by definition be seen as greater and more unprecedented. If this were not the case, new interventions likely would not be seen as necessary. On balance, each round brings intervention and policy to new levels. Seen in the big picture, a progressive process is at work leading to ever more organized control and intervention. In the global arena, these same trends lead to heightened globalism.

The complacency and confidence born of past changes to "crisis-proof" financial markets and economies themselves often lead to the greater excesses. To illustrate, consider the great changes that took place as a result of the Great Depression of the 1930s. The hardships experienced during that time were the catalysts to deficit spending by governments, new central banking practices, and government-sponsored mortgage agencies. In time, the confidence put into these actions and new institutions led to even greater excesses. Mortgage debt over the following decades began to grow relative to household incomes (eventually exploding upwards in 2001 to 2005), central bankers were seen to become gods of wealth who reputedly could spin riches from nothing, and the large role of government spending came to be thought of as the shock absorbing bedrock of continued economic prosperity.

Most of the twists and turns of modern financial history can be explained in this way.

Human confidence builds, leading to a boom, only to falter due to the unsustainable dynamics of a false prosperity, which then leads to a panic stage. National governments and global agencies bring in restorative changes and central bankers steer a new, supposedly better course. In time, confidence again begins to build. The cycle repeats. In fact, to this point in history, countless financial and economic crises have occurred. Some have been local affairs limited to one country. Others have engulfed many nations or the entire world. According to the authors of one report from the IMF[1], as many as 124 systemic banking crises alone occurred between 1970 and 2007.

Evidently then, crises play a regular role in the affairs of mankind and should not be viewed as a surprise when they do occur. Most people, of course, have no idea that this is the case, thinking them complete accidents. It is therefore no wonder that the world's wealth skew continues to widen. The rich become wealthier and the poor less wealthy in relative terms. The average person has little chance to keep abreast of these macro, global developments, and are not wise to the dynamics of fear and greed. As such, many become unwitting casualties.

The point is that crises are catalysts to organized changes, in fact, to a progression of changes. Nowhere do we see this more clearly than on a global level. The world's path to greater globalism and globalization has been driven forward by crises. These have usually, but not exclusively, been of financial origin. The aftermath of major wars, for example, has quickened mankind's resolve to coordinate global peace. Mostly, these initiatives (consider the formation of the League of Nations — the forerunner to the United Nations — the World Bank, the International Monetary Fund, etc.) sought to further peace by promoting global prosperity. Sometimes, two steps back have occurred, but generally two steps forward have unfolded for every one step back. Nevertheless, over time, mankind has proceeded to a greater, more centralized network of global financial institutions.

No Global Change Without Sufficient Pain

The scale of crisis must be world threatening before a global consensus will be sufficient to enact changes. Consider some of the ideas that were proposed to address world financial instabilities following the Asian crisis of 1997–1998. It proved to be a major crisis that had destabilizing knock-on effects on all financial markets around the world. At the time, a number of Asian countries succumbed to some steep financial and economic declines. Russia's markets also collapsed. The World Bank and the International Monetary Fund were called upon to extend enormous bailout and emergency financing programs at that time. All in all, the crisis was chilling enough that many new initiatives were suggested to "fix the global financial architecture." A United Nations (UN) report on this subject listed the following proposals:

The creation of a world financial authority. This institution would set policies for all financial institutions in the world;

An establishment of an international credit insurance corporation;

Exchange rate system reform, the most radical initiative proposed here being the adoption of a single world currency, issued by a world monetary authority.

Other initiatives were also mentioned. Virtually all pointed in the same direction — towards an increasingly centralized, global financial system. What then happened? Actually, nothing. None of these remedies was further pursued by either regulators or global organizations. Why? The previous crisis subsided too quickly. Before the global architecture of financial systems could be amended and ostensibly improved, a new world financial bubble was underway. Soaring financial markets soon rendered these solutions no longer urgent or necessary. In any case, it is not easy to develop global consensus on such changes when some large countries or a superpower wishes to scuttle such efforts out of self interest.

Clearly the severity of the threat of breakdown to the financial system and world trade structures must be great enough. Why? It produces the urgency for action and the imperative for global cooperation. But, even more, a serious crisis provides license for more urgent and inventive responses on the part of governments and authorities. It creates the moral imperative to break previous conventions, regulations and laws. These must be brushed aside (sometimes illegally or without proper constitutional process) in the name of the higher objective — the perceived common good of preventing total economic collapse and to seek the benefits of a greater ship — the global economy and its financial system.

This was evident during the American financial meltdowns of 2007 to 2009. The U.S. Treasury and the central bank needed to respond quickly and imaginatively. Facing the harrowing time pressures of financial firefighting, decisions needed to be made quickly. There was little time for debate. In fact, if anything, time delays due to the congressional or Senate reviews of major new rescue initiatives only seemed to trigger further financial market declines. As such, many groundbreaking and unprecedented actions took place, legitimized by nothing more than perceived urgency. The U.S. taxpayer and future generations were involuntarily conscripted to take on enormous risks and crippling government debt levels.

Behind the cover of crisis, arbitrary decisions were made as to which financial institutions to save and which to let collapse. Not surprisingly, decision makers chose to prop up the financial institutions that were the most "systemically" significant. In other words, the financial institutions that were the largest and the most globally intertwined attracted the greatest priorities of policymakers. Firms that were key cornerstones to global financial structures such as the hyper growth derivatives markets could not be allowed to collapse. For example, to have allowed Royal Bank of Scotland or Citigroup to fail would surely have brought the world to the brink of an even greater economic disaster. Both of these companies had considerable global operations. Smaller financial companies, on the other hand, were allowed to flounder on the rocks, to be snapped up by larger companies or be closed.

Without a doubt, the global landscape of major financial institutions has changed radically in the Western world over recent decades, and much of this change has been driven by the rotating imperatives of greed and the staving off of crisis. By either means, a nefarious bias can be seen working behind these actions. The world's web of financial institutions continues to consolidate, giving more power to an ever smaller group of institutions and their executives. The structure of a global financial system is shifting to one of ever greater centralization and global interconnectedness. Financial institutions therefore are becoming consolidated into a smaller group of globally significant entities.

A similar trend has already occurred in other industries, particularly producers of commodities such as hydrocarbon fuels (think of the five sisters: Shell, Exxon Mobil, Chevron, Saudi Aramco, and National Iranian Oil) or the global news business where fewer than three agencies are the source of more than 80 percent of news feeds. Financial conglomerates are becoming ever larger and financial systems ever more invasive. Today, the fifty largest financial corporations in the world represent well over one third of total world banking assets. Interestingly, as a group they are the most internationalized of the world's transnational corporations (TNCs), thirty-four of these fifty largest companies being headquartered in Europe.

Increasing Global Snare of Global Financial Institutions

Our brief review of the forces at work, both before and throughout the previous global financial crises, reveal a longer-running trend. Though financial consolidation is certainly occurring more rapidly than ever before in recent times, the major financial institutions of the world had already been marching to a similar drummer for a long, long time. The traces of these trends of convergence were already observable hundreds of years ago. Recent financial troubles are merely the latest chapter in a saga towards increasing globalization and worldwide commercial interconnectedness. What is different is that these processes are gaining greater speed in recent times.

Globalization and globalism are old ideas though these words were only invented in the last century. Actually, these developments and their connections to money and commercialism are clearly prophesied in the Bible. To no surprise, many secular thinkers have long theorized that the road to peace and salvation for mankind is through the stomach and the pocketbook. Give everyone a warm bowl of soup and earthly economic security, and mankind will then prove to be agreeable, accepting peace, convergence, and contentment with prosperity.

Some Christian writers saw globalization developing hundreds of years ago, clearly connecting it with Bible prophecy. For example, consider the writings of Benjamin Wills Newton in 1841:

> "When the ruin of one involves the danger of all, men in such circumstances become wonderfully careful of each other's interests. This is the kind of dependence into which nations are being brought, one on the other. Inhabitants of the commercial nations are interested in the maintenance of order and tranquility in their own countries (for commerce diffuses wealth, and gives to millions an

> interest in the prosperity of the common weal, which they never had before). But when the wealth of one nation becomes closely tied to the undertakings of another, or when one nation lives by selling to another, they become dependent on each other, and soon becoming aware of their mutual dependency, they understand that common interests involve common prosperity or common ruin."

Other secular philosophers waxed prophetically in their own right, anticipating that a day would arrive in the distant future where financial and economic systems would prove the common basis to unite all mankind. Philosopher Jean Baptiste Say thought that...

> "…the theory of markets will necessarily scatter the seeds of concord and peace."

Richard Cobden, who was behind the famous Corn Laws of the 1800s in Britain, was reported to have said:

> "The progress of freedom depends more upon the maintenance of peace, the spread of commerce, and the diffusion of education, than upon the labors of cabinets and foreign offices."

These observers clearly saw that global commerce would be the common platform and interest that would draw all nations together. Of course, for global commerce to work, it must have a global financial system comprised of financial institutions.

Many other voices proclaimed commerce and trade as the sinecure to mankind's ails much earlier. Perhaps most eloquent was Alfred Tennyson's call for a global "parliament of man" in his famous poem published in 1846, Locksley Hall.

> "For I dipt into the future, far as human eye could see, Saw the Vision of the world, and all the wonder that would be: Saw the heavens fill with commerce, argosies of magic sails, Pilots of the purple twilight, dropping down with costly bales … Till the wardrum throb'd no longer, and the battle flags were furl'd. In the parliament of man, the Federation of the World. There the common sense of most shall hold a fretful realm in awe, And the kindly earth shall slumber, lapt in universal law."

Though the details of recent financial debacles are fresh and new, we can recognize the impulses of old history lurking in the background. Crises born of mankind's actions must be seen as part of an ancient progression — mankind's ostensible assent to self-determination and humanism. The emotional firestorms of crises act as catalysts for change and the construction of mankind's one common argosy — the global vessel of globalized commerce, mankind's general path to global collectivism. In this connection, worldwide financial systems and economic globalization play an essential role. While the innate human impulses of fear and greed play facilitating roles, it is crisis that breaks inertia and hastens new solutions.

What Role Financial Institutions

But just what do the financial institutions have to do with mankind's destiny? Of what significance are these financial trends to Christians, if at all? We have already concluded how ideally suited financial systems are to controlling all peoples of the world. We can further assert that it would not be possible for the conspirator against the glory of the Creator and Savior — the Antichrist spirit, Satan — to apply his earthly deceptions and human captivity to his plans without such commercial structures. It simply could not be accomplished by a being that cannot be omnipresent — everywhere simultaneously, as only God. There is no better and effective means on earth to control and coordinate the actions of all human beings than through a common financial and global trade systems. Can you think of one?

Indeed, the invasion of modern-day money has been rapid. The state long ago took over control of money and credit, determining their value and operation by virtual fiat. Money has become a controlled (or more aptly, a manipulated) medium, not only nationally but also globally within a very short space of human history. Through means of central and fractional-reserve banking, money has become the world's most controlling and invasive medium.

We are surely only offering a very abbreviated perspective on the devices and structures of world money systems. Other resources written by the author provide a detailed explanation of the underlying processes and mechanisms. Suffice it to conclude that in the man-created order, there can be nothing else as powerful, as ubiquitous, as omnipresent, as manipulative, and as controlling as the system of modern monetarism. It is not without reason that the Bible contrasts God and money, as it is only the systematic idolatry of money (mammon) that can approach the omnipresence and power of God on earth. However, the former, of course, doesn't lead to heaven.

As Jesus Christ clearly warned:

> "No man can serve two masters; for either he will hate the one, and love the other; or else he will hold to the one, and despise the other. Ye cannot serve God and mammon" (Matthew 6:24).

Sadly, the big lie being perpetrated in much of organized Christianity today is that one can serve both. It is not possible and therefore explains why the major religion in the world today is mammonism.

Endnotes

1. Luc Laeven and Fabian Valencia, IMF Working Paper 224. Systemic Banking Crises: A New Database. September 2008