

Economist Nouriel "Dr. Doom" Roubini, the New York University professor who four years ago accurately predicted the global financial crisis, said one of economist Karl Marx's critiques of capitalism is playing itself out in the current global financial crisis - a crisis Roubini said will worsen if the European Union/Eurozone leaders can't "get their act together" on a solution for debt-plagued nations in Europe, news agencies informs.

Among other arguments, Marx claimed capitalism embodied an internal contradiction that would cyclically lead to crises, and that, at minimum, would place pressure on the economic system.

Companies are motivated to minimize costs, to save, and to stockpile cash, Roubini said, but this leads to less money in the hands of employees. In turn, this means they have less money to spend on goods and services, money that would flow back to companies.

"Karl Marx had it right," Roubini said in an interview with wsj.com. "At some point, capitalism can self-destroy itself. That's because you cannot keep on shifting income from labor to capital without not having an excess capacity and a lack of aggregate demand. We thought that markets work. They are not working. What's individually rational ... is a self-destructive process."

I thought we got over the Marx, Engels and Lenin theories, but it seems their works keep coming back. It seems to me capitalism is self-devouring due to decades of high standards of living (on credit) that cannot be satisfied anymore. That's for western and developed countries that, in their fight with the Eastern communist block, needed to prove the efficiency of the system as compared to the latter. Now they have to pay the bill. Greece is the first one. Others may follow.

The Greeks have lived for years much above their financial possibilities. High salaries, high pensions, high social benefits. Now they find themselves in the situation to cut as much as 40 per cent of the salaries and to lay off tens of thousands of civil servants. Now higher taxes are needed and the standard of living is dropping fast.

As far as Romanians are concerned, it's the other way around with the same results, however.

For decades they lived in poor conditions during the communist era. They had been told to put one more coat during winter as heating was being turned off. Long queues could be seen during the late '80s for milk, bread, meat and other essential food. Buying a car meant years of keeping money in a state bank. If you were lucky, after five years you could buy a Dacia car, the kind of car that 'learnt' very fast the way to service. And kept going twice a month. Conditions within the hospitals were horrible, indescribable. Medicine was missing from pharmacies. National TV was broadcasting two hours a day, one hour being dedicated to the Ceausescu couple. Much more can be said about those times.

Now Romanian capitalism seems to fail as well. After several years of growing standard of living, the trend is reversed. Unemployment is growing. Salaries are going down. A recent joke says 'Romanians have destroyed socialism, now they're breaking down capitalism.'

Beyond the international issues, beyond 'imported' problems from Europe, we play our part in this fight against recession and the crisis. Too few real measures have been adopted by the executive to stimulate the economy, which is now languishing.

The IMF announced the prognosis of growth for 2012 is down from 4 to 2 per cent of GDP. That is if we are lucky. The government has few choices for increasing budget incomes, VAT increase and social security payment increases being out of the question. So... What about excises? Officially, this is unproductive from the political point of view, as 2012 is an electoral year. The level of excises for petrol, electric power, cigarettes and drinks are to be calculated for 2012 according to the RON/EUR exchange rate registered by 1st October 2011. As a consequence the exchange rate (coincidence!) reached the highest level this year just exactly at the end of September. So, the ECB confirmed the exchange rate to be used for calculating excises will be 4.3 RON/EUR, i.e. 0.8 per cent higher than one year ago (4.2655 RON/EUR). Media reports show for 2012 the government is anticipating incomes from excises amounting to 21.75 billion RON, some 8 per cent over the estimates in 2011 – the exchange rate hiking means supplementary incomes to state budget of 175,000,000 RON!

I don't know about other countries' capitalism. Sincerely, I don't like too much the one in Romania. It seems to me the citizen is tricked again and again and again. Anyway, it is a much subtle style than the one until 1989. We have changed the hammer with a professional poker player. The result is, more or less, the same. The citizen is making ends meet harder and harder.

Roubini, Marx and Romanian capitalism

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