December 27, 2008 revised May 2010 and again Dec 2012

When ancient man was confronted with puzzling natural phenomena such as drought or harsh weather, he turned to local shamans for counsel. The latter, usually either deranged or disingenuous, would explain the event as resulting from some shortcoming on the part of the villagers that had annoyed the pertinent god and demand a sacrifice to appease him. Failures were ascribed to unsatisfactory offerings. As civilization grew, more powerful forms of intercession were appealed to in order to assuage the feelings of supernatural beings and a hierarchy of priests developed. In extreme situations, the high priest would be called upon to plead with the almighty for relief from the distressful situation. In such cases, the canny hierarch would usually provide some ambiguous explanation for the cause and demand even greater sacrifice, often involving the lives of many human beings.

Today, in the secular world of high finance, we call those priests economists. In tumultuous times of widespread bankruptcy and job loss, economists provide us with plausible and often contradictory reasons for disruptions in the normal conduct of business. When conditions become extreme, economic gurus appeal to a chief economist, usually the "governor" of some central bank. With solemn gravitas and oracular ambiguity these "governors" explain the cause of the malaise and prescribe some form of financial nostrum, usually in the form of an interest rate adjustment. The latter most often involves a transfer of money from the pockets of the thrifty into the hands of the profligate. As with natural phenomena, the passage of time results in a return to the normal state of affairs regardless of the intervention of the hierarch or bank governor. It should be noted that the latter oracle has been about as accurate in forecasting economic conditions as Wiarton Willie in forecasting spring weather.

Unbridled capitalism, euphemistically called "free trade," must inevitably lead to economic disruption as commercial giants vie for survival. In the current state of global economics, where national governments no longer have the power to control the corporate carnivores they have unleashed, society can only hope the resultant conflict does not exterminate all mankind. We may have witnessed a precursor of such a catastrophe in the recent dispute between NATO and Russia over transit rights to energy through Georgia.

We must all face the fact that supplies of fossil energy and other vital resources are finite. We can either share them fairly or destroy one another in futile wars to seize them. Negotiation and compromise, not bluster and intimidation, are the ways to long-term peaceful exploitation of the world's dwindling resources.

Free market dogma may appeal to right wing fundamentalists, but the harsh truth is that real economies do not respond to economic theories. Adam Smith notwithstanding, there are times when the informed guiding hand of government is necessary to deal with chaotic markets motivated by panic and greed.

Globalism, that darling of the "free marketeers," is the arena in which corporate gladiators vie for survival. With no referee, the result must inevitably be fatal. In a world where religious beliefs militate against cooperative resolution of differences, where economic philosophies conflict, the possibility for a rational sharing of global resources seems remote.

*The foregoing was written before the global financial meltdown caused by reckless trading in the rapacious world of American high finance. Subsequent measures to restore market stability and rebuild the battered economy have followed traditional economic dogma; i.e., prime the pump with massive amounts of borrowed capital. Unfortunately, as any farmer could tell those economic whiz kids, if there ain't no water in the well you ain't going to get more out, no matter how liberally you prime the pump. With almost all the major trading nations deeply in debt, no permanent improvement in their economies can take place unless their debt is repaid. The nascent recovery in the global economy cannot be sustained for long without urgently-needed fiscal and monetary restraint. The requisite sacrifice to the economic gods will involve lower wages, higher unemployment and higher taxes. There ain't no free lunch.

Unlike our economic gurus, I am admittedly fallible and may be wrong. I hope so.

Another two years have passed, with world economies staggering again toward the brink of a "fiscal cliff." Once again, in a vain effort to stave off total collapse, we may expect to see another attempt to kickstart the economy of the USA–world's current preeminent economic power– by further pump priming. Although that may provide temporary relief to some, at the expense of prudent savers, it is a remedy doomed to failure. To quote Sir John Falstaff, "I can get no remedy against this consumption of my purse: borrowing only lingers and lingers it out, but the disease is incurable."