



## Living on borrowed time

**WHEN I WAS A CHILD** in the mid-fifties we would leave London to stay at a boarding house at the seaside for a week every summer. On the way home, having spent everything on the pier, at the pictures, and in the pub, we would stop off at a pawnshop on the Kilburn High Road where my Mum and Dad would *pop* their rings and watches, raising enough money to get us all through the week until payday. This was how you *got by* when *getting by* was the main thing. The wireless, the settee and armchairs were bought *on the never never* and the more improvident of our neighbours had accounts with the tallyman who sold goods *on tick*.

While not being an out and out disgrace, being in debt was looked at askance even by people who owed money all over. I didn't realise until much later that the people in our street gave a line of credit to their bosses every week – they worked for an entire week making money for the firm, and not until *the end of the week* did the employer pay them what he owed. Nowadays, of course, most of us generously extend *four weeks' credit* to our boss, hoping he will pay us what he owes us at the end of each month. This is the way it works. Some part-time workers and self-employed people can wait for two or three months before getting what they're owed.

So it should come as no surprise to us that capitalism couldn't work at all without debt. All

businesses need lines of credit: from employees *for* labour, from suppliers *for* materials, and from banks *for* money. No credit, no business. Like the workers the capitalists live beyond their means and it seems that when you can't live beyond your means the whole thing collapses. Living beyond your means is the key to it all.

Now, as things have gone from bad to worse, moral indignation has mounted in many quarters. Yet Gordon Brown's call for "an age of responsibility" has gone entirely unnoticed, as governments throughout the world have been prevailed upon to nationalize the debts of one bank after another until great swathes of finance has been placed in public hands. The "public hands" of course are not all that public. They're not private, but they're not public in the sense that "the public" has much say over what they do. This is not "nationalization under workers' control"; it is not even "nationalization with workers' *oversight*". But it is nationalization and as such it is something that people on the left would in normal times applaud.

However, these are not normal times, and socialists by and large seem to be entirely hostile to the attempts being made by governments to rescue the banks and finance houses from debts, which they cannot pay. In fact socialists have always hated moneylenders and financiers as the worst sort of capitalists imaginable; they are speculators and profiteers who make nothing but money and trouble. Consequently, financiers rank lower than advertising executives and bookmakers; they're about on par with thieves and pickpockets.

The spiralling crisis of debt and bankruptcy has revealed the vast extent of this visceral quasi-socialist hostility to those who live by charging interest and earning investment management fees. An atavistic hatred of money lending and usury is beginning to emerge. People from across the political spectrum are expressing their disbelief and dismay that things could have been allowed to get so out of hand. Why were these spivs and speculators allowed to get us all into

this mess, and worse, why have we been forced to buy up their debts by the bushel?

In tune with this mood George Galloway has been playing Chopin's *funeral march* on his radio show to celebrate the collapse of banks and the demise of capitalism. This is, of course, part of George's edgy socialist comedy. But, like many of his supporters, he is seriously opposed to earning interest on bank deposits. Observant Muslims believe that earning interest on deposits is *haram* or sinful. This is why Islamic compliant banking goes to truly elaborate lengths to ensure that the profit earned by leaving money on deposit is *reclassified* as rent, fees, or a *share in the operating profits of the bank*. This eighth century Arabian *hocus pocus*, which sat so well with the beliefs and practices of the Christian middle ages, is being embraced by modern socialists with open arms.

It is an outlook boiled up with the detritus of medieval thought and mixed with the porridge of clean living parsimony, promoted throughout Victoria's reign by Calvinists, Presbyterians, Methodists, and Bethel Baptists. These sombre advocates of living within ones means were keen on sobriety, cheerless Sundays, and maxims: "Never a borrower nor a lender be" was a favourite with them. Of course, they were never foolish enough to extend this wisdom to the financial operations of their religious organizations or their remarkably successful business enterprises – they thought of responsibility much as Gordon (son of the Manse) Brown does. It was seen as a matter of personal probity, like being straight in your personal dealings with God.

Not surprisingly, this spiritual and ideological *pottage* has created a degree of confusion in what are undoubtedly alarming and confusing times. These confusions are leading people to seek the cause of crisis in the wayward conduct of bankers, and unsurprisingly, the answer seems to be a *bonfire of the vanities*: a new reign of frugality and good housekeeping and good conduct is canvassed as a

way out of sclerosis and bankruptcy. The left has now taken to organizing this thought into the old truth that capitalism is finished because, as the Muslims and the Bishops say, *it is anti-social*. Of course, hidden beneath this simple moral proposition lies the alchemy of Marxist theory, but for the theoretically challenged masses morality and *home truths* will have to do. These are dangerous thoughts in dangerous times. Neither, feudal nostrums, Victorian prudence, or socialist common sharing will save us from this crisis. This is because, like junkies, we are hooked on bourgeois prosperity, economic growth, and the medical and technical advances delivered throughout much of the world by credit driven capitalism.

Without credit no wheels will turn, no keyboards will be stroked, and no mouse will be clicked, nothing will move without credit. Of course, credit needs to be controlled by coherent government, but in such a way as to ensure that we can all get back to living beyond our means.