The Great Financial Crisis: an Ethical Rejoinder

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The Great Financial Crisis that broke in 2008 and the Great Recession that followed has led many to question the very structure of contemporary economies. Some argue that the economic model of the past forty years is now broken. Criticism has also been directed at the orthodoxies of economics. For example, neoclassical equilibrium economics, the mainstream economics of the day, is accused of failing to understand some of the most basic aspects of the modern economy (debt and money), of supporting policies that have led to the economic breakdown (deregulation), and of failing to see the crisis coming (Bezemer 2012, Keen 2011). Consequently, heterodox thinking in economics is getting a hearing as never before.[1] Heterodox economics offers itself as the requisite radical reconstruction of the science of economics and also proposes policies for the radical reconstruction of the major economics.

Yet to talk of the reconstruction of the modern market economy is at the same time to raise the ethical question: what shape ought the market economy to take? Heterodox economics may acutely analyse the inadequacies of real economies and propose plausible reforms, but as an essentially descriptive science there will be limits on its ability to state what ought to be. Rather, what is required seems to be a systematic prescriptive ethics. In other words, recent events in the world of economics have provided an opening for what ethical philosophy should be best at providing. Determining whether a specific ethical philosophy, to be identified shortly, has the capacity to address the questions raised by heterodox economics is the task of this paper.

By starting with the work of economists, the ethical enquiry here takes a distinctive focus. While the unequal distribution of wealth and income associated with both the crisis and recession will receive consideration, this topic will not be pre-eminent. Nor is this enquiry directed at the specific procedural proprieties of the finance sector. Rather, the focus is on the justice of economic policies and institutions in the round. The heterodox economists explain how the Great Financial Crisis and the Great Recession came about, and propose policies both for overcoming these two problems and preventing such crises and recessions from recurring. It is these topics that will be subject to ethical evaluation. Accordingly, consideration of distributive justice issues will arise as just one of a range of ethically pertinent matters.

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The questions for philosophy that flow from the economics take the following form. First, is it possible for ethics to address the normative character of the economy in its totality? Second, can ethics proffer an evaluation of the specific reform proposals of the economics? Finally, heterodox economists often assign ultimate responsibility for both the crisis and recession to political factors. A further question thus arises: has philosophy the capability of ethically evaluating the kind of state failures suggested by the heterodox economics?

While the paper takes inspiration from heterodox economics, it similarly turns to a philosophy out of the mainstream for its enquiry as to whether ethics is capable of addressing the issues raised by the economics. The philosophy chosen is Winfield's reconstruction of Hegelian ethics (1988 and 2005). One merit to Winfield's ethics is that it does actually present a systematic conceptualisation of both the economy and the state. The component institutions of the modern economy and state are explicit topics of his philosophising. However, his philosophy does not fall within the liberal egalitarian to libertarian liberalism spectrum that dominates mainstream philosophy. Yet to point this out is not to suggest that the project of the paper entails a turning away from liberalism altogether. There is a strand in liberalism that, the paper will suggest, is similar in spirit to the ethics as well as to the economics considered here. This is the liberalism that showed itself capable of overcoming challenges roughly equivalent to those posed by the current crisis and is associated with the names of Keynes and Roosevelt. Thus, the suggestion is that the philosophy proposed here, while it constitutes a categorical move forward from both the classic liberalism of Hobbes, Locke, Rousseau and Kant, and the practical liberalism of the authors of the United State's founding documents and institutions, will prove able to grasp philosophically what is at stake in the very robust strand of mid-twentieth century liberalism identified above.

While there is a growing consensus as to what brought about the crisis, some of which is building around what were once heterodox views, choosing particular works of economics over others is always problematic. No argument will be made here as to why a particular heterodox economics is considered especially correct. Rather, the validity of what is offered is simply assumed. The hope is, though, that what is chosen will have at least an initial plausibility.

The economic crisis is at its heart a crisis of finance, and the two main social scientific theses to be considered focus on this dimension. The first, found in the work of Bezemer (2012), seeks to explain why the crisis came about and how an economy could be regulated so as to prevent similar crises in the future. The second, presented in the writings of Nersisyan and Wray (2010) and Wray (1998), starts with examining how the current crisis could be unwound, and then takes up the more general topic of money. The paper will first present a sketch of these social scientific approaches, followed by the ethical response.

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Bezemer argues that clarity on the crisis comes through recognising that finance can support growth and can also create crisis. Credit arising from the financial sector can either grow goods and services (Gross Domestic Product) or lead to inflation in the markets for financial assets and property. Whether credit leads to growth or crisis has a lot to do with credit's double, debt. The place of debt, especially private debt, is central to the problematic character of current events, for increases in credit are always accompanied by equivalent increases of debt. The recipient of credit from a bank becomes, at the same time and to an equal amount, in debt to that bank. When debt arrives as a component in the financing of the real economy, growth will produce a profit that can pay off the debt. However, the growth in the amount of credit and debt that can be taken on by the real economy is limited by its own growth rate. A rise in the flow of credit to the real economy above the rate of growth of the real economy would be wasted and unsustainable. Consequently, while there will be an ever increasing flow of credit to the real sector overtime, there will be no increase in the ratio of this kind of debt to the real economy, for the latter will be growing as well. The historical record reveals that the ratio of the two stays roughly at one-to-one (Bezemer 2012: 18).

However, one of the key features of the current crisis is that private debt has not stayed at this modest proportion. In the case of the United States, the ratio of private debt to GDP reaches its peak in 2009 at a ratio of three to one (Keen 2011: 347). These large increases in private debt are produced by the second type of credit flow, that which goes into the markets for financial assets and property. Because this type of credit does not grow the economy, its impact is felt in price inflation. Of course, the increase in prices initiates a self-validating process that encourages both further credit expansion directed at this sector and further price inflation in this sector. The continuing increase in prices creates opportunities for capital gains with which the debt of any one investor can be retired. However, this dynamic produces essentially a bubble economy, as it only succeeds if there is an ever increasing flow of credit and debt. Only in that way can prices sufficiently rise so that each new set of investors has the chance to secure the capital gains upon which the whole dynamic depends. However, debt cannot rise for ever. When that point is reached, credit expansion ceases, assets prices that are not rising fall, and crisis ensues.

Furthermore, besides the tendency to fragility and crisis of such bubble economies, there are other profound problems when so much credit and debt goes into the financial asset and property markets. On the one hand, the increase in private debt means a larger and larger flow of income will go to servicing the debt, to the benefit of the creditors, which increases income inequalities. On the other, capital gains often generate larger returns than profits won in the real economy, leading to underinvestment in the real economy and to real economy under-capacity utilisation or, in other words, unemployment. Both consequences are a source of injustice.

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While in a crash asset prices collapse, debts do not. Consequently, the financial imperative each individual faces becomes that of paying off the debt. Income is continuously drawn away from the consumption of goods and services, thereby diminishing GDP, for the sake of paying off debt. The economy faces serious recessionary tendencies, referred to as debt deflation, which may overwhelm the economy and cause a depression, as occurred after 1929 in the United States, or may be overcome by increased government deficit spending, as happened as a result of World War II in the United States.

To avoid such calamities from arising in the first place, Bezemer argues that investment in financial assets for the purpose of capital gains should be disallowed. Finance should be restricted to serving the real economy. Regulations of this kind were in force in both the United States and the United Kingdom for the first two to three decades after World War II, a period referred to by some as a golden age. Equally, the successes of the Asian tiger nations, from Japan to Vietnam, are all associated with tightly managed financial regimes subordinated to the requirements of the real economy. In all these cases, the tight regulation of finance leads to the highest growth rates and the most social equality.

The second thesis of heterodox economics, Nersisyan and Wray (2010) and Wray (1998), whose work in this area is sometimes known as Modern Money Theory, begins by considering the policy options for overcoming the recession brought on by debt deflation. The two poles to the policy debate on how to deal with debt deflation are: on the one hand, the argument that recessionary tendencies should be overcome by spending in the private sector, which, when it grows the GDP, puts a country in a position to finance growth in public expenditure, and, on the other, the claim that the increase in spending should come from public sector deficit expenditure, upon which the private sector depends for its own growth. The second position, though once considered at the heart of the economic successes associated with Keynes and Roosevelt, is now a minority position. The critics of Keynesian fiscal policy say that there are indeed limits to any government's monetary resources and so constraints on its ability to spend. Particularly powerful evidence, it is argued, can be found in the current situation of the so-called European peripheral countries, Greece, Italy, Spain, Portugal, Ireland and Iceland, which appear to be running out of money. Their predicament seems to justify prioritising private sector growth, after which public sector expansion can be considered.

However, in considering this question of a government's ability to finance its expenditures, it is important to distinguish between those countries that are currency *users*, such as the nations of the European Union, whose position in this regard is analogous to the individual states of the United States, and those countries that are currency *issuers*, such as the United Kingdom, United States, Australia, and Japan. Furthermore, this second set of countries not only issue their own currencies, they

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also do not fix the value of these currencies to any external factor such as a metal or another currency. Accordingly, they do not face any external constraints when spending. Their currencies are sovereign and in this sense these governments can be spoken of as being sovereign. Consequently, it is simply a matter of fact that countries with sovereign currencies do not need to fund their expenditures from either taxes or bond sales. A sovereign government's expenditure is a currency issue function. The operational aspect of public finance for such a government has a stark simplicity at its core. From the government's perspective, taxes and public expenditure entail either the marking down (reducing the numbers) of the individual private bank accounts of 'tax payers' or the marking up (increasing the numbers) of the bank accounts of those who are the recipients of government 'expenditure'. There is no flow of funds into and out of a central government account.[2] Such countries can never run out of money. Of course, such funds can be spent unwisely, for example, in ways that lead to inflation (Wray 1998: 74-96).

A country, then, that recognises the full ramifications of its sovereign currency has a wide spectrum of policy options as to the shape the economy ought to take, much beyond those who are or think themselves bound by what taxes and bond sales can raise. In the first place, there are no funding impediments to a government spending its way out of a recession. Furthermore, beyond the immediate problem of overcoming a recession, a sovereign currency can be a means for realising radical economic reform. For example, a major policy strongly advocated by many economists working on this topic is that governments with sovereign currencies should become the employer of last resort by offering a public job guarantee at a living wage with adequate benefits (Tcherneva 2012).

To sum up, economics poses three types of issues to which ethical philosophy may be able to make a much needed contribution. First, there is the question whether philosophy has an ethics of the economy that can say what ought to be done in a comprehensive sense. Second, there is the question of the evaluation of specific policy issues. Can an ethical judgement be made regarding the tight regulation of the financial sector? What, if anything, might ethics propose regarding the full exploitation of the potentials of a sovereign currency? The final question, though not the chief concern of economics, is the one about the ethical role of the state. If the ethical evaluation of economics concludes that there is substantial economic injustice, then it follows that there also has been substantial state failure of an equally ethical kind. But what is the specifically political character of this latter ethical failure?

To start with an answer to the first question, and following the work of Winfield (1988), one can begin by saying that, according to this ethical conception, the economy is not an instrument. Its shape and purpose is not for the sake of some non-economic end. Rather, it is a domain of freedom, one of modernity's several domains of freedom. The personal or individual freedom so associated with modernity, when conceptually considered, does take a particular and concrete expression to do with

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economics. Now, the notion that there are particular freedoms specific to the economy may seem a strange case to make when freedom is often considered to be of a very general character, either formal, as with the freedom to chose, or negative in the case of freedom as the freedom from impediments. Yet, for large sections of the populations of the industrial West, the lived experience of economic life is one of personal freedom, not bound by necessity, concerning substantive and positive rights related to consumption, the choice of a vocation, the allocation of work and leisure time, and so on. As Hegel says, instead of such matters being pressed upon the individual by brute need, the individual's economic life is guided by opinion (Hegel 1991: 229; §190A).

The logic that characterises freedom's place at the heart of modern economic life appears first in commodity relations where the mores of this activity hang on the element of reciprocity, where one side of any exchange mirrors the other. Each party to a commodity transaction, while striving for their particular ends, offers in free exchange something that is the other party's object of desire, and they likewise obtain their end by providing the original person with what she or he is willing to receive. This freely entered upon symmetry in commodity relations is a commonplace in narratives of markets. However, there is a further element necessary to complete the ethical account of elementary market relations. Market relations in the ethical view need to be for some reason that is strictly their own, which thereby makes them activities for their own sake and not mere instrumentalities.

Freedom could not be adequately constituted in merely setting out a set of procedural rules. The insufficiency of this point of view is grasped if freedom is seen as self-determination. In self-determination, the free-self chooses the free-self as its end, and thereby makes what is at first a merely subjective end into something objective. To speak of the freedom of the economy as a kind of free market proceduralism leaves out the end of such activity. Why bother with it at all? The answer is that in free market relations the individual is developing that side of himself or herself that has to do with particular interest. He or she, in commodity relations, is creating an individually particular self.

Finally, and as Hegel himself makes clear (Hegel 1991: 221, §184), interest when consistent with the idea of freedom has no a priori natural determination. It is interest or welfare per se that is, so to speak, glorified in economic life, open-ended, a matter of convention and without teleological direction. Of course, it is an interest that is secured only through the agreement of others and rightfully partaken in equally by all. Accordingly, there is no unilateralism to this distinct way of individuals living together, no ethical space for overweening coercive interest. From this first formulation of commodity relations, ethics develops further market relations of the ethical economy, taking up topics such as work, commodified now as labour power so

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as to provide the means of exchange, the character of the commodity and market need, capital, and even kinds of production (Winfield 1988: 102-156).

However, this view of the justice of commodity relations is idealistic as it depends upon what would have to be largely a spontaneous accord. This, nevertheless, will never happen to the extent required by universal norms of justice. There is, in fact, always a need for a visible hand to ensure that all the commodity transactions that constitute economic justice do occur. The first step forward is taken when individuals, in a manner respecting market freedoms, join to form social interest groups for the sake of enhancing the efficacy of the pursuit of their welfare ambitions (Winfield 1988: 157-82). Therefore, they re-enter the market engaging as a group in commodity transactions with other such groups and individuals. As such practice is bound both by the exigencies of the market and the givenness of interest, it too is likely to fail to meet the universal requirements of justice. Consequently, there is no alternative but to establish a body that is autonomous, separate from the market and the given interests that prevail there, and that will take up not particular interest but economic justice as its end.

It is here with the conception of the tasks of this body standing independently of the market economy, an entity that can be referred to as the public administration of welfare, that a sense of the public policy ramifications of the ethics of the economy comes to the surface (Winfield 1988: 183-229). The public authority's procedural rule in implementing economic justice will be first to find market solutions to economic injustice, as the market, in its idealised ethical shape, that is, in the two stages of the ethics of the economy set out above, is the ideal of economic justice. However, when modest measures prove inadequate to restore economic justice, then more substantial intervention will be justified. Market procedures are not inviolate even if granted an initial pre-eminence. Consequently, if either market freedoms or welfare outcomes are not being satisfied in a universal manner, then the public authority has the duty and the right to engage with specific existing market practices and welfare outcomes through market regulation, market interventions and straightforward compensation for market failures. While public action will limit both market freedoms and the realisation of interests, in doing so such public action will wish to maintain a balance in the ways these different aspects of economic justice are guaranteed, and also to enhance the equality all have in the exercise of their economic rights.

Such goals may require that a whole sector of the economy be wound up, taken over or abolished, if necessary, for establishing economic justice. It is not necessary for economic actors to have violated the norms of market exchange to find their position upended by pubic action. While such parties might be made whole, that is, suffer no commercial losses in the process, economic justice may stop them from returning to their past practices. The overall aim of a regime of economic justice can be summed up as the equal opportunity of all to gain a freely determined conventional livelihood through commodity relations (Winfield 1988: 188, 201). This goal can be

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imagined in more concrete terms as entailing the universalisation of the bourgeois condition.

The sketch of this Hegelian ethics provides a *prima facie* case that this philosophy is able to present a comprehensive ethical account of the economy, providing a suitably normative answer to the social sciences' call for a re-imagining of the economy. Ethics configures economic life as a mode of freedom, as something that is done for its own sake, and as a domain of justice where a community is bound together in relations of right and duty. The very shape of the market economy has a rightfulness to it. Yet, as has been said, the satisfaction of interest is as much a part of economic justice. The issues of distributional justice, so to speak, are equally acknowledged. In economic justice, these two elements, what might be called the means and the ends, have an equivalent ethical standing. For as much as the means are for the sake of the ends, the ends are for the sake of the means.[3] Furthermore, it is worth noting, this ethical world is a recognisable one, complete with the varied factors that make up the contemporary world. This economic ethics is now ready to serve as the normative standard against which real economies or proposals for economic reform should be judged.

Turning to the second question philosophy is to address, are the specific policy proposals suggested by Bezemer, Nersisyan and Wray congruent with this ethical vision? Consider Bezemer's proposal (2012) for the just economy that capital be highly regulated. On the one hand, the maximisation of both the output of the real economy and social equality Bezemer's proposal aims to bring about is congruent with a philosophy which prioritises market solutions and whose concept of interest has no a priori natural limit and is one to be universally enjoyed. On the other hand, the Hegelian philosophy of the just economy does not single out any one aspect of economic life as having an absolute ethical status and, therefore, permits constraints on any one type of market activity such as finance. Economic justice is a comprehensive notion that takes in the whole of the economic community. If every individual is not partaking in the economic justice, then any particular practice and outcome is eligible for reform, if necessary, to establish economic justice overall. It is not even necessary to establish wrong or criminality on the part of one sector of the economy for the public authority to be justified in curtailing its activity. The additional dimension of criminality would simply buttress a mandate that already exists.[4]

Turning to Nersisyan and Wray, does the kind of governmental unilateralism opened up by the full policy ramifications of a sovereign currency undermine the element of reciprocity that underlies ethical community? If the state can increase its expenditure without tax increases or bond sales, do such actions violate democratic or market norms? However, to put the matter this way is to misunderstand what is at stake. On the one hand, as has been said, taxes do not fund sovereign government activity. There is nothing over which consent need be given. Equally, with respect to

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the bond markets, bond sales have never funded sovereign government expenditures, thus there is no danger of violating market norms when securing the 'funding' for government expenditure.

A government without a sovereign currency is limited by both the willingness of private parties and their capacity. If dominant interests within the private sector have no sympathy for public aims, then a government lacking currency sovereignty would have to seek accommodation with given interests that will always be partial and, in this worse case, not in line with the ends of economic justice. Where there is such a government and the private sector is small in contrast to its potential size, this size limitation would be gratuitously imposed upon the public authority. However, when the full possibilities of a sovereign currency are accepted, the only constraints that apply are those of the real economy.

Consequently, a sovereign government has the capacity to overcome debt deflation through its own spending and so end the distributional injustices associated with recessions. Furthermore, once the immediate crisis of a recession is past, this capacity has the potential to satisfy economic justice's goal of equal opportunity and the universalisation of the condition of the bourgeoisie. Bold policies such as employer of last resort become fiscally feasible, policies that are in agreement with ethics both because the beneficiaries of such a programme can find in commodity transactions, including the sale of their labour power to the state, the source of the realisation of their particular interests, and because these same people would find themselves getting closer to what was referred to above as the bourgeois norm. In sum, pursuing the full ramifications of central government's part in the creation of currency has an emancipatory hue that appears to be fully compatible with the ethics of the just economy.[5]

However, the fundamental source of the Great Financial Crisis may not be in the economy as Bezemer suggests (2012: 37). The economic dilemmas faced today may be ultimately the consequences of state failure.[6] And it is now possible to speak of state failure in ethical terms, for ethics has concurred with the economics' sense of injustice. The economic crisis and recession themselves, the failure to regulate the finance sector and to take full advantage of sovereign currencies have all been judged by ethics to be sources of injustice. Accordingly, a new set of ethical questions arise. What sort of ethical lapse could have led the state to allow and support the growth of a financial sector beyond the requirements of the real economy? What sort of political injustice lies behind a sovereign state's failure to use its currency issuing powers to ensure, for example, full employment and maximisation of the productivity of individuals and capital?

The answer to this question requires a philosophy of the just state against which to judge the character of these recent events. Taking Winfield's (2005) reconstruction of Hegel's philosophy of the state as the guide to this analysis, it is appropriate to begin with the most elementary determinations, which prove to be the

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idea of the political. Like the just economy, the just state is about self-determination, political self-determination. Yet, self-determination here does not take interest as its end. Rather, political ends concern ensuring the reality of the whole range of institutions of freedom upon which an individual's self-determination depends, including of course the political domain whose task is this very bringing about of the entire range of institutions of freedom. This entails not only the ethical domains of the just economy sketched out above but also those that pertain to personhood and property, the family, civil society, the civil administration of justice and the state itself. Politics fits into this ethical totality in a unique manner for politics rises above the others to rule them all as well as itself. Winfield proposes that from such a beginning four cardinal features can be ascertained as the chief characteristics of the political, namely, universality, reflexivity, supremacy and autonomy (Winfield 2005: 129-32).

Because the scope of the political is the totality of ethical life from personhood and property to the state itself, it is uniquely universal. As was said, its mandate is to ensure the justice of each domain, fit each domain in with the others and yet stand above all. No other normative domain is in this position of universal engagement. Every free individual has through politics rule over every aspect of ethical life. This very totality of its activity gives the political also an equally unique reflexivity. For the political alone has the vantage point and the capacity to control all the relevant factors that pertain to the ethical life of every free individual. This leads to politics' third distinctive feature, that of supremacy. There can be no other realm of ethical activity that is not ultimately subservient to politics. Finally, these three features together constitute a sphere of conduct that is fully autonomous, that stands independent and self-determining.

Given this view of what constitutes the political, the economics considered above is suggestive of how these four cardinal features of the political were not upheld. To begin, the reach of the state was not universal. The state's powers did not extend especially to one sector of the economy, high finance. At the same time, the state did not provide the constructive engagement with the economy that would have led to the universal enjoyment of economic right. The absence of universality results in a diminution of reflexivity. Instead of a politics that reflects the totality of the political community, some sub-section rules the rest, both with respect to privileging its own interests and by thwarting the economic flourishing of all. Today, when the members of the political community look at the state, they do not see themselves reflected back but find, in what should be a mirroring of themselves, the image of the representatives of high finance. Such a state becomes a weak state, no longer supreme, subservient to non-political considerations and unable to implement its will on other spheres of conduct, such as financial markets. With these deficiencies, the state loses its autonomy, becomes subject to external blows, blind to its ends, merely one actor among many in the events of the day and unable to determine its own future.

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How has the state failed to ensure its own proper autonomy? What does ethical philosophy point to for an explanation of the undermining of politics' four cardinal features?[7] As Winfield points out (2005:142-47), one of the key elements a just state requires is an internal standard. Without this internal standard, the state lacks both the capacity to know its true ends and the internal arrangements that will keep it on its true course. The internal standard required is what a constitution should be providing. Yet, while most nations of the world have constitutions, virtually all are quiet on economic matters. They lack effective clauses on the equality of economic opportunity or the equal right to economic self-determination.[8] What the content of an economic constitution should be, requires the return to the exposition of the just economy as was attempted above. Without a constitution, economic justice becomes dependent on contingent and external factors, such as, for example, the class composition of society.[9]

In conclusion, heterodox economics has put into question the very shape that the modern market economy ought to take. Their insights are compelling regarding both their analysis of and remedies for recent events. However, their work cannot stand alone, because they speak of what ought to be. Here is the point where ethics ought to enter. The task is set before philosophy to determine whether it is possible to conceive of the just economy in its totality and, if so, to evaluate ethically specific economic reform proposals. Hegelian ethics as reconstructed by Winfield makes a convincing case that is adequate to the normative challenge posed by the economics. First, it does present an ethical conception of the whole economy, where the elements characteristic of the modern market economy are explicit topics of philosophy. Furthermore, in this conception, the means, the market institutions, and the ends, economic interest, have an equal ethical standing. From this, the conclusion was drawn that any particular expression of either could be modified or even abolished for the sake of this whole. Second, ethics found that the economic proposals for reform appeared to be ethically just.

Philosophy grants markets an ethical priority but sees that priority as best served not by a policy of laissez-faire (not to speak of the outright privileging of the interests of one sector) but by extensive public engagement with markets. Markets have a normative shape they should take and this will not come about spontaneously. The participation of the government is fundamental. But the end the government must follow is one specific to the economy. This is a logic of the economy that heterodox economics also gives the appearance of following. Finally, recent events in the economy reveal that there is no necessity that real states uphold economic justice. They need constitutions that will force them to be free and impose freedom on all the domains of conduct. While the route to this point, with both economics and philosophy, may at times seem strange, the result is perhaps not as foreign as it might appear at first. In fact, both seem to share the social logic exhibited when the Anglo-

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Saxon nations, in particular, were most economically just, during the periods associated with the names of Keynes and Roosevelt.[10]

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Notes

[1] The Institute for New Economic Thinking (INET) (2012) is the most substantial among recent efforts to start a dialogue between orthodox and heterodox economics.

[2] Federal Reserve Chairman Bernanke was asked on 7 June 2009 on CBS's '60 Minutes' whether he was using tax payer money to fund Quantitative Easing (QE), the policy whereby the Federal Reserve increases the liquid reserves of the major banks. He said no, the transfer was effected simply by changing the digits, increasing the numbers, on the accounts that private banks have with the Federal Reserve. To increase spending, Bernanke was admitting, all the United States government has to do is change, with a key stroke, the numbers in the private accounts held at the Federal Reserve. For a video of the interview, see <http://www.youtube.com/watch?v=11J_914RZ-o&list=PL85C3640A1C6F23DA&index=9&feature=plpp_video>, accessed 23 May 2012. Of course, if this is operationally possible for the benefit of banks, then it is operationally possible for anything that the United States government might wish to spend its money on.

[3] The logic of this distinction, and yet equivalence, of means and ends is set out in the section on the Idea in Hegel's *Science of Logic* (1989).

[4] Ferguson (2012) makes a compelling case that there was extensive criminality at the heart of the Great Financial Crisis.

[5] The ramifications of a proper appreciation of sovereign currencies would seem to be the greatest in the developing world.

[6] For which the citizenry has final responsibility: 'Whenever sufficient numbers of legislative, authorising, and executive officials choose to ignore the principles of right, and sufficient numbers of non office-holders submit to their governance, no division of powers can prevent self-government from degenerating into a charade of constitutional rule. The most that can be hoped for is that nothing less than mass collusion can render political legality at odds with right. The struggle to counter such an outcome is a continual occupation of free citizens' (Winfield 2005: 172-73).

[7] To put the question in this way is to suggest that what is called for is a forensic ethics, which may also be a way of characterising the task given to the inspector in Priestley's play, *An Inspector Calls* (2001).

[8] The ethical deficiency of such a constitutional vacuum is partly acknowledged in candidate Franklin Roosevelt's campaign speech of 1932 when he states: 'As I see it, the task of government in its relation to business is to assist the development of … an economic constitutional order' (Kennedy 1999: 373).

[9] Crouch (2000) argues that the class alignments he credits for bringing about the superior economic and distributional results of the so-called golden age of the western industrial countries, from the late forties to the early seventies, are no longer present. He goes on to argue that neither is there a new class with the capacity or interest to push for the policies that might bring about a new golden age.

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[10] I would like to thank the editor of the *Bulletin of the Hegel Society of Great Britain* Katerina Deligiorgi for the opportunity to be contributing editor, and Sebastian Stein and Lee Watkins for comments on a draft of this paper. All errors are my own.

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