BBC Postcard **Jagdish Bhagwati**

The current financial crisis poses little risk of a meltdown like the Great Crash in 1929. Left to itself, it certainly could. But the governments are wide awake and a flood of interventions to kill the crisis is in evidence. If I was a cartoonist, I would draw the crisis as Rosemary's baby in a bathtub, with Federal Reserve Chairman Ben Bernanke and Treasury Secretary Hank Paulson standing at the edge, drowning the baby with four hoses, one marked monetary policy, another fiscal policy, yet another the bailout plan, and the fourth simply: anything that is required.

The crisis therefore will pass. Will it however destroy "capitalism" and undermine "globalization"? I find such claims fanciful.

The interventions are surely temporary. There is no intention, nor necessity, to keep the bailed-out banks and firms under government ownership. The governmental capitalization plan carries an exit strategy: the shares will be sold eventually, though it may take some time. This may be the death knell of libertarianism; but it was alive only in textbooks. Ever since Keynes, we have known that capitalism needs periodic assistance from the visible hand, and Adam Smith emphasized that, in the absence of regulation, the invisible hand may work by strangulation instead. Sorry, folks, but capitalism will have emerged more robust from the crisis.

As for globalization, it proceeds along diverse dimensions: trade, multinational investments, capital flows, migration, and technology. The financial

sector has proven itself again to remind us of fire: it turns veal into wiener schnitzel but it can also burn down our home. Does that mean that freer trade, for instance, will also be compromised? Will we throw the trade baby out with the financial bathwater? I am confident that the populist voices will subside, though some seem to have a megaphone these days.