MONETARY CONFORMATION OF THE CORPORATE GOVERNMENTALITY II THE MONETARY SYSTEM AND THE PRIVATIZATION PROCESS

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Abstract

The global governance of large corporations or corporate governmentality changed over time through the penetration of the economy in all aspects of society but which has shaped the monetary system as an integral part of corporate governmentality and which gave it a big push in the last forty years. The conformation of the monetary system and the introduction of the neoliberal model which brought about the private process and which started from the late seventies of the twentieth century and marked the turning point in the acceleration of wealth will be discussed in this document. The shaping of this accelerated private process would not have been possible without the establishment of the monetary system. These conformations are described through Foucault's approach to power relations and its manifestations such as discourse, discipline, ethics and governmentality. This document uses the archaeological and genealogical method Foucaultian approach and therefore looks at historical, philosophical and economic aspects. The period covered in this document corresponds from the interwar period to the beginning of the 21st century in terms of monetary aspects that have influenced the formation of the monetary in the privatisation process and the effects of both on the economy.

Keywords: Monetary System, Private Process, IMF (International Monetary Fund), the Gold Standard, Corporate Governmentality, Rent Appropriation, Concentration of Wealth and Monetary Disturbances

1. INTRODUCTION

Corporate governmentality, the product of a historical formation of various origins and which was manifested through power devices, such as discourse, discipline, ethics and the establishment of the governmentality, has one of the strongest influential elements in the privatisation process. This document describes how the process of large-scale privatisation from the late seventies of the 20th century onwards is the product of the influence of the formation of the monetary system and how this formation was the origin of financial resources that were allowing these appropriations and, in turn, the concentration of wealth.

In this paper, therefore, the formation of the monetary system is described starting from the end of convertibility or the gold standard and the violations of its rules which were causing disturbances in the system. The formation of the IMF is then described as a pillar institution in this monetary system and the monetary system instabilities as the inherent causes of its own formation and the description of the monetary system imposed by major world capital financiers.

The other major part of this document is the monetary confirmation of the privatisation process with its basis in the monetary system and the effects that this process resulted in the economy and the conformation of the basis that this new monetary system imposed, together with its inherent privatisation process which allowed them to continue making present and future rent appropriations and, therefore, a greater concentration of wealth; in other words, a corporate governmentality.

This document forms part of a series of documents about the monetary conformation of corporate governmentality.

2. OBJECTIVES AND METHODOLOGY

The process of "Corporate Governmentality" government or large corporations, characterised by an accelerated process of concentration of wealth, ownership of rents and yields, minimisation and captivity of the state, highlights the privatisation process started at the end of the 1970s onwards and which is still maintained today. It is possible that this process of privatisation and accumulation of wealth was produced because the companies that acquired public companies had the necessary finances or their own resources for these acquisitions. In addition to the prevailing discourse of minimising the state and its alleged inefficiency, together with the high debt of the countries that started the privatisation process as a measure to reduce its debt, which could be called the seizure of assets by lending institutions, framed in a derived more of the neoliberal ideology. [Rivera Vicencio, E. (2014), p. 281-305]

However, if it is true that public companies are inefficient and for this reason the (in)efficiency must privatise for better use of resources in the economy which is not clear according to many works on this subject - [Cavaliere, A. & Scabrosetti, S. (2008), p. 685-710], [Okten, C. & Peren Arin, K. (2006), p. 1537-1556], [Cullinane, K., Ji, P. & Wang, T. (2005), p. 433-462], [Villalonga, B. (2000), p. 43-74] and others [Vickers, J. (1993), p. 80-130] – and we need to ask the following questions: Why the privatisation process comes out in the late 1970s onwards and not before? What changed so that private companies had the resources to acquire public companies? How this process goes forward, even in Europe, in key sectors such as health, education and, possibly, on the pension system, pillars of the welfare state?

To answer these questions being raised, indirect answers can be given about how the International Monetary System (IMS) conformed, how it shaped the privatisation process and how the monetary system and the privatisation process have monetarily shaped Corporate Governmentality.

The answer to these questions would be those that can help us understand in greater detail about the conformation of this social history. The answer to these questions could be given by the deep ideological change and subjugation that society had experienced in recent years - caused by neo-liberalism - but this would be over-simplifying the issue, what should be done, according to Foucault, is "… not ask subjects how, why and under what rights can be overpowered but to show how the relations of concrete manufactured submission are made." [Foucault (2003), p. 44-45]

To show how these relations of submission had been made up, these power relations are addressed with an historical tour through the archaeological and genealogical methodology that which shows this process of social fabrication and how it was conformed.

Under these guidelines and the objective of determining and describing the privatisation process, how these relations of subjection will be determined and described, how the accumulation of wealth or the rent appropriation developed or how the concentration of wealth was produced historically. It is mainly the story of money and its accumulation by certain sectors of society.

This work does not intend to describe a history of fiduciary money or the IMS; it aims to describe some historical facts to help understand the formation of the current IMS and the conformation of Corporate Governmentality.

3. JUSTIFICATIONS AND THE THEORETICAL FRAMEWORK

Much of the work developed in relation to the privatisation process, which began in the late 1970s, addressed the issue from the perspective of functionalist analysis of the efficiency through temporal comparisons of privatised public enterprises, covering periods from before privatisation to the years after privatisation. However, these studies do not take into account the environment in which these privatisation processes occurred and many of these ended up not being conclusive studies concerning the public or private efficiency, nor did they consider this type of temporary efficiency studies, corresponding to an established discourse and whose basis is the discrediting of the work of the State, its minimisation and reduction to mere observer of these appropriation of wealth processes. It should be added that once companies had been privatised they underwent a series of transformations such as mergers or spin-offs, which hindered or distorted its comparison in time.

For this reason, it is essential to describe from a broader perspective and consider the power relations to expand the framework and visualise this privatisation process in the context of power manifestations, such as discipline, discourse, ethics and governmentality; that is to say, through the Foucaultian approach.

Furthermore, from this Foucaultian approach this description should incorporate elements of the description of the monetary institutions and its conformation as initially seen as critical to the financing companies which they should have for the acquisitions of public companies.

This description uses the archaeological and genealogical methodology of the Foucaultian approach and represents an historical, philosophical and monetary economic description of power relations and their manifestations.

In relation to the theoretical framework, bearing in mind our main objective, which is to describe obtaining financial resources for the acquisition of public companies in a particular historical moment. Since these public companies and private companies were born in a capitalist economy, and which surely, private companies did not have enough resources to develop these projects and these projects were not attractive when they started, but in the latter case, with the passage of time they became more consolidated, they became attractive where these companies also needed financial resources; either that or they would have had to obtain them in the market.

Either way, these companies needed and required financial resources for the acquisition of public enterprises, whether these financial resources were their own or obtained from the market. But this reflection does not make clear why the privatisation process came out in the late 1970s onwards and not before because how these resources conformed these resources and the IMS itself.

The archaeological methodology is registered in the general history, it is occupied by the regularity of the statements, giving rise to different discourses that refer to a particular time, resulting in the knowledge that takes the role of science, or could also be expressed as the method of analysis of local discourses. Entwined together with the archaeological methodology is the genealogical methodology with the detailed monitoring of power relations and the tactic that sets in motion the emerging knowledge and freed from subjugation, from local discourses. [Rivera Vicencio, E. (2012), p. 741-742]

Foucault, referring to the method to be followed regarding the "power exercised in network" says, "... I think that we should do it, that it should be done – it is a concern of the method to follow – an ascending analysis of power, that is to say, from the infinite mechanism, which have their own history, their own way, their own technique and tactics and then see how these mechanisms of power, which at least have their strength and, in some way, their own technology, were and still are invested, colonised, utilised, modified, transformed, displaced, extended etc. by ever more general mechanisms and form of global domination." [Foucault (2003), p. 34-35]

On this methodological basis and, furthermore, a deeper awareness of what is called "corporate governmentality and rent appropriation" where the role of privatisation played a key role, the historical and social development of the multiplicity of power relations that have shaped this corporate governmentality where money plays a central role in the process of privatisation. [Rivera Vicencio, E. (2014), p. 281-305]

"Corporate Governmentality" have inserted the domination in its own historical formation of power relations; however, further work will use the Theory of Dominant Economy of François Perroux (1903-1987) in a complementary manner, who refers to the domination effect, both at the company and the national economy level. "The domination effect, born of a monopolistic situation where the national economy A is compared with other national economies B, C, D ..., will not change just because the relative share of the supply of A in the total supply, not with the elasticity of money, but also with the degree of the decision unit within the national economy considered as a monopolist." To be in this dominant economy situation, "They are the heads of private companies who maximise their net income for the media market; they are the state representatives who maximise national power or welfare or a combination of both, organised coercion, by means of the market or a combination of both." [Perroux (1961), p. 64-65]

4. CONFORMATION OF THE INTERNATIONAL MONETARY SYSTEM (IMS)

4.1. The End of the Gold Standard

"In fact, nothing is more dangerous than the illusion of "novelty", which is usually nothing more than the ignorance of history. It is not that history is aimed at proving that "nothing is new", but sometimes it proves that not everything is as new as current opinion imagines. If economists from the 1920s poorly understood monetary instability and played with "new", it is because they took as a reference something that happened in recent history. If they had evoked the 14th or the 17th centuries, they would have known what devaluation was. How many people were convinced that the "novelty" of the loan currency or the Bank for International Settlements was never talked about in the Plasencia Fairs or the Consulate of Burgos?" [Vilar (1974), p. 6]

In 1966, Niveau referred to the monetary history by highlighting three phases: a) the 19th century as the heyday of the gold standard operation prevented by the First World War; b) the return to the gold standard and the birth of the Gold Exchange Standard, which sank along with the crisis and depression of the 1930s; and c) after the period of multilateral and bilateral agreement of the Second World War when it became a similar system to the gold standard which worked with difficulties and was the cause of permanent international imbalances. [Niveau (1971), p. 214] Niveau fails to include in his book a fourth step which could be called "The Dollar Standard" which started from 1971 with all its subsequent derivatives. [Lichtensztejn (2010), p. 56] This last stage is addressed in this paper in points 4.2 to 4.4.

The first stage of the gold standard is in no way a stage of equal development and implementation at a global level, but it is a stage in which this mechanism is officially adopted by the dominant economy (the UK). "The gold standard was adopted by Portugal in 1854, Germany between 1871 and 1873, Scandinavian countries between 1873 and 1875, Finland and Serbia in 1878, Argentina in 1881, Russia, Bulgaria, Japan and Chile in 1897, the United States in 1900, the Netherlands in 1901, Mexico in 1904 etc." [Niveau (1971), p. 216]

"Before 1914, none of the international reserve liquidity was possessed in dollars." "The international financial centralisation centred round Great Britain and was one of the main characteristics of the economy of the 19th century." Once more, the pound sterling became the domestic and international money. [Niveau (1971), p. 226-228]

At first, the evolution of bank money (bank notes and deposits) did not generate a problem to the gold standard or "convertibility"; banks liquidated their debts in their equivalent of gold and silver and if a bank did not do so they would fall into bankruptcy, which is what happened many times and in different latitudes. The losers were the creditors, but the country's currency was not affected. This is how countries enacted special provisions of convertibility giving the State the status of legal tender. Inconvertibility, which does not have the same meaning as today, its current name would be "flexible exchange rate". [Triffin (1962), p. 37 & 38]

The second stage of the interwar period, before 1922 (Genoa Conference), the interior of bank credit countries (deposits) replaced gold with the cheque and, at a world level, sterling had acquired the ranking of international currency, long before talk of gold exchange standard, in the Genoa Conference. In the conference the key classes of currencies were distinguished in a convertibility regime and peripheral currencies in a regime of gold exchange standard convertibility. However, it should be clarified that central banks at the end of the 19th century had not only gold reserves but reserves in foreign currencies. These foreign currencies allowed intervention, if necessary, on the foreign exchange market and to service foreign debt. Since 1923, "… in his tract on monetary reform, Keynes sought to explain the dangers of a return to the gold standard. He realised that "the rules of the game" came to mean sacrificing the internal balance of price stability with the stability of the exchange rate." [Niveau (1971), p. 220-225]

The end of convertibility and spontaneous harmony between internal financial policies collapsed as a result of the two world wars and, even more, by the world depression. Subordination to other national objectives more important than liberty and the exchange rate stability brought up new political decisions; e.g. the excessive use of power emissions of central banks, the finance of the State deficit, renunciation to adjust these credit policies and the use of currency depreciation, the result of the depletion or near depletion of monetary reserves. [Triffin (1962), p. 46]

Funding for World War I, and its subsequent reconstruction as in all previous and subsequent wars, provoked strong inflationary increases in national banking systems. While gold production increased at a lower rate it was made incompatible and maintained convertibility in almost all of the belligerent countries. In the following years, fluctuating changes failed completely and instead of seeking sustainable trade policies on the behaviour of the global balance of payments, stimulated speculative movements of money, which contributed to the over-evaluation of the pound sterling and an undercutting of other currencies. Great Britain saw the doom of the return of speculative capital that had already entered attracting capital from Wall Street, despite agreements between Benjamin Strong and Montague Norman,[11] to keep interest rates higher in Great Britain than in the United States. Therefore, on 21st September 1931 convertibility was suspended, ushering in years of international monetary chaos, exacerbated by the Great Depression and World War II. [Triffin (1968), p. 44-46]

Following the abandonment of the gold standard by Great Britain, a period of conformation of country blocs which supported different areas, the area of the pound was created, the countries of the gold bloc and the dollar area, obviously with different interests, which was nothing more than a confrontation of financial capital. This confrontation became latent in the London Conference of 1933. In the July of this year, the United States rejected any kind of attempt to return to gold, which marked the failure of the negotiations. During the following years, the gold bloc collapsed and, in order to safeguard the stability of exchange rates, France, England and the United States signed an agreement in September 1936 which established the convertibility of banknotes into gold but limited this privilege to central banks. In November of the same year, Belgium, Switzerland and Holland joined this agreement. "The failure of the London Conference, which did nothing more than translate the absence of international cooperation, finished opening the doors to the devaluations in series, when they were unable to stop the exodus of capital it was used to control changes. The escalation towards a war economy had begun." With the start of World War II control of the changes became widespread when they confronted governments with the need to fully mobilise resources with means of external payments. It laid the protectionism and economic dirigisme, where governments were not able to choose; direct control over the allocation of resources became necessary to keep up the war economy. For this reason, movements of capital were blocked. [Niveau (1971), p. 264-267, 273-274]

The third stage of the multilateral and bilateral agreements, during and after World War II, brought about the first agreement on the initiative of the North American government to consider the problem of reconstruction, signed an agreement with Great Britain (1942), which aimed at eliminating all forms of discriminatory practice in international trade in the future, reducing tariffs and removing restrictions that hampered international trade. In 1945, the United States obtained the promise of the return to the convertibility of the pound, but which quickly failed since the beginning of the experience in 1947. In this way, international economic relations profoundly modified, from shortage of dollars between 1945-1957, to the abundance of dollars and constant imbalance in the balance of American payments and, in a large way, the IMS crisis. [Niveau (1971), p. 327 & 338]

During these periods, a discourse was established in which violations of the gold standard system and, therefore, the disturbances that this provoked, attributed to the gold standard system. This, in turn, was supported by the creation of knowledge in economics, which helped distort reality and transformed in the mainstream of the discipline.

4.2. Post-War Capitalism (The Mixed Economy) and the Origins of the IMF

Post-war capitalism was a reformed system or a new version of the old system and included men like Friedrich von Hayek who were willing to be convinced that interventions with the laissez-faire way of doing things would work. Politicians, government officials and even businessmen were convinced that a free economy was unthinkable. There were certain objectives such as full employment, containing communism, modernising the economy etc. which had priority and justified State intervention, which gave rise to a mixed economy. [Hobsbawm (2015), p. 271-276]

In reality, only extreme capitalism retreated to gain momentum and which had made commitments to return to the path it had set with almost total control of economic power; now with universities and think-tanks to disseminate their ideology, with the media for discourse, which was already embedded in political power or dominated by providing resources and self-corruption through personal favours. The only thing missing now was generating the pressure of international organisations in its control to achieve total domination and greater concentration of wealth.

All this, despite the nationalisation process which reigned in Europe in the years after World War II until the end of the 1970s as in the case of Austria, the United Kingdom and France, together with the vigorous development of the public company, in these years throughout Europe. [Therborn (1999), p. 130]

The Bank of England ceased to be private in 1946, along with other nationalised industrial companies in mining, transport (railway), services etc. in a process that took place between 1945 and 1950. [Senf (2009), p. 8]

Between 1945 and 1949, only the United States could provide consumer goods and equipment to the whole world; it was the economy that had emerged strengthened and enriched by the war, the same as in World War I. During this period of failure, the convertibility of the pound was a fact; for this reason, it was necessary to set up free assistance to devastated countries to rebuild their economies. The

[11] Benjamin Strong & Montagu Norman, were the Governor of the FRB and the Governor of the Bank of England, respectively.

Marshall Plan was created and aimed to respond to the problems which had arisen caused by the scarcity of the dollar. [Niveau (1971), p. 343]

American financial capitals, the great beneficiaries from the war, used the weakness of its European "Allies" during the war, to impose their views on the proposed new liberal world order project, embodied in the 1944 Bretton Woods, and which would become operational by the World Bank (International Bank for Reconstruction and Development) and the International Monetary Fund (IMF) which "… remained subordinate to the United States policy"; in other words, to the financial capitals which operated in this country. Other agreements were not achieved, such as price control on basic necessities and measures towards full employment. On the other hand, other agreements were partly achieved, such as the International Trade Organisation proposal, which became something a little more humble, such as the GATT (General Agreement on Tariffs and Trade) [Hobsbawm (2015), p. 277].

Before the inception of the IMF, Keynes in 1943 made a significant plan in the famous Proposals for an International Clearing Union, also known as the Keynes Plan. This document raises the need for a generally accepted instrument of international currency of general acceptance, which I will call "bancor", as a reference for international transactions which can be made in every country with its own national currency. With this mechanism, fluctuations in gold reserves or reserve currency would be avoided, the product of speculation, discovery of new deposits, arbitrary changes etc. This approach was highlighted by the clear conviction that the gold standard system was not working properly and was the cause of the economic crisis that had occurred. [IMF (1969), p. 19-21]

Within the Keynes Plan, there was an implicit recognition that the new monetary system should not depend on a particular country and, therefore, its national money. Keynes included this important nuance in clauses considered for the development of this plan when it referred that it should not make the least possible interference with internal national policies, since these policies could have a significant impact on international relations and institutions genuinely international which had to take charge of this international responsibility and be limited to recommendations and enforcement only in case of greater privileges for those who enjoyed the institution. Furthermore, the institution could not include a veto of any leading country, along with safeguarding the rights of the smallest countries and where the institution ensured the general and individual interests of each of its participants. Countries could also freely accept or decline the conditions of the institution. The institution had to have contingency loans means that required and needed to persuade the creditor countries to use excess liquidity in positive purposes. "We need a central institution, purely technical and not political, to help and support other international institutions responsible for the planning and regulation of economic life of the world." [IMF (1969), p. 21]

In the end, the proposals of Keynes were not accepted and the criterion of Harry White, a US spokesman, were put forward and became the origins of the IMF, which was a replica of Keynes' proposal, with some minor concessions to European countries. "The objection is political not economic. From a purely economic point of view, Keynes is absolutely right." [Triffin (1962), p. 112]

The objections to Keynes's proposals were mainly aspects of national sovereignty and flexible exchange rates. Since the Keynes Plan called for the creation of a super bank which could manage the "bancor", this required all countries to surrender their reserves and accept the fiduciary issue of a super-authority institution without a super-state. As a result, this meant that borrowers would not be forced to accept the institution's suggestions and investments; they could surrender both if they deemed it convenient. The institution could not be a central world bank since its obligations in reserves only circulated between national central banks and these maintained complete control over their emissions within their country. With respect to stable types, subject only to adjustments in case of failure to preserve competition in costs for the long-term equilibrium in the balance of payments at optimum levels of employment, growth and trade liberalisation, which forced all countries to give up their management to an equal international account. Instead, a flexible exchange rate would hardly introduce a bias towards permanent devaluation and speculation. [Triffin (1968), p. 85-88]

This is how the IMF would have the following tasks, "… establish monetary cooperation, expand world trade on the basis of multilateralism and free trade, help establish the international monetary circulation, avoid using competitive devaluations, sustain price currency against the dollar, create a multilateral system of payments in relation to current transactions and regulate the balance of payments of its members in case of the existence of a "fundamental imbalance"". The latter concept was never clearly defined by the technical body." [Witker and Valenzuela (1982), p. 176]

The IMF was created as the governing body of the IMS and financial agent of North American corporations. In theory, it was a specialised institution of the United Nations (UN, organisation founded in 1945, replacing the League of Nations), but excluded any interference in the activities of this organisation in the IMF. The control achieved by the North American financial capital of the institution (IMF), was exercised through its veto power on the governing body responsible for taking decisions, as well as through voting, which is a function of the participation fees.

Participation fees were determined in each country according to a composite index; the national income of 1940, the volume of foreign trade from 1934 to 1938, gold reserves and foreign exchange 1943, and political factors. The share contribution was made with 25% gold and 75% in local currency itself, except for some particular cases. Of the 80 member countries in 1945, the US financial capital controlled more than 30%, the United Kingdom and its colonies totalled about 25%, but the latter failed to exercise that power because of the breakup of the English colonial system. Control was exercised by the obligation to deliver all kinds of information to the institution, claiming the proper use of creditors Although the IMF did not give credits until 1951 and in insignificant amounts, the importance was that these were a guarantee to provide IBRD loans, EXINBANK[12] and large private banks, exerting financial policy work. Finally, among the measures implemented by the IMF, which, very importantly, included the anti-inflation programmes, they relied on currency devaluation measures as a precondition, liquidation of state enterprises to reduce debt, reduce public spending and social security spending, elimination of price controls, control of wages, facilities for foreign investment and the free movement of capital and the elimination of trade and tariff barriers. [Witker & Valenzuela (1982), p. 177-182]

The most realistic ended up shrugging their shoulders and the proposals discarded by Keynes and ended with the "utopian" adjective. But the fiduciary money had not been drafted in advance, or by conscious planning, and was not organised and was only subject to political decisions which were not coordinated by issue or commercial banks. The consequences could not be left waiting, the displacement of commodity money by fiduciary money nationwide, found its international parallel in the rapid international growth of commodity reserves, for fiduciary reserves. [Triffin (1968), p. 88-91]

This imposition of the dominant country, where no country "can protect itself from inflationary or deflationary pressures that fluctuate in the balance of payments of the United States", there would come a time when, "countries will stop hoarding dollars to begin to spend them, either because of growing doubts about the repayment of their existing dollar gold prices, or because of its desire to contain the external inflationary impact on their own economy." Therefore, "The mechanism of the gold exchange standard carried within itself the seeds of its own destruction." [Triffin (1968), p. 100 & 116]

The evolution of economic liquidity is based on its structure being unbalanced due to insufficient production of gold for monetary purposes and because its volume was too small compared to the financing needs of world trade. In 1938, global gold stocks accounted for 110% of the value of imports, whereas in 1961 it represented 33%, forcing a different international credit system, since gold was the only means of payment which could strongly break world trade. This forced countries to make a general agreement and explore different forms of IMS. [Niveau (1971), p. 369-373] This is what made the gold standard system fail.

Even the newly elected President of the United States, J.F. Kennedy, in his message to Congress on the balance of payments and gold in 1961 stated "This principle is that the continued accumulation of gold and other international reserves by any country constitutes a shock to the international community. Especially now, when trade is growing faster than the production of gold; we need to learn to use our reserves communally, recognising that the gain of a nation is only at the loss of another." [Triffin (1962), p.203] What is known now is that this ended their plans.

4.3. The Instability of the Post-War Monetary System

As we know, it is not easy to determine the needs of international liquidity, especially when countries with large reserves of gold see the amount of existing liquidity as sufficient. For its part, the United States was in favour of a system allowing increased international liquidity in response to the global economic expansion. What is more, it should be presented that, "The strength of a currency is based on its general acceptance; this is true both within a country and in its international relations." [Niveau (1971), p. 374-380]

This situation of instability of the IMS was accompanied by a process of economic growth (demand for greater international liquidity) after the Second World War, whose causes, according to a report by UN experts on the economic situation in Europe in 1949, are 1) Achieve economic reconstruction, the Marshall Plan brought the means to devastated countries; 2) In addition to international cooperation policies, national policies also played an important role growth and development; 3) The growth of global demand which understood consumer spending and investment, due to the replacement of durable consumer goods, forced savings accumulated during the war, which was used to finance these expenses. François Perroux refers to the importance of not simply reconstructing what had been destroyed but "building new structures"; and 4) The growing population growth was another cause of global demand, both consumption and investment. [Niveau (1971), p. 328 & 334] [Perroux (1967), p. 95-120]

For many countries, this situation of instability between the post-war years and 1973 were the "thirty glorious years" or the "golden age", although the United States grew more slowly than other industrialised countries, except for the United Kingdom. The recovery of European countries and Japan was top priority after the war. In the USSR in the 1950s, the growth rate was higher than any other Western country. In the 1960s, Eastern Europe slowed down, although the GDP per capita in the whole of this period grew faster; in the case of the USSR it was just below that of the major industrialised capitalist countries. But all growth generated a menacing side effect with contamination and ecological deterioration. Both growth and environmental and ecological damage can be largely explained by the price of the barrel of Saudi crude oil, which from 1950 to 1973, did not exceed two dollars a barrel (carbon dioxide emissions almost tripled in this period, increasing the contamination in the atmosphere to just under 1% annually). Only after 1973, when the oil producers (OPEC) decided to charge what the market was willing to pay, did the guardians of the environment raise their voices about the effect of fossil fuels. [Hobsbawm (2015), p. 260-266]

This post-war growth and the instability of the IMS were also accompanied by the Cold War, which started the global deal that both superpowers had made at the end of World War II. The USSR dominated and exercised its influence in the areas occupied by the Red Army and other communist forces; while the United States controlled and

[12] The Export-Import Bank of the United States - USA credit export agency.

dominated the rest of the capitalist world. Both powers did not try to extend their influence beyond their areas of influence and did not intervene in the agreed and accepted areas they did not control. In June 1947, the United States launched the Marshall Plan, a major project for the recovery of Europe and its logical complement of the anti-Soviet Alliance – the North Atlantic Treaty Organisation (NATO). Within Europe, France and Germany became closely linked together with the objective that a conflict between the two former adversaries would be impossible. This is why the French proposed the creation of the European Coal and Steel Community in 1951, which became the European Economic Community or the European Community in 1957 and which, from 1993, became known as the European Union, with the Franco-German alliance at its core. [Hobsbawm (2015), p. 230 & 244]

4.4. The Imposition of a New Monetary System

The Group of Ten[13] and the IMF reports of 1964, agreed on the diagnosis of the problem of the monetary system. In both cases, they agreed that gold production was insufficient to ensure satisfactory growth of world reserves and could not expect the US dollar to continue closing the gap and all the requirements in a growing economy. Among the possible solutions was the devaluation of the gold price and the appeal to flexible exchange rates. In these reports a rejection is also included solving the proliferation of reserve currencies, stressing that such proliferation would increase the instability of the system. The French approach went even further, in the sense of creating new reserve assets resulting from joint decisions, to replace the privilege of Anglo-Saxon money which also qualified as irrational and politically unacceptable. However, due to the vote within the Group of Ten not being favourable to them, the United States and the United Kingdom chose to argue that this was a decision that should be taken by a global body such as the IMF. The statements for and against possible solutions were reflected in the group's report on capacity-reserve assets on 31st May 1965 (The Ossola Report, on behalf of the President of the Bank of Italy, Rinaldo Ossola). The French proposal was the creation of composite reserve units (CRU) in strict proportion to the gold reserves, that is to say, another attempt to reach a common denominator similar to gold but which did not depend on new deposits and/or scarcity of metal and although it would be convertible, its convertibility in gold, would represent the exclusion of the group. These opposing views led to the clash with the press between the Presidents of France and the United States and the massive gold conversions of France and other European countries between October 1964 and June 1965. [Triffin (1968), p. 118-127]

The next two years were characterised by a struggle of antagonistic positions, primarily between the United States and the United Kingdom, against France and some other European countries. In this way, the United States abandoned hopes of reaching an agreement with France and sought the support of other countries in Europe; in turn they exerted an enormous economic and political power to deter other countries to convert dollars into gold, dollars that came directly from American investments in Europe, the deployment of troops abroad and the Vietnam War. With these pressures and the threat of unilateral action by the United States, two possible scenarios were posed; the countries that submitted would form part of an inconvertible dollar and finance any deficit produced by the policies unilaterally decided by Washington or the failure of these policies. The second option, which meant refusing the purchase of non-convertible dollars, would increase its own currency and in turn submit their own businesses to increased domestic and foreign competition with countries in the dollar area. The threat of this crisis forced the EEC countries to reach a negotiating position and the French and their allies eventually supported the preference of the financial capitals of the United States to discuss the issue within the IMF, where its position was clearly dominant. [Triffin (1968), p. 128-133]

In July 1969, the creation of Special Drawing Rights (SDR)[14] as a global reserve started operating. Some of the features assigned to the SDRs with the amendment to the IMF Articles of Incorporation are: a) The member countries became participants in the Special Drawing Account (SDRs) are allocated free of charge, except for return or refund the equivalent of their value, b) The SDRs have an immutable value in gold and participants charge or pay interest based on their balances with respect to the allocation and c) can be transferred at no cost, provided that they need to get money. The SDR unit was set the same as the dollar, at 89 grams of pure gold. It goes without saying that this mechanism did not solve the problem and scope to solve the liquidity problems would be very limited, since the amendment was not considered any intervention mechanism in the management of reserves and national monetary policies. Furthermore, more intense difficulties arose in the same year which led to the devaluation of the French Franc, a revaluation of the Deutsche Mark and liquid liabilities to foreigners in the United States of America reached priceless volumes, causing a devaluation of the dollar or a formal suspension of gold payments. [Witker & Valenzuela (1982), p. 189-191]

The alternative to the gold standard, "… is not a dollar standard unilaterally created and managed by the United States, but a truly international standard, which requires decisions and join management of all the participating countries." [Triffin (1968), p. 201]

In 1968, the gold bloc with depleted resources disbanded, ending the convertibility of the dollar which was completed on 15th August 1971. In political terms this breakdown of the gold standard and the dollar transformed into being the most important largest reserve currency and meant that the other capitalist countries accepted the growing

[13] Group of countries established in 1962, who accessed the General Arrangements to Borrow (GAB) and the increase in money available for IMF loans. It was made up of Belgium, Canada, France, Italy, Japan, The Netherlands, the United Kingdom and the United States plus the central banks of Germany and Sweden. Today it is called the G7 plus Belgium, the Netherlands, Sweden and Switzerland.

[14] Special Drawing Rights (SDR) in the period 2011–2016, the composition is made up of the USA dollar (41.9%), the euro (37.4%), the pound sterling (11.3%) and the yen (9.4%).

dependence on United States financial capitals. [Estrada et al (2013), p. 45]

The immediate effect of the decoupling of the dollar to gold in the Nixon administration meant that gold prices reached up to $600 an ounce in 1980. Now the entire United States money became bills of the Federal Reserve which were issued as bills and the US Money Factory printed four cents of the dollar a unit, then the Federal Reserve lent money to the US Treasury buying bonds and monetised the United States of America debt lending money generated by the government to other banks. Different to what the Bank of England did by lending money to the King, the Federal Reserve granted the existence of money by saying it was there. The banks which received money from the Federal Reserve were not allowed to print money, but created virtual money through loans to a fractional reserve ration set by the FED. [Graeber (2012), p. 478-482]

"The expansion of the economy in the early 1970s, accelerated by a rapidly increasing inflation, by an enormous increase in the global money supply and by the huge North American deficit, became frantic." This in 1974 meant a substantial drop of GNP of developed countries. [Hobsbawm (2015), p. 289]

This new form assumed by inflation, where expert recommendations were aimed at cutting taxes and increasing public spending, is reverted to the recommendation of the increased tax burden and reducing public spending. But there was a more serious problem, such as rising prices and wages which was due to the influence of large organisations and as a result of the concentration of wealth, was the creation of monopolies and oligopolies and, therefore, increase its benefits to a maximum, making it harder to control inflation. The sharp increase in oil prices by almost six times between 1972 and 1981 must also be considered. [Galbraith (2003), p. 292-295]

In the oil crisis, it considered that the exporting countries should react to a price paid in dollars but which was no longer convertible into gold; for this reason, more dollars were in demand for the risk involved implicit in the inconvertibility and, what is more, the gold price had risen against the dollar.

The 1970s also had humiliating episodes for the United States. For example, the lack of prestige for the presidency due to the resignation of Nixon because of a sordid scandal and later followed by two insignificant presidents and the loss of lives and resources in the Vietnam War. Added to this was the taking of North American diplomats in the Iranian Revolution. The policy of Ronald Reagan elected President in 1980, can be understood to be an attempt to wash the shame of those who lived in humiliation, showing supremacy and invulnerability by military gestures to easy targets, as was the invasion of Granada in 1983, the attack against Libya in 1986 and the absurd invasion of Panama in 1989. The Gulf War against Iraq in 1991 can also be understood as "… a belated compensation for the terrible moments of 1973 and 1979, when the world's most powerful country did not know how to respond to a consortium of weak Third World countries that threatened to suffocate its oil supplies." [Hobsbawm (2015), p. 251]

In the monetary field, Triffin's warnings were not considered and the world was embroiled in an inflationary scale. The growing indebtedness of the United States (mainly Treasury), the introduction of a floating exchange rate since 1967, the uncontrolled creation of reserves that turned out to be even more inflationary, because they only financed countries with needed less assistance. Between 1958 and 1978, 94% of the increase in world stocks only benefitted developed countries, 3% of the least developed countries and remaining 3% increase in the official price of gold. The increase in oil prices was the result of the doubling of global monetary reserves from the previous three years. In turn, the increase in oil prices was supported by the explosion of international financial but mostly by commercial banks. [Triffin (1978), p. 8-11]

The introduction of the floating exchange rate slowed the inflationary financing of the surplus countries, but only with partial success. The advantage of floating rates for countries with currency depreciation was to preserve or restore their competitiveness in global trade facilitating adjustments in exchange rates, compensating the rapid increases in domestic prices and wages. In the fixed exchange rate of the previous system, the devaluation was an official admission of the failure of government policies, often accompanied or followed by the fall of the officials in charge. This trauma was now eliminated, thereby accelerating depreciation of the currencies of countries with persistent deficits. Moreover, floating rates had tended to amplify the movement of capital in advance well beyond what would be needed. The floating rates became inevitable as a result of the inability or lack of political will of the United States and other countries to negotiate necessary reforms and avoid a flood of global foreign exchange reserves. [Triffin (1978), p. 12-14]

From the late 1960s onwards, a strong influence was generated in economic decisions in both the United States and the United Kingdom by Milton Friedman, who acted as an advisor to the governments of Nixon, Reagan and Thatcher (he was also advisor to Pinochet in Chile), and also Hayek. Both were a source of economic and philosophical inspiration. [Toussaint (1978), p.2] The contribution of Friedman in economic history had been influenced by monetary measures on prices (full employment and constant inflation); its model of unemployment and rampant inflation continued, although finally inflation was crushed by other types of interest, changing two-digit inflation rates with two-digit types at the beginning of the 1980s. [Hobsbawm (2015), p. 288] [Galbraith (2003), p. 296-301]

In 1976, the IMF (Interim Committee in Jamaica) opted for a system of flexible exchange rate which made it unnecessary to make an agreement on the responsibility of setting the convertibility of the mechanisms and about the reserve indicators. The new mechanism agreed not to suffer from the rigidity of fixed rates or the disorder of free universal flotation. Countries were also given the freedom of choice of the exchange rate regime, between maintaining a value for the currency or other special rights, with the exception of gold and the possibility of cooperative arrangements by which members maintained the value of their currency relative to other currencies of the member countries, of which a clear example is the "European snake".

[Witker &Valenzuela (1982), p. 195 & 196] In February 2011, the IMF President Strauss-Kahn urged member countries to opt for the SDR as an international reserve currency to stabilise the system and prevent future crises.

In the late 1980s, the separation between commercial banks and investments broke in the USA, together with the arrival of Alan Greenspan at the FED and meant the beginning for financial speculation. The money initially created in North American banks quickly spread to the entire global financial system in the form of derivatives. [Estrada et al (2013), p. 50 & 51]

It was the end of the Soviet era, the disintegration and dissolution of the USSR between 1989-1991, a fall that was not the result of hostile confrontation with capitalism but rather the product of the combination of economic defects themselves and the economic invasion of the world capitalist. It was more the interaction of the Soviet economy, with capitalism from the sixties, which made it vulnerable to socialism. [Hobsbawm (2015), p. 254 & 255] The dissolution of the USSR, which together with the new monetary system that had been organised largely according to the interests of financial capital , left the way open to this financial capital in its expansive career.

5. THE MONETARY CONFORMATION OF THE PRIVATISATION PROCESS AND ITS EFFECTS

5.1. Changes in the Model of Governmentality and Components of the Privatisation Process

In the 1980s, Ronald Reagan and Margaret Thatcher symbolised the introduction of new policies in the West supposedly capable of stopping inflation, the decline in earning and the slowing down of the economy. The main characteristic of this new policy was to modify the way governmental power was exercised and how the doctrinal references in context of a change in the functioning capitalism itself. "They show subordination to some kind of coordinated political and social rationality to globalisation and the model of financial capitalism."

This new policy is endowed with a strong disciplinary character which assigns a role to the state of alert and driver rules that allow the concentration of wealth, with the formation of docile individuals and adapted to a new economic logic. The rotation which started in the 1970s aimed to dismantle the welfare state, facilitating the functions of the private financial system etc. To be able to do this, discourses, practices and new political establishment power devices were aimed at modifying social relations to impose these objectives. [Laval and Dardot (2013), p. 189-191]

It was true that the privatisation process was consolidated from the 1970s, with a boom in the 1980s and from the 1990s onwards covered other regions, especially in Eastern Europe and remains global even today. But this conformation of the privatisation process had different components that came together over time to make way for this process and did not correspond to unique conditions prepared with short notice. Nor did they correspond to planning that far ahead, although we must consider that the capitalist model itself had built economic growth to be sustainable with the rent appropriation[15], whether these rents were individual or State, to maintain this sustainable growth, which "justified" the privatisation process but not "justify" the period in which this process is consolidated.

A review of the components that came together in the privatisation process will help determine the reason for the rise of privatisation in this particular period.

The first component is the State in the conception of the market economy of the 19th and 20th centuries, free and full competition, therefore the State should refrain from any intervention that changes the competitive situation and take care of phenomena such as monopoly and control, which may distort the competitive situation. However, neoliberalism is beyond laissez-faire; it is the opposite, it is under permanent surveillance and intervention, regulatory actions and ordering character. In this way, society is subjected to the competitive dynamics in the company society. [Foucault (2007), p. 152-182]

This social transformation eventually ended up in the dismantling of the State, where the States became the key element of increased competition and tried to attract as much foreign investments as possible, creating social and fiscal conditions to capital appreciation. [Laval and Dardot (2013), p. 199] This social transformation was also the captive of the democratic model of the West, where the funding of parties by the economic power determined the decisions and actions of elected politicians and where the higher costs of election campaigns were correlated with higher levels of dependence of the economic power and a greater number of interests.

This social transformation, this transformation of the State, was only possible through individual transformation where state powers were captives of economic power, that is to say, the transformation of the individual aspiring to the common good toward individualism of personal interests or a certain sector of society; it is the transformation of the absence of the State. This social transformation is a transformation of relations within itself, it is the ethical transformation, the transformation of the ethical subject and it is also the transformation at the level of power relations. What changes is the actual behaviour of individuals in relation to the proposed rules and values, obeying prohibitions or regulations or resistance to them, it is a change in the morality of behaviours. [Foucault (2005), p. 26 & 27] Also this change in moral behaviour is at the level of professional executors of the plans of the companies where these management directors played the role of corrupters of state powers and mercenaries of economic power. In turn, this change in professionals and business executives was the fruit of long change in education by imposing dominant trends, in education in general and in higher education in the area of economy in particular.

A second component was the transformation of knowledge or, rather, the subjection of certain

[15] The concept of appropriation of rents refers to the appropriation of rents and yields, both present and future.

knowledge, transformed or adapted to a reality in favour of a particular sector; it is a submission to a disciplinary system. This submission is clearly visible in the previous section of this document, where you can view the description of certain conformations, both theoretical and institutional, that have developed the product of the exercise of power or power struggle. This does not mean that there is a theoretical economic basis (e.g. the company, homo economicus, the State etc.), but it has chosen those that fit certain interests and even distorted them to fit those interests. An example of these distortions and theoretical adaptations in monetary terms was the implementation of certain policies based in Hayek and which were developed based on the existence of a gold standard and applied in a dollar standard, with results for the benefit of financial, international and local capital.

In order to validate this knowledge, institutions of a certain “prestige” were financed and “important” awards presented to support them; in this way providing the submission of those State powers which could be resisted, creating authoritative knowledge or support, with clear ideological orientation. Furthermore, this knowledge had channels of disclosure perfectly designed to give greater credibility to the discourse which was established, with respect to conformed knowledge, making this discourse and disciplinary doctrine dominant and “respected”.

A third component and, at the same time, responsible for the two components above, is the existence of this economic power which in its composition has positioned its tentacles into all kinds of national and international institutions; such as, of course, national State powers and through funding or special rights in international institutions. These institutions and their involvement in the powers of the State guarantee the foundations of subjugation through the conformation of a universal disciplinary system, discourse and change in ethics conformation for the conformation of a new governmentality.

This economic power was what imposed the neoliberal model and which changed the IMS and the head of financial capitalism, but did not correspond to a particular country nor assigned to a particular nationality. The concentration of its operations in a particular country reflected the relative importance that it had on global dominion or expressed in monetary terms. This is how at certain times in history, the capital was concentrated in the United Kingdom and then later moved to the USA; today it is distributed in terms of the currencies of international trade, as is the case of the West.

However, if these balances came to change things, these capitals migrated to other countries for hard currency or a redistribution of capital occurred. The capital had no nationality or the interest of the development of a particular country unless they owned the conditions for greater ownership of income or that this development was associated with significant benefits for these large financial or non-financial companies. Armed conflicts throughout history clearly show that capital flees from conflict to countries with a dominant position with respect to their currency; although it always benefits, from a distance, from conflicts and what they generate. People from an empire in the last two centuries (British and North American), have been the result of rent appropriation, like the people of dominated countries and the potential benefits are only temporary and even more so with the process of globalisation, concentration of wealth and relocation of companies throughout the 20th century and into the 21st century.

A fourth and final component that needs to be inserted is in the gears of conformation of the corporate governmentality, the IMS. The evolution of this system from the 1970s is one of the pillars that gave support to the process of privatisation, together with the change of the State model, or the lack of it, to function as an observer and facilitator of this process.

As we have read in the previous section, the formation of the IMS is a product of the imposition of criteria of large capitals more than an agreement of wills and interests of all the countries participating in the global economy with their different relative weight in the internationals exchange of goods and services. The IMS did not respond to a rational economy, rather it was the product of an imposition of an imposition of large financial capital and engaged in various sectors of the economy. This certainly affected the functioning of the monetary system in a given direction towards the capital that was housed in dominant economies.

The disappearance of the gold standard in 1971, which in some ways limited the issuance of currency (because there were periods when the standard were suspended) made the creation of monetary flows possible, which would have been impossible to generate if they backed the gold standard. The lack of liquidity that the international market had could have taken different paths; one of them was the revaluation of the gold price but a system change was not essential. Keynes's proposals in the 1940s or Triffin’s in the 1960s which replaced the gold standard, was not what the financial capital required and prevailed criteria finally settled in the USA capital and its weight in international institutions like the IMF, made the latter in the interests of the North American and international banking .

The period of the oil crisis as a response to the inconvertibility of the dollar and the duplication of monetary reserves in the years before 1973, forced countries to finance the high price of this energy resource through loans from mainly commercial banks because the increase in global reserves only favoured developed countries, even though the level of debt also increased. To this must be added the exchange rate flexibility applied since 1967 which mainly affected the deficit countries.

These huge levels of debt generated, together with the recommendations of Friedman and his theories as an advisor to Reagan, Thatcher and Pinochet, the State phobia, the captivity of the State by the captivity of political power and an international private bank backed dominated by the IMF made the conclusion to recover the sale of loans (appropriation) of public companies to cover debts, an embargo of national property and extortion, now that IMF recommendations were established and did not accept these “recommendations”, the possibilities of future credits were nil or almost nil.

This privatisation process was accompanied by great theoretical contradictions of neoliberalism itself, as is the defence of free competition, when the most important privatised companies were public service companies, which in turn were natural monopolies and, in order to justify "free competition", created companies involved in a small percentage of the market that coexisted with these monopolies, simulating a business competition in the sector. In addition, the privatisation process led to greater concentration of wealth and markets which represented less competition. Another great theoretical contradiction was the justification of the privatisation process with the discourse of the efficiency between the public sector and the private sector. It measured this efficiency with profitable indicators, where the highest return is achieved with increases in prices of services, that is to say, with rent appropriation of people who used the services. At the same time it did not have any other alternative of choice and required the payment of new prices, maintaining a permanent rise over time and where the State acted as a mere observer and facilitator.

A final contradictory element in the theory of neoliberal discourse and the free market was the oligopolistic market debt-money (fiduciary money), where a group of companies dominated the international market of currencies and which, in turn, maintained a discourse on the internationalisation of economies and the incentive of free competition which facilitated investments from these companies to appropriate wealth (service companies, energetic, agricultural and mineral resources, health systems, pensions etc.) dominated countries with debt-money.

One of the fundamental reasons why this privatisation process occurred from the late 1970s, was the strong creation of money supply which now did not have the limitation of the gold standard and which is what allowed the financing for the purchase of public enterprises which, in previous years, despite the economic growth would have been impossible to qualify for these high levels of credit. That is to say, the purchase of public companies produced through leverage unprecedented in history with high levels of interest rates which would be covered with high returns of privatised companies that they managed to get due to the increased prices applied to goods and services. It must also be considered that the companies that chose these leveraged buyouts now had significant importance at a national and international level and these purchases made them stronger, especially in the developed West, but they also had links with the finance sector which helped them with this leverage and concentration of wealth, including the financial system which acted directly on these purchases through related companies.

Finally in this privatisation process, it should be highlighted the privatisation process also went through a process of denationalisation of the wealth in underdeveloped countries; that is to say, the purchase of public companies was made by foreign companies from developed countries, however much of the privatisation of the developed countries was done with national capital. This element of appropriation of wealth from developed countries strongly influenced those European countries that joined the privatisation process, especially in Europe where the Welfare State was established and where the privatisation process represented a serious threat to its maintenance. It is for this reason that the privatisation process in Europe added sectors of all political parties, even though it generated strong opposition from workers.

However, the concentration of wealth continued its overwhelming process and denationalisation of the capital of privatised companies in Europe started in the 21st century at different speeds; affecting the weakest countries the most with emblematic companies being bought by foreign capital.

5.2. Associated Growth with the Privatisation Process

The economic growth in the last two decades of the 20th century was largely justified by the privatisation process which, at the same time, was unequal and this growth inequality depended on the strength of the currency at an international level, the access to credit due to these large cash flows and, as a consequence, the product income from rent appropriation.

The first aspect to consider in this unequal growth is the position of international currency but it needs to be remembered that this position of currency is largely defined by its participation in the SDR basket, which during the last two decades of the 20th century was made up by the dollar with an average rate of participation of over 40%, the German mark with 20%, the Japanese yen with 15%, the pound sterling with 11% and the French franc with 11%. In this international monetary oligopoly, the currency issue, which no longer had the gold standard, should be added. For this reason, the issue only had "printing" costs, since much of the issue is against debt and was represented by accounting movements, with the corresponding inflationary effect generating excess money supply in the market of fixed production assets and investments, as there is inflation control in the real economy.

Also in this monetary aspect, the rest of European countries, excluding Eastern Europe, which did not form part of the hard core of Europe (Germany, France and the United Kingdom), had access to credit in their capacity of being strategic allies in the imposition of the neoliberal model, such as the allies of an expanding NATO (which also helped in the arms industry) and as allies of the *European Currency Unit* (ECU). The rest of the world's countries did not have the possibility of issuing money with international effects, which only led to greater emission of internal inflationary effects on the real economy, since their currencies were not internationally accepted.

The second aspect corresponds to the access to credit of these currency-debt emission mechanisms, which is ultimately what creates the possibility of leveraged buyouts of public companies. It is what enabled and facilitated rent appropriation of countries which did not conform to the privileged group of debt issuers and who had access to it. It is what generated future rent appropriation of these companies through consumer rent appropriation of each of these countries and what produced unequal growth.

This money-debt saw its facilitated access to break from the traditional separation between commercial banking and investment banking in the USA at end of the 1980s. Moreover, the disintegration of the USSR between the late 1980s and early 1990s increased the possibilities of appropriation of wealth, now in Eastern European countries, reinforcing the growth of the dominant money-debt countries.

The third aspect considered in this description of the privatisation programme is the appropriation of income, which had a double consequence. On the one hand, the dominated countries that privatised and denationalised public enterprises stopped perceiving the income that these companies generated; companies that in most of the cases were acquired below their real value and, for this reason, the compensation payment of these companies or the value for which they were sold did not compensate the future flows that they had obtained.

In addition, much of the proceeds of the resources obtained from the sale were debt payments, debts acquired for funding high increases in oil prices, the low price of raw materials, the exchange rate flexibility; ultimately, by imposing a deficient IMS and taxes which benefitted a dominate group, or better said, in benefit of localised financial capital in countries with dominating currency. Moreover, a second consequence of the appropriation of income of appropriate companies (privatised) is the increase of price of goods and/or services which privatised companies produce, plus the ownership of compulsory savings (pensions system) together with the adjustment of structures and lower costs at the expense of the quality of the product and /or service.

In relation to price increases which caused a re-appropriation (because they already had been a prior appropriation of public property which were partakers) of income from consumers, with inflationary consequences, without increase in consumer incomes and it also represented a decrease in jobs, by adjustments in costs, together with a decline in quality, with the consequence without increase in consumer incomes and also represented a decrease in jobs, by adjustment in costs, together with a decline of inequality, with the consequence of increased unemployment and reduced quality in the attention to the users of the products and/or services.

Economic growth since the 1980s was based on increased investments in dominated countries, investments aimed at overall appropriation; it is the stage of financial capital accumulation serving sets. Until 1980 the largest capital flows occurred between developed countries, but from the 1980s the flow was reversed and the largest operations which occurred in the global market to underdeveloped countries (ownership of companies). Furthermore, major investment decisions, technical changes and allocation of resources were made by agents operating globally by financial markets and transnational corporations.

This scenario made countries lack the opportunity to adopt their own strategies contrary to those adopted by global players, they could only apply policies related to the liberalisation of markets, in order to receive "benefits" of investment decisions or otherwise which were not submitted, representing economic blockades and represent marginalisation markets of all kinds. This is the net effect of corporate governmentality where, for example, a single global bank like JP Morgan, the sixth largest global financial institution, owned 1.53% of the value of world multinationals and the world's top 45 financial institutions (of which 50% were American) which have 36.5% of the total value of multinationals. This was due to the opening to commercial banks so they could participate in the capital of other subsidiaries up to 25%, from 1996 authorised by the FED and consolidated with the repeal of the Glass-Steagall Act[16] in 1999, the Clinton administration. [Estrada et al (2013), p. 51]

Such national decisions on legislation, along with the decisions of global agents and which generated strong global effects, made the privatisation process possible. In turn, they generated a high overall debt which at the end of the 1990s began to see the first effects. The uncontrolled emission of debt-money that was initially applied in the leveraged buyout of public enterprises or ownership of public companies began to be used in speculation, overproduction of fixed assets in the generation of fictitious assets (overvalued stocks and derivatives) or oversized assets (projects without previous justified studies) for the economy.

This stage of small and unequal growth of the late 20th century is not absent from periods of crisis in developing countries. The impact of the high debt which reached Latin America countries in the 1970s began to show its effects in the early 1980s. In 1982, Mexico could not pay its debt and the effects were immediate in Latin America, with a sharp reduction in loans to Latin American countries with short-term financing, prompting an immediate effect on the economies of the area. This meant the imposition of strict measures in the area for new loans through direct intervention from the IMF. Similar situations were experienced in Argentina, Brazil, Peru and Venezuela in the 1980s and their situation was not controlled until 1989 through the Brady Plan, which called for the adoption of the measures of the Washington Consensus; that is to say, the adoption of a package of 10 neoliberal measures where one of them is the privatisation process in addition to deregulation, reduction of the fiscal deficit, trade liberalisation, liberalisations of barriers to foreign investment, among others.

Then in the 1990s, a crisis broke in Asian countries, which had been particularly dynamic in the 1980s. However, the Asian crisis was the result of various causes which included a mistaken exchange management which facilitated massive capital inflows and then had to endure their departure (swallow capitals in Thailand), privatisations with national capitals with high indebtedness and with interests above the interests of foreign capital - where the returns of privatised companies could not manage to cover these high costs - which forced Korea, through the intervention of the IMF, to allow the entry of foreign companies, diversion of funds received from abroad for personal gain or families in the case of Indonesia and Russia, due to the absence of controls or productive overinvestment and real estate

[16] The law, which took effect in the United States in 1933, intended to control speculation and highlight the separation of commercial banking with investment banking.

speculation that caused the crisis in the credit system. But the Asian crisis is a product of the policies of market fundamentalism imposed by the Washington Consensus with a more ideological origin of economic rationality, which facilitated the development of these elements that caused the crisis in the various countries of Asia. [Herrera (2005), p. 72]

In this way, the subdued growth of the last two decades of the 20th century, more than growth itself, was a time of change of hands of productive assets and services and which collaterally produced a growth due to less indebted countries transferring their assets (sale of public companies) or had the possibility of new credits after paying their high indebtedness generating real investment in their countries with these resources. Many of these inversions were aimed at the infrastructure which in turn facilitated the relocation of multinationals in the process of appropriation and concentration of wealth. But growth was marginal compared to levels of worldwide debt growth, easy to visualise, through the comparison between growth of public and private debt, with GDP growth in this period and the following years. For example, the North American public debt, without including the private debt, increased 6.2 times in 1981 to 2001 and increased 17.55 times from 1981 to 2012.

5.3. Fertile Ground for the Crisis, Rent Appropriation and Income

The harmful effect of debt-money began to be seen during the 1990s and is still being seen in the early years of this 21st century; similar to other times in history but now with greater effects. Economical bubbles of various kinds began to emerge due to the increase of the debt-money in different economic activities and which had produced unnecessary and/or oversized economic activities or which had been clearly orientated to speculation, product of the excessive liberalisation of markets, facilitated by the absence of control but, nevertheless, which continued to contribute to the concentration of wealth and resources of the real economy towards the economy of large corporations.

The bubble of the dot-com companies is a clear example of capital directed towards speculation, with an additional component which still exists today. It is increasingly becoming more common on the world stage, such as accounting manipulation and the role of legitimacy that provides the rating agencies and audit firms. This phenomenon is generated to the extent that the income of the company directors are linked to the creation of greater value for the company in the market, in other words, the value of the actions.

The US deficit from the mid-1970s, and which continues today, requires funding by increasing indebtedness. This financing is obtained by issuing treasury bonds and therefore generates more debt. These excess resources between 1990 and 2000 made the prices of US stocks increase almost five times and the growth rate of the share price increased from 10.4 percent a year between 1990 and 1995 to 21.2 percent per year between 1995 and 2000. This growth is also attributable in part to these companies which had grown through the appropriation of public companies or participations were now the privatised companies. The stock boom in the world was less spectacular.

The years 1980-1995 in the USA also need to be considered which were of high budget deficits accompanied by high interest rates, further increasing the debt burden. This episode ended with a sharp downward adjustment in 2000. In 2003, stock prices in the United States and abroad had fallen by 30 percent and the stock market capitalization had fallen by 25 percent. But it is also important to consider that changes in investor expectations are what ultimately break the bubble, because by keeping a bubble it is necessary that the investor has the existence of future investors who can acquire its investments and finance for this future acquisition; changing expectations appear inefficient and/or less informed investors and which ultimately are the ones who bear the losses.

If we consider as the first element that pushes up actions companies for executives, the increase of the value of this action is mainly due to accounting manipulation, such as activation fees, plus a good communication campaign manipulated with respect to future expectations. In this way, the Sarbanes-Oxley Law in the USA Congress was passed in July 2002, which aimed to prevent manipulation by accounting managers after the dot-com crisis. [Estrada et al (2013), p. 53]

A second element was the reduction of the interest rate that occurred from 1995 onwards which caused three effects: 1) Increase the possibilities of financing; 2) Lower interest rates to make some projects profitable with lower profits than previously required to qualify for funding and, very important, 3) Future expectations and the valuation of the company is greatly increased and inversely proportional to the reduction in the interest rate. This was because the possible discount projected future cash flows that the company would generate to update the companies generating more value and therefore a higher share value.

This third element is the participation of the financial sector and/or its affiliated companies in buying shares. Firstly, these institutions had privileged information, either by access to direct information from the investing company or by the executives; between finance company and the company in which it would invest in. Once shares had been purchased, the financial system continued financing in new investors, experts or not, (for example, pension funds) and when the value of the share had grown enough the financial institution sold its shares and stopped the financing of share buybacks that were really overvalued. In this way, an appropriation of revenues and capture of resources from the real economy to the economy of big business or a transfer of wealth among large companies (capital or production of goods and/or services) or concentration of wealth.

The level of debt-money growth continued its rapid growth accompanied by the rising of very high levels of public and private debt and further increased the liberalisation of financial markets. In April 2004, the USA Securities and Exchange Commission (SEC) allowed large investment banks to increase their ratio of capital-debt to purchase mortgage titles (from 12:1 to 30:1 or higher) in order to "defend the virtues of self-regulation". To this must be added the monopolisation of the rating ventures, such as Moody's, Standard & Poor's and Fisch with their headquarters in New York, who had 92% of the market share of the ratings despite reports published by the Central European Banks in September 2012 and from a sample of 38,753 of rating companies between 1990 and 2011 which concluded that "there exist conflicts of interests between the banks and the rating companies which appear to alter the rating process" since they assigned more positive ratings to large financial institutions and large companies which could provide greater business, distorting the market and perpetuating the existence of banks too big to fail. The European Commission in recent years has approved aid to banks of 4.5 billion euro, equivalent to 36.7% of the GDP in the Unión[17]. [Estrada et al (2013), p. 52, 55, 56 & 64]

Another component that has made regulatory possibilities and facilitated speculation become increasingly complex is the growing number of derivatives that were generated from the end of gold convertibility in 1971. Thereafter, these increasingly took greater complexity (forwards, futures, swaps and options) which facilitated the concealment of information and also multiplied the debt-money.

With this background, the following crisis did not take long and arrived in 2007-2008. It brought to light derivatives speculation, the manipulation of interest and currencies, over-sizing assets, overproduction of assets and the indebtedness of countries, companies and families. The additional feature of this crisis was the transfer of private debt to public debt and the concentration of wealth in the countries concerned. For example, the case of Spain largely reflects the characteristics of this crisis with all its peculiarities, buying currencies by financial institutions, as well as the creation of currencies sold to small savers, what we can call ownership of savings of individuals from the financial system to cover their bad decisions and, what they could not cover with these appropriations, they transferred to government debt. The excessive size of assets occurred through monumental works in almost all the Autonomous Communities in Spain, together with the link between political power and the successful bidders for the works. There was an overproduction of real estate assets, in housing and offices, losses from bad decisions and a financial system transferred to the State, but in which the financial system actively participated linked to construction companies. Finally, the bank concentration which had been produced after the adjustments for the period of crisis also needs to be considered and which still persists today.

Another effect of this financial profligacy was the manipulation of currency and interest (Libor), which was a "work" of large international banks, such as JP Morgan Chase, Citigroup, Barclays, RBS, UBS and the Bank of America between December 2007 and October 2013, which received strong monetary penalties, close to 52 % of the profits earned by the manipulation (that is to say, manipulation now compensates almost double the fine). Another similar case is the manipulation of Euribor (Euribor manipulation between September 2005 and May 2008) with a fine of 1,04 billion euro imposed by the EU Executive, which was attended by Barclays, Deutsche Bank, Société Générale and RBS; the HSBC and JP Morgan Chase banks did not accept the agreed solution and research continued its normal course.[18]

The 2007-2008 crises led to a new monetary policy tool known as quantitative easing or quantitative expansion, which is used to increase the money supply in order to stabilise or decrease prices and reduce the rate of long-term interest by buying government bonds themselves. This policy had been adopted by the four major international currencies such as the dollar, euro, pound sterling and yen. This monetary mechanism had been used since 1999 by Japan and now, after the last crisis, adopted the rest of the international exchange currency. The aim of the fund was to encourage investors, given the low interest rates, to take more risk and invest in stocks, capital assets and ultimately boost the economy even though evidence shows that this mechanism failed to accelerate growth. [Perrotini (2015), p. 250-271]

Now, if there was already an excess of reserves and money in the market, this effort to raise money supply, could only affect greater speculation and generate media rent appropriation and yields of "inefficient investors" or deceived market and real savers such as pension funds.

In view of how they have shaped the various crises throughout history, the current IMS did nothing to prepare the ground for the next crisis. But given the magnitude of debt that had been generated by the States and private companies, which in turn created greater dependence on international financial system in many countries and, therefore, higher levels of taxation and loss of sovereignty, along with the absence of control, it generated a new phase of rent appropriation and yields (new privatisation process) and even greater concentration of wealth which formed a new stage in the escalation of corporate governmentality. So it is the turn of the appropriations of the services still available to the State, the transfer of private companies that were privatised with national capital and would now go into the hands of foreign or multinational financial capital, the entry of large foreign capital in the property sector big cities, causing huge price increases in the sector etc. The entry of big capital in real estate produced a transfer of capital from the stock market, clearly overrated, where the best-informed agents had materialised escaping benefits of this market and entered this capital in sectors of refuge (gold, precious stones, real estate etc.) to escape the fall that was coming and that these agents knew perfectly well. Bearing in mind that market refuge, as is the case of gold, was also controlled by the same global financial capital to not show the current situation of overvaluation of stocks and derivatives.

"The concentration of financial institutions, now situated in the centre of the new economic devices caused a massive drain of savings of families and businesses and, at the same time, achieved

[17] The authors refer to the last three years and this book was published in 2013; for this reason, we presume that the period referred to is from 2010 to 2013, inclusive.

[18] Article published in the newspaper "El País" 20th May 2015. http://economia.elpais.com/economia/2015/05/20/actualidad/1432083164_881791.html

increasing control over all economic and social spheres. What is called "liberalisation" of finances, which is more than the construction of international financial markets, had spawned a "creature" endowed with a power and, at the same time, widespread, global and uncontrollable." [Laval & Dardot (2013), p. 205]

6. CONCLUSIONS

The gold standard ensured that changes in money substitutes were automatically compensated within the permissible limits of variation of price levels, with which a discretionary and unregulated currency would be impossible to apply any criteria to perform a correction system. However, it ended up imposing this criterion, not for the economic efficiency but for the domination of financial capital in the monetary structures of the dominant countries and international monetary structures that were beginning to form.

The discourse that the gold standard was not working and that it became increasingly dominant in the economic environment ignored the violations that were provoking disturbances in the system and which eventually ended this system. Curiously, the same economists who renounced the gold standard now made proposals for alternative systems to the gold standard, but ultimately it was no more than a replacement for this. Fisher, Keynes, Triffin and others, to name just a few, included in their proposals a substitute for gold, due to fluctuations in the amount of gold available, which with the change in its price would have solved the problem. But although its objective had really been to improve the existing monetary system, it generated arguments for the imposition of an efficient monetary system for the "financial capital" (today called "financial market", as something ethereal and hazy), but a very inefficient system for the entire global economy.

The formation of the IMF corresponded to an imposition of strength and the necessary gestation of international institutions to give a hint of democracy, a hint of economic efficiency, a face of a policy of agreements etc. which endorsed the position of international financial capital and monetary duopoly of the dollar and the pound. But in no case did it correspond to the financial needs for global economic development, despite the prevailing discourse they had wanted to show. However, the results were evident and proof of the failure of the system.

Due to these monetary conformations, the instability of the monetary system became a constant, but this instability was managed and controlled by financial capital and which allowed the rent appropriation and wealth concentration; they were becoming the essential tool for these purposes. The privatisation process would have been impossible with an efficient monetary system for the economy as a whole or a self-regulating gold standard system. Instabilities or inefficiencies in the system as a whole were themselves efficiencies for the financial market and for achieving its objectives, maximising the benefits that were achieved by the greatest concentration of wealth.

Finally, the conformed monetary system is the fertile ground for new privatisation processes and for an even greater concentration of wealth which is in an endless and limitless spiral and, what is more, it is the loss of sovereignty at the hands of financial capital and large enterprises, it is the conformation of corporate governmentality.

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