Letter

Letter: Marx envisaged a special kind of monetary crisis

From Konstantinos Gravas, Postdoctoral Researcher and Lecturer, Department of Economics, Athens University of Economics and Business, Athens, Greece

MARCH 27 2023

Karl Marx explained there was a special kind of monetary crisis that could arise independently but then affect industry and trade; the German philosopher argued that such autonomous monetary crises were driven by money capital and their sphere was that of banks, the stock exchange, and finance.

More than one and a half centuries later, the Federal Reserve and the European Central Bank — the two truly systemically important central banks on either side of the Atlantic — have emerged as powerful institutions within the global political economy. The need for monetary policy to be viewed as indissolubly associated with social trust is more of an imperative.

And so, to expect "good economic news to be bad news for markets" as Karen Ward, chief market strategist for Europe, Middle East and Africa at JPMorgan Asset Management, argues (Markets Insight, March 8) misses the big picture; namely, the concept of trust in public policies. As Bank for International Settlements general manager Agustín Carstens recently defined it, trust "essentially consists in society's expectation that the authorities will act predictably in the pursuit of predefined objectives and that they will succeed in their task".

In *Slouching Towards Utopia*, J Bradford DeLong states that, from a narrow economist's perspective, inflation is simply a tax, a rearrangement, and a confusion — and that all of these elements of inflation are destroyers of trust.

Konstantinos Gravas
Postdoctoral Researcher and Lecturer, Department of Economics, Athens University of Economics and Business, Athens, Greece