

Global crisis and upheavals in the geopolitical equilibrium

The global economy and individual countries have slid into negative rates of growth. Recovery is expected to be slowly and uncertain. Even more unfavourable are the forecasts for employment, for global poverty and a worsening of climate change. Social impacts, political upheavals at the level of nations and upheavals in the global geopolitical equilibrium are underway and the scale and repercussions of any intensification of these phenomena has not been studied or forecast.

The main powers are treating the crisis as a crisis of the financial system, and almost all their interventions seek to save the huge profits of banks, which are collapsing. They try to hide that this crisis, as previous ones, springs from structural features of the ongoing process of capitalistic globalisation, from strategies that have been implemented to impose their dominance and from Neo-liberal creeds, which have held, sway worldwide over recent decades.

The process of capitalistic globalisation is packed with contradictions:

- The gap is intensifying between rich and poor areas of the planet as the discrepancies grow.
- A general sense of social insecurity is increasing between the haves and the have-nots.
- Destruction of the environment, which is required by the current model of development, conflicts with the need of the natural environment to survive, and that is why the environment frequently strikes back in revenge.
- The real economy and society are being crushed under the dominance of capital.
- The global nature of socio-political phenomena conflicts with national entrenched positions which are emerging from the policies being implemented, and in the context of global competition every government is seeking to roll over its problems and its own crises to other areas of the planet, especially the weaker areas and politically and militarily dependent countries.
- The USA in particular, as a global power, is attempting to achieve hegemony and to impose its national priorities on the world.
- The need for permanent, stable peace conflicts with military operations, which seek to expand spheres of influence.

Clearly, a crisis is taking place within global capitalism and the basic cause is the contradiction between the social character of work and appropriation of the proceeds of work.

However, there will also be a major showdown in terms of the main contradictions caused by the current phase of the globalisation of capitalism, which relate to the nature of the policies and strategies being implemented to restructure global power.

Policies that reproduce the crisis

State interventions to save the banks have not trickled down to the real economy but have contributed to a major increase in public debt in a series of countries.

In the 10 richest countries the public debt will rise from 78% of GDP in 2007 to 114% in 2014.

However, this massive increase in public debt acts as a brake on the ability of states to implement a growth-based fiscal policy and to lead themselves out of the crisis. However, continued growth of the economy using the same model of demand (consumption, a focus on investments, focus on research, etc.) traps the economy in a dead-end production model.

Monetary expansion, which is a policy adopted by the USA, with new bank notes being issued in quantities, which do not match the real potential of the economy, is a risk factor which could drag the global economy into a protracted crisis. That is why it is only acceptable as a short-term intervention to regulate demand, and for the sole purpose of restructuring demand and thereby restructuring the entire production and economic model.

Under no circumstances is it acceptable to make available surplus demand to cover the needs of the banking system or to purchase toxic bonds or other securities lacking any real value.

The high number of toxic bonds, which are still available on the global market, continues to be a time bomb, which threatens not only the USA but also all countries and insurance funds that have such bonds in their possession.

It is also a risk for countries, which have high dollar reserves since should that time bomb explode the dollar will be threatened with further devaluation.

The USA ought to immediately withdraw all toxic bonds and replace them with bonds, which correspond to real securities and not virtual ones, or with the constantly sliding dollar. The USA became rich at the rest of the world's expense. The global crisis started in the USA as a result of their attempt to dominate the world; as a result of the strategy of constant work and the Neo-liberal model, which sought to support their dominance. The USA must pay the whole price corresponding to that country for the crisis and must contribute to finding a way out of this situation.

The leadership of the European Union also has similar responsibility, which over recent years not only supported the USA's choices but also envisaged itself as a leader in the place of the old leader, seeking to transform the European Union into an substitute of the USA.

Employing an excessively dogmatic approach, it imposed Neo-liberal monetarism on Europe based on the Stability Pact. Its responsibility is all the greater because the reality of our situation has bypassed the Neo-liberal dogmas and its stability pact, with 24 of the 27 Euro Area countries under supervision requesting that the pact be watered down, yet the EU remains the world's most fervent supporter of Neo-liberalism. It refuses to listen to any criticism or review of the European Central

Bank's role. It insists on supporting a banking system, which is essentially in the hands of private individuals, as the main lever for economic policy.

However, if relaxation of the stability pact is not accompanied by schemes to restructure the real economy, we will not be able to find our way out of the crisis.

In search of new geopolitical equilibriums

The crisis has brought to the forefront processes, which have been under way for many years now. A new energy strategy in Europe is now clear, since 50% of its energy needs are met by countries from around the Caspian Sea and that figure will rise to 70% by 2015. Russia, with its vast energy reserves, plays a leading role in this field.

China has huge amounts of dollars in its possession (2.13 trillion). It has achieved a reduced, but still high, rate of growth and is one of the keys to our way out of the global crisis. It is under pressure to restructure its domestic demand, which translates into pressure to open up its domestic market.

However, the nature of the restructuring of demand to be implemented by China domestically and in relation to the global market could mark major changes in the global market and the global geopolitical equilibrium.

This search for a new geopolitical equilibrium must also include the establishment of BRIC (Brazil, Russia, India and China), which is promoting both economic and political cooperation between those countries.

The inability of the G8 and G20 to decide on joint action to address the crisis and the new challenges of our age are bolstering the search for a new global geopolitical equilibrium.

The constant weakening and instability of the dollar is contributing to this, making the adoption of a new global monetary body unavoidable. It places in the agenda the objective of creating a new world reserve currency released from the domination of dollar.

However, if this new monetary body is not accompanied by a powerful global redistributive fiscal policy and with major changes in the role and nature of global organisations, the crisis will simply be prolonged.

The crisis and the European Left

The European Left had pointed out the nature of this crisis in good time. It had pointed out in good time that the major discrepancies, huge influxes of refugees, climate change, and regional military operations conducted under the hegemony of the USA are aspects of a more deep-seated crisis in the economic, political, and social model being advanced by capitalistic globalisation.

The main powers realised this when the bubble of structured bonds burst, with the stock exchange bubble burst, and the dollar collapsed.

The main powers are once again using the same production model. The European Left has repeatedly proposed and has outlined the type of policies needed and the struggles in which it will play a leading role in order to ensure that the way out of the crisis is not only clear, but also viable and sustainable.

The European Left puts the prosperity of the people first, in other words it proposes a complex index which includes environment conditions, the level of social protection, the level of solidarity and the level of employment into production and consumption levels. In other words it proposes an index which can measure society's performance overall in all fields into which everyone agrees today that the crisis has spread.

It proposes the need to raise a shield of social solidarity everywhere in order to ensure that employees and peoples overall do not have to endure the consequences of the crisis.

The crisis in Europe must be addressed with comprehensive European policies. For that reason, we propose a strategy for a way out of the crisis; an articulated, alternative plan at national and European level which competes against the plans of the main powers.

It focuses on a reduction in inequalities and on a redistribution of resources and power with the creation of a public space for free access to collective goods and equal rights for all.

It focuses on the need for lasting peace and gradual disarmament so free resources and human capital which can be deployed for education, culture, the welfare state, health and the environment.

The European Left considers that these major re-workings of the economic model require:

- An increase in the social budget.
- Control of demand. In other words changes to state budgets, control of key players in the banking system and a well-planned policy of income convergence via income policy and the tax system.
- Taxation of international transactions in order to finance a fund to bolster developing countries and to finance programmes to address climate change.
- Public and democratic control of the ECB and the corresponding changes to its Statutes.
- Replacement of the stability pact immediately with a new pact on full employment, social and environmental protection and solidarity.
- An increase in pay, pensions, salaries and social benefits to increase domestic demand.
- Transparency, public and social review of stock exchanges transactions.
- Abolition of banking confidentiality and tax havens.
- Support for actions to bolster the agricultural sector, cohesion and the environment, among others.
- Support for convergence policies.

- Development of a well-rounded policy on the integration and assimilation of migrants coupled with financial support schemes and democratic reorganisation of the countries from which the migrants come.
- The development and bolstering of EU partnerships with all developing countries and countries of Africa, Asia and Latin America, in order to combat the dollar's hegemony.
- A foreign policy separate from that of the USA in the context of a policy for peace, cooperation and solidarity between the peoples of this planet.
- Cancellation of the plans to install an anti-nuclear shield system in Europe would contribute to a reduction in tensions, however we remain concerned about the USA's insistence on military operations in Afghanistan and the assistance provided in this regard by the EU and Russia.

Humanity is at a difficult crossroads

Developments, which are currently unforeseeable, must become foreseeable. The peoples of the world, must not pay the way out of this crisis by those who are responsible and those who became rich at the expense of the people.

The necessary upheavals in the global equilibrium, which are in the pipeline, must not follow the practice of similar upheavals in previous decades, which were marked by large losses of human life.

The European Left's strategy is a decisive contribution to human's move towards the future through peace, democracy, social justice, solidarity and environmental protection.