

Political Implications of the Eurozone Crisis

A crisis of statism

Scope

- Will vote for Nuttall's motion on Monday
- Not a crisis of capitalism
- Not a surprise
- Political values: Democracy, freedom and the rule of law

Not a crisis of capitalism

- This is a financial crisis - a debt crisis - interest rates too low too long - central banks - Gov of BoE
- Financial system: central planning, legal privilege, socialisation of risk, govt monopoly
- Low interest rates => overconsumption and malinvestment. Boom and bust.
- Euro constituted to destroy itself. Vs Bretton Woods. Incentives to run deficits. Sov nations, one monetray regime. Stab and growth
- Trend towards fiscal union - encroachment on liberty

Not a surprise

- JHdS vs institutionally inflationary state money
- Mises vs OG - quote
- Flaws in mainstream economics: life as a dynamic complex process (Kirzner), interest rates as a price signal, structure of production

Political values

- Democracy - Lisbon
- Freedom - centralisation, regulators
- Rule of law vs ESM

Conclusion

- Not a crisis of capitalism - a crisis of statism
- Thoroughly predictable
- Way out is through consistent application the philosophy of freedom