

## **FINANCIERS ‘FURY’**

*Luiz Carlos Bresser-Pereira*

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### **What the British government does taxing all the bonuses earned by financiers is nothing more than its obligation**

The December 10 edition of the judicious *Financial Times* was a bit funny. Its front page headline was "Bankers fury at UK bonus supertax". The fury refers to the 50% tax on all the bonuses earned by financiers above the annual gain of pound 25,000 pounds, which was announced by Alistair Darling, United Kingdoms finance minister. I wondered how these gentlemen would show in practice such a fury or hate, since they are not only bank managers, but mainly financial traders who earn bonuses. They dominated the world for 30 years, defined the rules of the "new" economic rationality based on the old *laissez faire*, they became rich and made even richer the rent-seekers to whom they were associated, caused a huge increase in inequality everywhere, increased world financial instability, and finally caused the 2008 global crisis, which forced the governments to spend nearly 5% of the worlds GDP to save them.

The British governments decision was a surprising one, since this government and that of the United States were the ones that most resisted the pressure of the other rich countries, particularly of the European Union, to strongly regulate the financial system and to tax financiers bonuses. They resisted because London and New York are the worlds major financial centers - and measures restricting their activities could compel the financial system to migrate towards other places.

This is a legitimate concern, and it stresses the need to coordinate the regulatory actions between the worlds major economies. It is clear, however, that this cooperation will exist.

There will always be those tempted to act like free riders, but the other countries have enough power to neutralize them. What is definitely not reasonable is to refrain from regulating the system on the grounds that there will be no international cooperation is to maintain incentives for a relatively large group of young and bright professionals or technobureaucrats, formed in the best universities, to devise financial innovations that earn profits to rent-seekers and bonuses for themselves, but hinder other people is to allow them to adopt risky practices that precipitate crises in the countries, forcing their governments to spend billions of the taxpayers money to rescue their economies from a systemic crisis.

We live in the knowledge capitalism or technobureaucratic capitalism - a type of capitalism characterized by cooperation and conflict between the old capitalist class and the relatively new professional or technobureaucratic class. I know that the members of the new class shall have an increasing part in the countrys income because they hold the monopoly of the technical, organizational, and financial knowledge. But this doesnt mean that we should let them free to act as they wish.

Modern societies are characterized by a flexible and dynamic economic system - the technobureaucratic capitalism - that reminds us of a tiger, and that, therefore, is blind to justice and order or to stability, and by a political system - the democratic State - whose role is to regulate or tame this dangerous but irreplaceable animal. This is simply what the British government is doing. Nothing more than its obligation. The financiers may be furious, but more indignant are the citizens who were hindered by their irresponsibility and now demand from their governments the proper regulatory measures.