



“What news on the Rialto?”

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In one of the opening scenes of Shakespeare’s *Merchant of Venice*, two businessmen, Saliano and Salarino, meet to swap the latest market gossip.

“What news on the Rialto?” Saliano famously asks, referring to the Rialto Bridge, where Venice’s merchants met to trade.



If such a scene were played out today, what would be the news from Wall Street or London's Square Mile?



Would Saliano and Salarino discuss the latest hedge fund managers' earnings table?

And gripe about how small their own bonuses are by comparison?



Would they “high five” over the news that hedgefund manager David Tepper had made a personal fortune of \$4 billion from speculating on falling bank stocks?

And perhaps exchange an off colour joke about his reported habit of keeping a pair of brass testicles in a "prominent" spot on his desk, which he rubs “throughout the day for luck, and a laugh.”



**Or would they lament the fate of less fortunate colleagues?
Those who failed to “leg the spread” and lost huge trades as a
consequence?**



Would they argue about the dash towards commodities as a “safe haven”?

Or raise an eyebrow at the “buckets of money” being predicted in earnings for those who invest in the water sector, now touted as a potentially bigger market even than oil?



Would they discuss the credit crunch? And trade insights about how the oil industry surfed the crisis by storing oil in tankers, earning a stream of interest free money by loaning the oil to speculative commodity funds?

$$s = \frac{n \left(\sum_{i=1}^n a_i b_i \right) - \left(\sum_{i=1}^n a_i \right) \left(\sum_{i=1}^n b_i \right)}{n \left(\sum_{i=1}^n a_i b_i \right) - \left(\sum_{i=1}^n a_i \right) \left(\sum_{i=1}^n b_i \right)}$$

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$$o = \frac{1}{n} \left(\sum_{i=1}^n b_i - s \sum_{i=1}^n a_i \right) \cdot \left(\sum_{i=1}^n b_i - s \sum_{i=1}^n a_i \right) s \sum_{i=1}^n a_i$$

$$n \left(\sum_{i=1}^n a_i b_i \right) - \left(\sum_{i=1}^n a_i \right) \left(\sum_{i=1}^n b_i \right) \quad n \left(\sum_{i=1}^n a_i b_i \right) -$$

$$n \sum_{i=1}^n a_i^2 - \left(\sum_{i=1}^n a_i \right)^2 \quad n \sum_{i=1}^n a_i^2$$

$$R = \frac{1}{n} \left[\sum_{i=1}^n b_i^2 + s \left(s \sum_{i=1}^n a_i^2 - 2 \sum_{i=1}^n a_i b_i + 2o \sum_{i=1}^n a_i \right) \right]$$

Would they fret about the dangers of high frequency trading, where deals are completed by computer in millionths of a second?

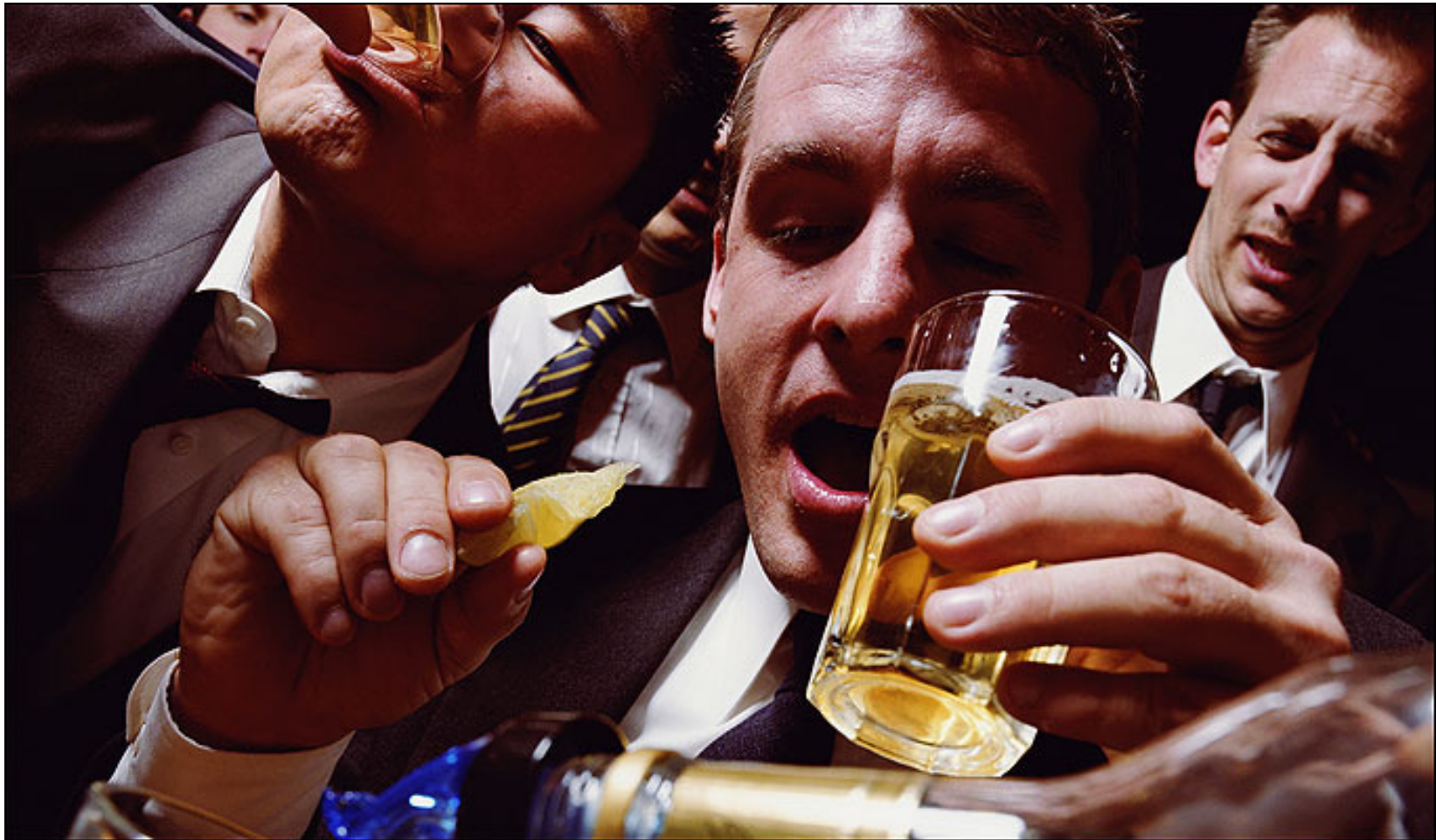
Or swap views on how to exploit the latest algorithms designed to model herd behaviour?



Of course, the response to get to the question “What’s news on the Rialto?” rather depends on who you ask.



Those directly affected by what goes on in the Rialto are likely to reply rather differently from. . .



... those who profit from it ...



. . . and a more historical, bird's eye approach is likely to yield yet other answers.

Here the preoccupation might be less with the details of the latest wheeze that bankers have dreamed up to make money, and more about what is different about today's Rialto.



One new feature is the largely unregulated shadow Rialto that has emerged in recent years and that now lends more money than the conventional banking system, not just in the North but increasingly in the “emerging markets” of the South. It is now bigger than even before the start of the global financial crisis.



Another is that trading in money and the products of money is now the primary means of accumulating capital.



A further striking feature is that more and more aspects of daily life – from schooling to housing and health – are now mediated through the Rialto, as the state withdraws from the provision of basic services and hands them over to the private sector.



But some things remain the same. It is never the Rialto that pays when things go wrong.



As Robin says to Batman: “Holy Challenges of All Challenges”.
For social movements, the question is how to respond?



One response is to treat the problems of financialisation in the same way as a mechanic might treat a car that has broken down.

The task is to examine the engine and then correct whatever has gone wrong.



So if deregulation allowed speculators to flood into commodity futures markets driving up the price of food and causing people to go hungry, the solution is to fine tune the regulations, for example by limiting the number of contracts that speculators can buy.



But if position limits are the answer? What was the question?

Certainly not: “How to stop speculation in food markets?” Futures markets rely on speculation to function. Position limits are not about ending speculation but supposedly bring it under control.

Treating the problem as one of technique squeezes out other options. One of which is simply to ban trading in derivatives such as options. Why the onion? Because futures trading in onions is already banned in the US. So why not for other products?

**Volume traded on selected exchanges relative to production in the
 respective country 1990-99 (in %)**

Commodity	Exchange	Country	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
Wheat	CBOT	USA	527	795	709	630	780	1135	1182	1019	1115	1427
Wheat	KCBT	USA	208	357	272	281	324	357	402	390	394	504
Wheat	LIFFE	UK		23	45	49	63	71	72	86	64	67
Wheat	MATIF	France								2.0	5.2	5.8
Wheat	WTB	Germany										2.0
Wheat	SFE	Australia							1.1	1.3	1.6	1.4
Barley	LIFFE	UK								20	17	10
Corn	CBOT	USA	720	726	546	904	574	1021	1063	922	809	833
Rape-seed	WCE	Canada	427	386	431	354	323	334	530	434	408	372
Rape-seed	MATIF	France						95	105	109	139	156
Rape-seed	WTB	Germany										1
Soybeans	CBOT	USA	2674	2269	2054	3115	2137	2440	2990	2704	2268	2361
Potatoes	AEX	Netherlands	40	28	28	50	81	56	23	24	35	21
Potatoes	LIFFE	UK								7.2	7.7	4.5
Potatoes	WTB	Germany									1.2	0.8
Hogs	AEX	Netherlands	26	36	30	26	25	19	31	42	27	25
Hogs	WTB	Germany									1.1	3.5

Source: Directorate-General Economic and Financial Affairs, European Commission (2000)

And the “finance-as-car” response marginalises other approaches to the problem.

For years, Europe had a system of price controls and price support in agriculture, ensuring farmers were properly paid for their crops and consumers had food at a price they could afford.

Food was considered too important to be left to the market. When this system operated, as the table shows, there was no European futures market in the major agricultural commodities, because there was no use for one.



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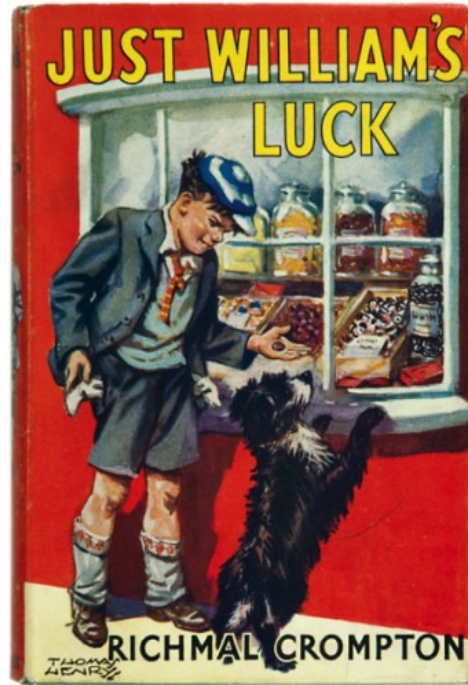
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A technocratic approach also squeezes out discussion of social responses to the problem.

Hedging on markets may be relatively new in modern times (although not historically) but coops and other forms of social hedging are not.



I like to contrast the “finance-as-car” approach to that of the hero of Richmal Compton’s *Just William* tales.

For those who do not know the books, William is a 1930s school boy growing up in a suburban English village.

His sole object in life is to enjoy as much time with his gang as possible, without the interference of grown ups.

William is daily preoccupied with resisting his parent's well-meaning, but deeply intrusive, plans for him.

He does not organise his resistance around tactics but around strategic goals.

He knows what he wants. And he does not compromise his overarching aim to achieve short term gains. His actions always serve his longer term strategy. If he plucks low hanging fruit, it is from the right tree.

He knows adults have different and conflicting interest to his. They are there to be circumvented. He never confuses sympathy from adults for his cause with a convergence of goals.

He knows that simply confronting adults is always likely to end in defeat. So he organises to undermine their power, to erode and discredit it. And then to act.

William knows his own powers and their limitations. And he acts to expand those powers by looking for small openings which he can exploit to his own ends

He is forever on the lookout for the vulnerabilities of the adult world

Were William to be confronted by the new Rialto that is financialised capitalism, I suspect his first instincts would be to seek allies that shared the same political outlook and analysis, not just discontented fellow travellers; to probe for vulnerabilities; and to search out sites of resistance where campaigns can best be used to promote longer term strategic ends rather than achieve short term but easily reversed gains.

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Brokers at Stock exchange: <http://cache.daylife.com/imageserve/06j187pfBM80M/439x.jpg>

Clown: <http://magnusgreel.wordpress.com/category/uncategorized/page/2/>

David Tepper's brass balls: <http://static5.businessinsider.com/~~/f?id=4abd0c97b9d6b36e438691d1>

David Tepper Portrait: <http://leverageacademy.com/blog/wp-content/uploads/2010/12/david-tepper1.jpg>

Shark: http://4.bp.blogspot.com/_ipocF3VWLOM/TA-qlcX5IUI/AAAAAAAAAKI/bdyo_8mmbr/s1600/shark-attack1.jpg

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Tent city: <http://www.nationspresse.info/?p=57506>

Bankers celebrating: http://img.thesun.co.uk/multimedia/archive/01031/SNF26SPDA-682_1031638a.jpg

Shadow Banking: <http://georgeoneill.ca/2011/10/28/shadow-banking-tops-pre-crisis-level/>

Pulling open a safe full of money: <http://amychenmongolia.blogspot.com/2011/05/spring-break-lotte-world-part-2.html>

Man in front of trading screen: <http://www.novakeo.com/images/shadow-banking3.jpg>

Where's my fucking bailout?: <http://edinburghanarchists.noflag.org.uk/wp-content/uploads/2011/10/wheres-my-fucking-bailout1.jpg>

Mechanic: Getty Images

Starving children: http://images.newstatesman.com/articles/2010//20100719_starvation_w.jpg

Commodity markets: <http://www.heatingoil.com/wp-content/uploads/2011/07/commodity-markets.jpg>