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The myths about the economic crisis, the reformist Left and economic democracy

TAKIS FOTOPOULOS

If we want things to stay as they are, things will have to change.
Giuseppe Tomasi di Lampedusa (The Leopard, 1958)

Although the global financial crisis, which exploded in September, seems to be subsiding at the moment, following the massive state transfers of money from the taxpayers' pockets to those of bankers, financiers and others (presumably as a reward for causing the crisis in the first place and for pocketing in the process many billions of dollars in terms of pay, bonuses, etc.!), the underlying economic crisis itself is far from over. In fact, the financial crisis quickly developed into a full-blown global recession, with Stock exchanges and several currency markets in free fall at the time of writing. Yet, despite the fact that the moral bankruptcy of neoliberalism (although not of capitalist market economy itself which is the ultimate cause of the economic crisis) only today is generally acknowledged —almost twenty years since we first attempted to show the catastrophic consequences of it[1]— one should not confuse the moral bankruptcy of neoliberalism with reality, as the supporters of the reformist Left do today, who keep repeating the myth of the end of neoliberal globalisation and the supposed return of statism. Instead, as I will try to show in this paper, all that we could expect at the end of this particular phase of the chronic capitalist economic crisis —the duration and intensity of which are completely unpredictable— is the replacement of neoliberal globalisation by a kind of social-liberal globalisation which will represent the consensus of both neoliberals and social-liberals (the ex social democrats) and in which the essence of globalisation as it is today will remain intact, with the addition perhaps of some controls on financial markets, so that the system could function with fewer and smaller turbulences than the present one, which put the entire system under serious risk of collapse.

Therefore, the present talk of the transnational elite (Sarkozy, Brown, Bush, et. al.) about "a new system", a brand new "capitalism", etc. are simply attempts to disorient people, who are awakening to the new abysmal failure of the capitalist market economy, from the need to replace this system, to an irrelevant discussion about cosmetic changes to it presented as huge systemic changes.

1. The myths about the market system and the financial markets

The market system: the worst way of allocating scarce resources

The present crisis, as well as the previous crises in the period of neoliberal globalisation (1987, 1990, 1994, 1997/8, 2001), and those before it during the statist period (1973/4, 1979, etc.), as well as those in the pre-war period (1929, 1873 and before) in no way represent something new in the capitalist system of the market economy. It was exactly for this reason that the elimination of the "anarchy" of the market has always been a basic demand of the anti-systemic Left, before the present "genetically modified" reformist Left, which sees nothing wrong with the market system as long as it is "socially controlled", became hegemonic. In other words, it is simply not true that capitalism today has turned against its own "logic" when, by opening and deregulating markets, it has turned the global economy into a "planetary casino", as Castoriadis argued.[2] Capitalism has always been, to various degrees, a "casino" ("high risk for high profits") and during its entire two hundred years history was plague-stricken by crises. The only difference with the past is that this casino is now, as a result of globalisation, a planetary one. Furthermore, the only period in the history of capitalism when this was not the case was the half a century or so of socialist statism (social democracy in the West), when these crises were to a certain extent controlled by the state. But, such a period is impossible to be repeated in an internationalised market economy like the present one, as it presupposes a global state, or at least strict global regulations of all markets, which not only are utopian to be implemented given the fundamental unevenness that the market economy itself creates between various areas, but are also incompatible with the very logic and dynamic of an internationalised market economy that has to be based on markets which are as free as possible for profits to be maximised.

Therefore, the present crisis of the internationalised market economy has shown once more why the market system is the worst system of allocating scarce resources, as I tried to show elsewhere.[3] The market system is promoted by the system's ideologues as an automatic mechanism within which Adam Smith's *invisible hand* allocates resources in a supposedly rational way, yesterday within the confines of a nation–state and today within an internationalised market economy. The assumptions on which this mythology of economic liberalism is based are two:

- First, that the free combination of individual rational decisions leads to a socially rational allocation and,
- Second, that the market mechanism is the most economical *information system*, which provides the correct incentives that can secure an efficient decentralisation of resources.

The implication of these assumptions is that the market mechanism is the best system to guarantee a rational allocation of resources, without compromising the autonomy of each individual. A variation of the same myth is used to explain financial markets, which have caused the present crisis, as we shall see below.

However, these assumptions are valid only under certain very strict conditions. As a result, the properties of the market that supposedly result in a rational allocation are usually lost once the mythical state of *equilibrium* is disturbed. Thus, even one of the pioneers of general equilibrium theory, the Nobel-prize winner Kenneth Arrow, has admitted defeat in his efforts to develop a theory showing the capability of a market economy to reach general equilibrium and, after discussing various insoluble technical problems of the theory, he emphasised that the best-known falsification is the recurrent existence of mass unemployment, which is a straightforward contradiction of equilibrium.[4] In other words, as Will Hutton notes, “the major tenet of free market economics —that unregulated markets will of their own accord find un-improvable results for all participants— is now proved to be nonsense”.[5] And of course, reformist economists, like Keynes, and social democrats like Polanyi[6] have shown, long ago, that the market is a crisis-laden system, which cannot secure full utilisation of resources and especially of labour. Finally, the inherent tendency of the market economy to lead to concentration of economic power and inequality[7] shows that the present kind of distorted development is the by-product of a crisis-laden system where only money-backed wants are covered, which do not necessarily coincide with basic human needs. Therefore, orthodox economists, who take for granted the market economy and its supposed “superiority”, in fact, rationalise the inequality, poverty and misery of some two billion of people all over the world for the benefit of the privileged minorities to which they themselves belong.

In fact, the freedom of choice that the market economy system supposedly secures means “rationing by the wallet”. Citizens in a market economy system are not free to choose either as consumers or as producers: as consumers, because their choice is constrained by their income/wealth; as producers, because the “decisions” about what and how to produce are taken for them by the market. Furthermore, producers are crucially constrained by their purchasing power, as their access to productive resources and, therefore, their productivity depends on their financial ability. However, economic development became a function of the financial ability of producers very recently, that is, when productive resources became available exclusively through the market. As market relations penetrated all sectors of human activity and local self-reliance was destroyed all over the world, any access to productive resources became a matter of purchasing power. In a market economy system, therefore, the basic economic decisions that a society has to take (i.e., *what* to produce, *how* and *for whom* to produce it) are crucially conditioned by the purchasing power of those income groups that can back their demands with money. A continuous bidding is going on for goods services, resources, and those with the biggest purchasing power are the winners. Thus, the market economy system, contrary to liberal mythology, is the worst system for allocating resources, when purchasing power is unequally distributed. Under conditions of inequality, which is of course an inevitable outcome of the dynamic of the market economy, the fundamental contradiction regarding the market satisfaction of human needs becomes obvious: namely, the contradiction between the *potential* satisfaction of the basic *needs* of the whole population versus the *actual* satisfaction of the money-backed *wants* of part of the population. No wonder that orthodox economists make the convenient assumption of a “given distribution of income”, when they try to show that the best allocation of resources is the one achieved through the market economy system! The famous analysis of Pareto on optimality, which shows the potential of the market mechanism to secure an optimal allocation of resources, is based on acceptance of the prevailing income distribution.

But, particularly in today’s neoliberal globalisation, inequality is growing rapidly not just between the geographical North and the South, as in the past, but between the “new North” (those privileged social groups who benefit from globalisation, either located in the geographical North or in the South, e.g. China, India, etc.) and the “new South” (those, either in the North or the South), who pay the price of globalisation, as the food crisis and now the financial crisis and the recession show. The most extreme point for income inequality in the US in the 20th century was 1928, just before the Great Depression, when the richest 5 per cent of the population took in more than a third of all personal income. However, in the past two or three years, the top 5 per cent have concentrated even more income than then, taking in at the moment about 38 per cent of all personal income —according to (probably) conservative estimates by Emmanuel Saez, economist at the University of California[8]. Also, at the global level, the per capita income in the "North" (USA, EU, Canada, Japan, Australia, Switzerland, Norway) was in 2003 about 22 times higher than in the South![9] Given, therefore, the "bidding mechanism" of the market described above, the system increasingly caters to the needs of the "new" North —a fact which implies that its rhetoric about freedom of choice in a market system is just empty. Within the framework of the market economy, only a small portion of the Earth's population can satisfy whatever real or imaginary "needs" they have, drawing on scarce resources and damaging ecosystems, whereas the vast majority of people on the planet cannot even cover their basic needs. However, freedom of choice is meaningless, unless basic needs have already been met.

Furthermore, the extreme concentration of economic power, as expressed by the huge inequality in the distribution of income and wealth, has played a crucial role both in the present financial crisis, as we shall see below, and in the acute deterioration of the ecological crisis. This is because inequality is a basic cause for the enthusiastic adoption of the eco-destructive growth objective by the elites all over the world, since the aim of trickle-down economics is, exactly, to maintain the social cohesion of a very unequal society through expanding, rather than re-dividing, the "pie".[10]

Financial markets as an indispensable part of the market system

If we define a market economy as an economy, which relies primarily on interactions between buyers and sellers to allocate resources, then we can identify the following main types of markets belonging to a market economy, which are integrated into the present internationalised market economy:

a) The markets for "real" resources i.e., productive resources (labour markets, markets for agricultural and urban land, and markets for machines, tools, raw materials, etc.) and markets for consumer goods and services; and
b) The markets for financial products, such as capital markets (used for the raising of capital through shares and bonds), derivatives markets (used for the management of financial risk) currency markets (used for the transfer of risk with respect to currency variations etc.).

To my mind, the distinguishing characteristic between the markets for "real" resources and those for financial products is that whereas the main determining factor of prices in the former (wage rates, rent and land values, prices for machines, tools, etc.) is the bargaining power of the social groups which control these resources (workers, capitalists, farmers, landowners, et. al.), —i.e., in the last instance, what we can call the "class struggle", where class is defined in a broader sense than the usual Marxist one)[11]— in the latter, the main determining factor of prices is financial speculation aiming at profit from price fluctuations in the buying, holding, selling, and short-selling of stocks, bonds, commodities, currencies, and various "derivatives".

As regards the derivatives markets in particular, which have played a crucial role in the explosion of the present crisis, the expansion of trade in them during the 1980s and 1990s was a major growth sector in financial markets in general. In fact, it is the uncontrolled expansion of a form of derivatives, the securitised sub prime mortgages, which played a significant role in the present crisis. "Derivatives" are financial products created by the various financial intermediaries in order to exploit the risk arising from variations in the prices of financial products. Anything that carries a price can generate a derivatives market, i.e., derivatives are financial contracts sold to pass on risk to others. They are, in other words, private contracts between companies or institutions, which cannot be controlled or properly assessed. No wonder it has been dubbed the world's biggest black hole, because they operate outside of the grasp of governments, tax inspectors and regulators, i.e., in a parallel world to the rest of the banking system. The credit or bond derivatives market −the speculative turnover of which alone exceeds $56 trillion− is an example of a derivatives market. The credit derivative swap is effectively an insurance policy against the default in the interest payment on a corporate bond and, in fact, one does not need even to own the bond itself. It is the huge and uncontrollable size of this market that makes it so dangerous. It is estimated that the derivatives market is worth more than $516 trillion[12], roughly 10 times the value of the entire world's output. Although, therefore, in themselves, derivative contracts are not dangerous, the "anarchy" of the market makes them potentially lethal. Even if one of these contracts goes wrong −"the bad 2 per cent" as it has been called− then the domino effect could have enormous, if not catastrophic consequences. This is because as derivatives are just paper money, there is nothing backing them—no reserve requirements of any sort, which could back their transactions on them. It is not therefore surprising that Warren Buffett, the American investment guru, dubbed them "financial weapons of mass destruction" −"weapons", which in the hands of banks, hedge funds and other speculators in Wall Street, London City and elsewhere, enabled them to make billions of dollars.

The above distinction between markets for "real" resources and markets for financial products, though it looks similar to the Marxist distinction between finance capitalism and industrial capitalism, it is in fact quite different. First, because as I showed elsewhere,[13] the concept of market economy we use is a broader term than capitalism, since the former refers to the way resources are allocated, whereas the latter refers to property relations. Second, because finance capitalism for Marxists is considered as an outgrowth of industrial capitalism and as part of a process signalling the fact that the capitalist period of History has entered its final phase—an outdated view that we do not share. Thus, as a Marxist journal recently put it:

> *(...) financialization has resulted in a new hybrid phase of the monopoly stage of capitalism that might be termed "monopoly-finance capital." (...) It seemed that finance had developed a new magical M–M' circuit, in which money could be made solely out of money, without the intervention of actual production. The new secret of accumulation was presumed to be leverage and risk management, which allowed the purchase of assets that promised higher returns even if they carried a higher risk, and the borrowing of many times the amount the investor had in equity capital —perhaps ten, twenty, thirty, or*

> *in some cases a hundred times as much. (...) Finance capital has expanded in parasitic form.*[14]

In fact, however, banks and other financial intermediaries play an important role and not just a parasitic one in today's globalised capitalism, since they are the main means to bring together lenders from all over the world (from a worker saving in a pension fund for his/her old age up to a sovereign wealth fund, i.e., a state-owned investment fund) to borrowers all over the world (from a clerk getting a consumer loan to buy a new car to a Government or municipality). It is not, therefore, surprising that the corporate profits of the US finance sector, as the same journal also pointed out, have increased from less than 2 percent of total domestic corporate profits in the mid 1960s to 40 percent in the mid of this decade.[15]

Yet, although the explosion of financial markets in neoliberal globalisation by no means signals, by itself, the approaching death of the capitalist system, this does not mean that the arguments promoted by the system's ideologues about the necessity of financial markets have any validity whatsoever for anybody who does not take the capitalist market economy for granted. It is argued, for instance, that capital markets are important in raising capital (but, there could be alternative ways for doing so in a non-market economy) or in the transfer of risk (but, why there should be any risk in the first instance?) or in helping borrowers to find lenders (but, this takes for granted that lending has to be done by private firms rather than, for instance, by demotic enterprises which are controlled by the demos in the decisions of which all citizens, borrowers and lenders alike take part!). As I have shown elsewhere,[16] a moneyless, marketless economic democracy is perfectly realistic in the context of a stateless Inclusive Democracy.

2. The myths about the causes of the current financial crisis

Having discussed the role of markets in general and financial markets in particular we can demystify the current mythology about the causes of the crisis. Broadly, we may classify as follows the main approaches to the crisis. First, the neoliberal approaches, which take for granted the free and unregulated markets (the main element of neoliberalism) and are supported by the mass media and the system's ideologues; second, the reformist approaches, whose common characteristic is that they mainly question neoliberalism and either take for granted the capitalist system of market economy and what passes as "democracy" today (social-liberals, i.e., ex social democrats, Keynesians of several varieties, et. al.) or may criticise the capitalist system and yet adopt reformist strategies and demands, which do not question the very existence of the capitalist market economy and "democracy" (reformist Left, some varieties of the Marxist Left, et. al.); finally, the antisystemic approaches which explicitly question the present system's institutions and values, like the ID approach.

The neoliberal approaches

As one could expect, neoliberal ideologues (or commissars) of the system, blamed everybody else apart from the system of free markets for the present crisis. The main trend within this camp attempted—through the mass media controlled by the transnational elite—to "personalise" the crisis and its causes arguing that the crisis is just due to some unscrupulous and greedy bankers and financiers who, either did not properly implement the existing rules or, alternatively, created various financial products to effectively bypass these rules, for the sake of maximising the huge profits made by their institutions and –more importantly—the mythical bonuses and salaries they earned themselves all these years.

There is no doubt of course that there is an abundance of such persons in the financial sector. The very nature of the profession, to make money for the bank or the financial institution, attracts talented graduates whose main talent consists in doing just this: to make money for the institution they work and for themselves. However, it would be as silly to blame these persons for the crisis, as it would be absurd to blame the American lumpenproletariat who are sent as mercenaries to Iraq or Afghanistan, for killing people! In the former case it is a specific system which allows money- making using any method possible, as long as it is "legal" –the legality or not of the method being defined of course by those controlling the system—,and in the latter it is again a system which sends people to the other end of the world to kill other people, as long as they are doing it "legally" –again the legality being defined by those who sent them in the first instance, i.e., those controlling the system again. It is obvious however that this simplistic kind of explanation, in fact, creates more questions than it attempts to answer. For one, why during the statist period of the social democratic consensus (1945-c.-1975) when markets, including financial markets, were effectively controlled, similar crises did not arise? Clearly, free and unregulated markets have definitely something to do with the causes of the present crisis!

Harvard professor Jeffrey A. Miron expressed a supposedly more sophisticated neoliberal approach. For him, it is the state, yet again, who is to be blamed for the crisis (paraphrasing the famous John Cleese Faulty Towers sketch, "don't mention the markets"!). According to his account:[17]

> *The current mess would never have occurred in the absence of ill-conceived federal policies. The federal government chartered Fannie Mae in 1938 and Freddie Mac in 1970; these two mortgage-lending institutions are at the centre of the crisis. The government implicitly promised these institutions that it would make good on their debts, so Fannie and Freddie took on huge amounts of excessive risk. Worse, beginning in 1977 and even more in the 1990s and the early part of this century, Congress pushed mortgage lenders and Fannie/Freddie to expand sub prime lending. The industry was happy to oblige, given the implicit promise of federal backing, and sub prime lending soared.*

However, even if one accepts his claim that Congress —through policies like the Community Reinvestment Act pressured banks into sub prime lending— has indeed pushed F&F and the like to expand this kind of risky lending, still, no global crisis of the present dimensions would have ever been created by sub prime lending itself, if the institutional framework allowing F&F and other financiers to "securitize" their lending was not in place. And it was exactly the system of free and deregulated markets that was established by the neoliberal consensus in the last quarter of a century or so, which has made possible the development of such imaginative financial products as well as their global spreading –a crucial fact for the globalisation of the present financial crisis, which presumably did not attract the attention of this erudite economist from Harvard!

The social-liberal approaches

As I mentioned above, there is a variety of approaches belonging to this category ranging from social-liberals, neo-Keynesians, post-Keynesians and the like (i.e., those belonging to the centre-Left political current of ex social democrats supporting today the "New" Labour Party in UK, the renovated social democratic party in Germany and so on)—to reformists in the Left (Greens, some Marxists, et. al.), who are basically expressing the political platform of the World Social Forum.

John Gray, for instance, is a characteristic example of the euphoria created within the centre Left because of the financial crisis, which, however, as he stresses, "far from being the end of capitalism, the frantic scrambling that is going on in Washington marks the passing of only one type of capitalism – the peculiar and highly unstable variety that has existed in America over the last 20 years. This experiment in financial laissez-faire has imploded."[18] So, for him, as well as for everybody else in the centre-Left, this is not a systemic crisis but just a crisis of "Anglo-Saxon" neoliberalism, which clearly is assumed to be a kind of ideology or reversible policy and not a systemic trend, as it is argued by the ID project. However, although the crisis is not systemic according to Gray, he thinks that it is not also just a normal financial crisis but a historic geopolitical shift:

> *Here is a historic geopolitical shift, in which the balance of power in the world is being altered irrevocably. The era of American global leadership, reaching back to the Second World War, is over (…). With the nationalisation of crucial parts of the financial system, the American free-market creed has self-destructed while countries that retained overall control of markets have been vindicated (…). It is America's political class that, by embracing the dangerously simplistic ideology of deregulation, has responsibility for the present mess…In these circumstances, will the governments of countries that buy large quantities of American bonds, China, the Gulf States and Russia, for example, be ready to continue supporting the dollar's role as the world's reserve currency? Or will these countries see this as an opportunity to tilt the balance of economic power further in their favour? (…). The US will continue to be the world's largest economy for a while longer, but it will be the new rising powers that, once the crisis is over, buy up what remains intact in the wreckage of America's financial system.*

Yet, the above untenable conclusions are based on equally false presuppositions. The crisis, contrary to the mythology promoted by the mass media, did not lead to any real "nationalisations" of crucial parts of the financial system on ideological grounds, as were the post-war nationalisations. Instead, as the political elites in the U.S.A. and UK made abundantly clear at the time, any nationalisation of banks and other institutions will be temporary and should not be confused with the nationalisations of the past aiming to extend social control at the expense of free markets. Thus, as Ben Bernanke, the Fed chairman declared on October 14th, the present nationalisations are supposed to last until the financial system has been "repaired and reformed". George Bush completed the real picture of what was actually going on by declaring the same day, "this is not intended to take over the free market, but to preserve it." Furthermore, the "nationalisations", usually meant, particularly in the US, the state acquisition of preference shares, which do not carry votes or a say in the affairs of the bank!

Finally, the rhetorical question asked by Gray whether the sovereign funds (particularly the Chinese and Indian ones) will continue supporting the dollar's role as the world's reserve currency also implies an unsound possibility: that countries like China and India —whose rapid growth crucially depends on their exports to the U.S.A.— might be tempted in the future to move their capital elsewhere, presumably ignorant of the fact that such action will cause a major recession in the U.S.A. followed by a similar crisis in their own economies! In fact, markets themselves, during the crisis, delivered their own answer to the question whether, "the "Chinese giant" can potentially play the role of an alternative pole to the U.S.A.". This is how the *Independent* economics editor described the sudden relapse of stock exchanges, following the euphoria at the beginning of the week starting October 13, when the elites believed that the trillions of taxpayers' dollars pumped into the financial markets seemed at last to work:

> *Last year, the US managed to run up a deficit of $256bn with China, her biggest trading partner. If Americans stop buying Chinese DVD players, dog food, toys and toothpaste, then China will begin to stumble. Markets across Asia reacted badly, and the fear of global recession spread across every time zone. The mining stocks, bloated on the back of the appetite for coal, copper, zinc and the other raw materials of the Chinese industrial revolution, collapsed. The price of oil slumped to below $70 a barrel, half the $147 highs of July.*[19]

This was of course in response to the news that the giant mining company Rio Tinto was revising its capital spending plans (leading to a plummeting of its shares) warning at the same time of a major slowdown in China, while the Aluminium Corporation of China (Chalco) decided to reduce its Chinese output. Then came the news that "Chinese economic indicators from steel prices to housing sales suggest a severe economic slowdown could be in prospect and that Chinese factories are reporting that export orders are down sharply. Last week, the government said that half the country's toymakers had gone out of business... The stock market is sharply down, so too are house prices, while car sales have slowed dramatically. Consumers are cutting down on spending as they believe there are tougher times ahead."[20] No wonder that several Western analysts today express the view that "the rulers of the world's most populous nation have presided over a bubble economy that is just waiting to pop"[21]. All this confirms the conclusions I have drawn elsewhere[22] that the main pole today is not the US elites, as John Gray and the reformist Left in general assume, but the transnational elite, and the only country today which potentially could play the role of an alternative pole to this elite is —for the reasons explained there— Russia and its elite, if it reduces further its economic dependence on its natural resources and if it takes some crucial steps to de-integrate Russia from the internationalised market economy. And these are, of course, very big "ifs"...

Similarly, social-liberal economists and Nobelists Paul Krugman and Joseph E. Stiglitz see the causes of the crisis in abuses of the market system and democracy rather than in the system itself. Thus, Krugman talks about "the economy of greed" (as if it is not the system itself that creates greedy people!), while Joseph E. Stiglitz rushed to celebrate the House of Representatives' decision to reject the bailout plan which transferred the cost of the crisis created by the banking system and finance companies onto the tax payers ("a sad day for Wall Street, but it may be a glorious day for democracy"[23]). Clearly, Stiglitz must have felt sorry a few days later, when the same "representatives" passed the same bailout plan not —of course— because they were finally persuaded in favour of its merits due to the addition of some cosmetic changes for the benefit of small businesses and middle-income groups, but because they were made to understand by their sponsors that they must dance to their tune, if they wish to secure the financing of their expensive electoral campaigns!

The reformist Left approaches

On the reformist Left side, the crisis is blamed not on "bad" bankers and speculators but on correspondingly "bad" US neoconservatives and the Anglo-Saxon neoliberals, who adopted the neoliberal analysis of conservative economists (Hayek, Friedman, et. al.). For the reformist Left intellectuals, neoliberalism is simply an ideology that, thanks to Thatcher and Reagan, was institutionalised through the liberalisation of all markets in the 1980s (including the financial markets) —a process which has led to a "casino-capitalism". According to the same view, the "ideology" of neoliberal globalisation is today collapsing everywhere and statism returns —as supposedly shown by the "nationalisations" of banks (the famous so-called "Brown plan" being implemented at the moment by all major central banks) and the bailout plans (which anyway are not new and happened before, even during the era of neoliberal globalisation, both in the 1980s and the 1990s). Thus, Immanuel Wallerstein[24] talks about "the ideology of neoliberal globalisation" and describes how "in the 1980s, these ideas were proposed as a counterview to the equally old Keynesian and/or socialist views". So, for Wallerstein, the Keynesian hegemony in the statist period of modernity and the present neoliberal hegemony simply express changes in ideologies reflecting corresponding swings in the political balance. No wonder that he concludes with the following statement, which shows a complete misjudgement of the nature of globalisation: "neoliberal globalization will be written about ten years from now as a cyclical swing in the history of the capitalist world-economy". It is not therefore surprising that in a recent interview he even foresaw the end of capitalism itself![25]

As I attempted to show elsewhere,[26] the new form of market economy that has been established in the last thirty years or so —which we call an "internationalised" market economy (rather than a "globalised" economy, which is a misnomer)— represents a structural change, a move to a new form of modernity, i.e., a move from statist to neoliberal modernity, rather than a change in economic policy and an ideology, as the reformist Left argues. In this sense, today's globalisation (or, preferably, internationalisation) is indeed a new phenomenon, although it is the outcome of the interaction of the social struggle with the dynamics of the market economy, which was established two centuries ago and has led to the marketisation process, i.e. to the process of minimising social controls on the markets and particularly those aiming to the protection of labour and the environment that were coming inevitably into conflict with economic "efficiency" and profitability. The emergence and rapid expansion of multinational corporations (a new phenomenon in the history of the capitalist market economy), has initially led to an informal opening and liberalisation of markets that was later institutionalised by Thatcherism and Reaganomics. It was this development which, together with the change in the subjective conditions, i.e., the decay of the labour and socialist movements in the aftermath of de-industrialisation in the West, signalled the collapse of social democracy.

However, the fact that, according to the outcome of the social struggle, we may distinguish between various phases in the era of modernity, in some of which the historical trend for further marketisation that was favoured by the elites was dominant (liberal and neoliberal phase), whereas in other phases alternative trends for the protection of society from the market became dominant (statist phase), does not imply, as Wallerstein and the reformist Left assume, that all changes accompanying the move from one modernity phase to another were equally reversible within the system. In fact, as I tried to show in *Towards An Inclusive Democracy*,[27] we have to make a distinction between, on the one hand, changes that accompanied the move from the liberal phase of modernity in the 19th century to the statist one in the 20th, and, on the other, those that accompanied the move from the statist phase to the neoliberal one.

It is clear that the former changes were incompatible with the long-term trend of the market economy for further marketisation and were in fact imposed by popular pressure under exceptionally favourable objective conditions (dominance of the nation-state) as well as subjective ones (flourishing of the labour and socialist movements). These changes were simply tolerated by the elites which were facing the dilemma of either accepting serious social controls on the markets and their "freedoms", so that they could save the capitalist system itself (and their own skin!) or, alternatively, seeing their own demise, as in the growing at the time camp of "actually existing socialism".[28]

On the other hand the latter changes, i.e. the changes that accompanied the move from the statist to the neoliberal phase, were fully compatible with this long-term trend of the market economy and were imposed under conditions particularly favourable to the elites, both objective (internationalisation of the market economy) and subjective (collapse of the traditional antisystemic Left[29]). These changes therefore, in contrast to those accompanying the statist phase that was imposed from within the system (social democracy), are non-reversible within the system. In other words, only a revolutionary change of the system could reverse the present neoliberal globalisation which is today converted into a social-liberal globalisation with the direct help of social democrats and the indirect acceptance of it by the reformist Left. Not only capitalism is stronger than ever —even in the middle of the present catastrophic crisis— given the demise of the antisystemic Left and the accommodating role of the reformist Left (supported by Wallerstein, Chomsky, Albert and others in the form of the World Social Forum), but it has also created the objective conditions which make any reversal of neoliberal globalisation "from within" almost impossible. This is because no reformist Left party (even a transnational one like the "European Left") could ever implement any effective policies to reverse neoliberalism in a framework of open and liberalised markets. Open and liberalised markets are a *sine qua non* for the very functioning of an internationalised market economy based on multinational corporations. This is why I referred above to a serious structural change within the capitalist system that neoliberal globalisation represents —a change that will obviously be not reversible from within (as Wallerstein assumes), since it is only if a Left party was prepared to abolish multinational corporations themselves and put markets under strict social controls that such a reversal could take place. But, by then, such a party would have already moved to the antisystemic Left!

Furthermore, one could only characterise as ideologically bankrupt that part of the reformist Left which perceived the biggest systemic fraud taking place at the moment in the form of the bailout plans and "nationalisations" of banks as a kind of a return to statism and Keynesianism. In reality, not only do these measures have no relation whatsoever to the social democratic, let alone the socialist ideology, of bringing productive resources under social control, but, in fact, aim at exactly the opposite: the salvation of private banking systems, through the mass redistribution of income and wealth from lower to middle and upper income groups and the economic and political elites who, directly or indirectly, pocketed trillions of dollars in the last few years out of the financial bubbles they themselves created. No wonder that the political elites today, neoliberal and social-liberal alike, not only do not question the privatisation of the hundreds of state enterprises including basic utilities which have taken place in the last quarter of a century, the instituting of "flexible" labour markets, the abolition of any strict controls to the movement of commodities and capital as well as of the progressive system of income taxation which taxed people according to their income level, but they do not even discuss the possibility of fully nationalising the banking systems, as the only rational medium term way out of the crisis. Instead, they either "socialise" —through the bailout plans— the huge losses of the financial sharks (although they never thought of course of socialising as well their gigantic profits) or, alternatively —through the fraudulent "Brown plan"— they inject billions of dollars to the vaults of failing banks, without even securing an effective control of them, as they usually offer the money in exchange for preferred shares with no voting rights! No wonder popular anger is growing, despite the brain cleansing from the international mass media about the necessity of such measures to save jobs.

A neo-Marxist approach

According to William Tabb,[30] the contemporary world capitalist system faces not just a financial crisis but four crises, the other three being the crisis of US imperialism, the crisis created by the emergence of a multi-polar world, and the crisis resulting from the unbearable pressure on natural resources that the growth economy creates. The financial crisis is seen by this approach in terms of the usual Marxist analysis of over- accumulation. As the author puts it:

> *There is an overinvestment in capacity to produce that cannot be utilized within an irrational social structure in which the only effective demand is that backed by adequate purchasing power. Overproduction in the midst of unmet social needs characterizes the system, as does pressure on workers everywhere to take lower compensation as a result of the class power of capital and its ability to pit workers against each other. The surplus produced and appropriated by capital cannot find outlets in production and spills over into financial speculation where it is absorbed in speculative bubbles that eventually collapse, spreading chaos and pain through the economy.*

However, this approach has hardly any relationship to the present reality of an internationalised market economy. For a start, although it is true that the unequal distribution of income and wealth and, therefore, of economic power is at the root of the economic crisis characterising a market economy, as we shall see in the next section, the cause of this crisis is not that inequality creates a crisis of under consumption or overproduction—the traditional Left argument. As the consumerist boom in the West has shown in the last half of a century, underconsumption is not the problem of capitalist societies at the centre (for various reasons transcending the scope of the present article), and in fact it is not even the problem in the capitalist periphery, with the creation of a "new North" in the South, as part of the globalisation process we have seen in the first section. Second, it is not true that "the surplus produced and appropriated by capital cannot find outlets in production and spills over into financial speculation where it is absorbed in speculative bubbles". Although this may be true in the case of a nation-based market economy it has very little to do with an internationalised market economy. In fact, most of the surplus which is used today for financial speculation comes from the sovereign funds of such capitalist "miracles" like China and India, as well as Russian, Arab and Latin American billionaires —i.e., from countries in which the extreme inequality in the distribution of income and wealth, in combination with the overexploitation of their labour faces (or their natural resources) and the effective absence of welfare states has created lots of surpluses, which their elites, instead of investing them domestically for an improvement in the "social wage" of their impoverished workers, prefer to invest in Western financial markets (particularly US ones) and speculative bubbles.

As regards the second crisis, Tabb bases his argument on the assumption that "there is a dawning understanding that the United States not only lost Iraq but that the situation in Afghanistan is further revealing an inability to occupy and enforce regime change and imperialist stability." However, one can counter-argue here that the transnational elite (and not just the US elite as this approach assumes) far from "losing" Iraq and Afghanistan, in fact has established there the foundations for regimes controlled by it to govern these countries for any foreseeable future. In other words, even if the transnational elite will have to end the military occupation of these countries and withdraw their ground forces some time in the near future, this does not mean that it will not have the power to control these countries economically (look at Vietnam!) as well as politically and militarily, as long as another world pole claiming a share of this control does not emerge. The world is full of similar informal "protectorates" and surely the Taliban regime in Afghanistan, and even more so the secular nationalist Baathist regime in Iraq,[31] did not use to be Western protectorates before the invasion —as they will almost certainly be, even after the withdrawal of the occupying forces from these countries. So, who has "lost" these countries?

Finally, in view of what was said above, the following conclusion drawn by the author is obviously untenable: "one impact of this unmasking of the interests that benefited from the Washington Consensus policies was a rush by Western leaders to invite the now more significant developing countries to take a greater role, to be given greater voting rights, and to exercise more power in the Bretton Woods institutions". In fact, this rush —which has indeed materialised in the last few days with respect to the November summit of the G20 to redraw the international economic institutions— has very little to do with the exotic reasons given by the author. Although, it is true that the transnational elite (roughly expressed politically by the G7) is indeed interested in bringing in its formal members, countries like China, India, Brazil, etc., the reason for this is not because they recognise in them the emerging new economic powers of the future, which should share in the running of the New World Order. The reason, as we shall see in the last section, is that they wish to involve them in sharing the cost of the economic and the ecological crisis. The moment, however, any of these emerging "big" powers attempt to follow a really different policy than the one adopted by the G7, they are simply going to be shown the door, as it just happened with Russia this summer![32]

An even greater myth promoted by the reformist Left is the “end of the US empire” that the present crisis supposedly certifies. In fact, in the era of globalisation, we cannot talk anymore about an empire based on a single geographical centre of power. Economic, as well as political, power today is concentrated at the hands of the transnational elite, which is defined as the elite that draws its power (economic, political or generally social) by operating at the transnational level —a fact which implies that it does not express, solely or even primarily, the interests of a particular nation-state. So, although the US elite has played a hegemonic role within the transnational elite because of its superior economic –and consequently political– power, it ceased playing any hegemonic economic role as soon as other real centres of economic power were created in the post-war period, like Japan and Germany. Therefore, the real issue today is not whether the US empire is falling —something implying the myth that the European elite plays a more “progressive role” in world affairs— but whether a single country-based empire, rather than a set of countries, could still constitute the basis of a transnational elite in the era of globalisation.

Concerning the third crisis which, according to William Tabb, contemporary capitalism faces, i.e., the crisis created by the emergence of a multi-polar world, this false conclusion is based on the usual statistics used by orthodox economists. Thus, the author draws his conclusion by uncritically accepting at face value such projections as that of a 2006 study by PriceWaterhouseCoopers LLP that “in the year 2050 the Chinese economy would be almost as large as that of the United States in dollar terms, and India would be the third largest”. However, such conclusions are based on comparisons of absolute economic indices on income, production, etc., which of course do not make much sense when referring to a country that concentrates 21% of the world's population. That is, if we take into account the enormous differences in population sizes, then, the per capita income of China (in terms of purchasing power) is only 17% of the corresponding per capita income of the advanced economies in the North.[33] However, even the much advertised, by neo-liberals and social-liberals, record-growth of China, following the full integration of the country into the internationalized market economy, disguises an almost negligible increase in per capita income. Thus, in 1994, after 14 years of GDP growth at a record rate of 10%, China’s per capita income was about 10% of that of the US.[34] After 10 more years of a record-growth, in 2003, China’s per capita income had just reached 13% of that of the U.S.A![35] This means that, even if China could continue, indefinitely, the growth rates of that period –something almost impossible for economic and ecological reasons– again, it would take the Chinese, not a few more decades, but some centuries even to approach the per capita income of the US and that of the advanced capitalist countries in the EU! Similar considerations apply to the other “miracle” of capitalist development, India, which, even more than China, consists of a few “islands” of development within a vast sea of poverty and underdevelopment.

At this point, neoliberals and social-liberals usually refer to the alleged dramatic reduction of poverty in China, which, however, is almost entirely due to the fact that the Communist Party elite removed from the list of poor Chinese 422 million in the 1981-2001 period, because they had reached the “respectable” income of $1 per day (the arbitrary criterion used by international organisations to define absolute poverty[36]), reducing with a stroke by a third the number of absolutely poor, from 634m in 1981 to 212m in 2001![37] In the meantime, as a result of Chinese “growth”, the country today, according to official figures, has one of the most unequal income distributions in the world, with 20% of the richest

Chinese holding 50% of the country's wealth, while the poorest 20% holding only 4.7%. No wonder China has today one of the highest Gini coefficients (this is the index used to measure inequality) in the world —even worse than that of neo-liberal Britain and the U.S.A. and almost twice as that of the Nordic countries![38]

Finally, another important indication of the kind of "development" going on in countries like China and India (which, far from indicating the emergence of new economic "giants" to challenge the transnational elite in the future, in fact, shows the growing economic dependence of these countries on this elite) is the significance of foreign capital and foreign trade with respect to this process. Foreign capital, (namely the multinationals which were established in China to exploit the abysmally low wages reaching 1/30th of those in the West),[39] turned the country into the "assembly line" of the transnational elite, with over 60% of Chinese exports and almost all its high-tech exports consisting of products "made in China" by foreign companies, mostly multinational corporations from the countries of the transnational elite.[40] Here is how Will Hutton summarises Chinese development:[41]

> *China is certainly emerging as a leading exporter, but essentially it is a sub-contractor to the west. It has not bucked the way globalization is heavily skewed in favour of the rich developed nations. Its productivity is poor; it lacks international champions; its innovation record is lamentable; it relies far too much on exports and investment to propel its economy.*

Given, therefore, the degree of dependence of Chinese "growth" on direct investment from —and exports to— the countries of the transnational elite, particularly U.S.A., any crisis in the transnational elite countries directly affects Chinese growth, as the present crisis has already shown, with Chinese stock exchanges in Shanghai and Hong Kong falling as much as the other stock exchanges in the world and the developing global recession already hitting hard Chinese growth!

Last, but not least, one could reasonably assume that the present record growth rates are not sustainable anyway, because of the tremendous damage they are inflicting onto the environment, as shown by the accelerating desertification of the country and the massively increasing pollution, which already leads to the premature death of 400,000 people a year.[42]

This brings us to the fourth crisis mentioned by the author, i.e., the one related to the depletion of resources as part of the ecological crisis. However, although this crisis is indeed a constituent element of the multidimensional crisis the capitalist world faces today, it is not directly relevant to the financial crisis to which we now turn.

3. The Inclusive Democracy approach on the causes of the crisis

The present multidimensional crisis

Few, outside the system's ideologues, would doubt today that present society, which takes everywhere the form of a neoliberal market/growth economy and representative "democracy", faces a profound and widespread crisis encompassing all spheres of social life. According to the Inclusive Democracy (ID) approach, the following are the main characteristics of this crisis:

- It is a multi-dimensional crisis involving the economic, the political, the ecological, the social, as well as the cultural levels.
- It is a universal crisis in the sense that it envelops all parts of the world that are integrated in the New World Order established by the internationalised market economy and its political complement of representative "democracy". In fact, it is precisely the universal character of this crisis that differentiates it from other crises in the past. It calls into question practically every structure and idea that supports contemporary heteronomous societies in East and West, North and South. Therefore, the present crisis calls into question not just the political, economic, social and ecological structures that emerged with the rise of the system of market economy, but also the actual values that have sustained these structures and particularly the post-Enlightenment meaning of Progress and its partial identification with growth.
- The causes of this multidimensional crisis can safely be attributed, as I tried to show elsewhere,[43] to the very institutions of modernity, which today have, been universalised. In other words, it is the dynamics of the market economy and representative "democracy" that have led to the present concentration of power at all levels which, in turn, is the ultimate cause of every dimension of the present crisis.

Thus, as regards the economic dimension of the crisis, it can easily be shown that it is the concentration of economic power, as a result of commodity relations and the grow-or-die dynamic of the market economy, which has led to a chronic economic crisis. Therefore, the result of the present universalisation of the market/growth economy in its present neoliberal form —necessitated by the opening of the markets due to the massive expansion of transnational corporations in the last quarter of a century or so— is the creation of a **bipolar world** consisting of one world which includes the privileged social groups benefiting from globalisation, either in the North or the South (what we call "the new North") and another world which is left out of the supposedly "universal" benefits of neoliberal globalisation and which includes the marginalised majority of the world population, either in the North or the South ("the new South"). Neoliberal globalisation has led to an unprecedented increase in world inequality, as confirmed also by the latest International Labour Organisation Report, which concluded that since the early 1990s, i.e., the time neoliberal globalisation began flourishing all over the planet, income inequality grew dramatically in most regions of the world. As Raymond Torres, Director of the Institute responsible for the Report stressed:[44]

> *This report shows conclusively that the gap between richer and poorer households widened since the 1990s (...) This reflects the impact of financial globalization and a weaker ability of domestic policies to enhance the income position of the middle class and low-income groups. The present global financial crisis is bound to make matters worse unless long-term structural reforms are adopted.*

Thus, as the Report shows, between 1990 and 2005, approximately two thirds of the countries experienced an increase in income inequality, with the income gap between the top and bottom 10 per cent of wage earners increased in 70 per cent of the countries for which data are available. At the same time, the income gap between top executives and the average employee widened even further: in 2003, the chief executive officers (CEOs) of the 15 largest companies in the U.S.A. earned 360 times more than the average worker; by 2007 they earned 520 times more!

As one could expect, and the Report itself showed, this huge and growing concentration of income was accompanied by the worsening of a parallel social crisis shown, for instance, by higher crime rates. In Britain, for instance, it took 30 years for the (reported) crime rate to double, from 1 million incidents in 1950 to 2.2 million in 1979. However, in the 1980s, the crime rate has more than doubled, and it reached the 5 million mark in the 1990s to approach the 6 million mark at present! The ruling elites respond to the explosion of crime by building new jails. Thus, the prison population in England and Wales increased from 64,000 at the beginning of the decade to 77,000 a couple of years ago, while the most recent Home Office projections forecast a jail population of up to 90,000 by 2010.[45] Similarly, it took the United States 200 years to raise its prison population to a million, but only the last 10 years to raise it to almost 2.2 million, with 680 people in jail for every 100,000 —a quarter of the world's total prison population! In fact, the explosion of crime (also caused by the criminalization of major sectors of the population, e.g. in the U.S.A. African-Americans are about 12% of the population, but represent half the prison population), as Martin Woolacott[46] points out, tends to take the form of an insurgency in urban conglomerations all over the world, and is treated as such by the ruling elites.

A similar process of concentration of political power at the hands of political elites has also been going on during the period beginning with the last quarter of the 18th century, when the "Founding Fathers" of the US Constitution, literally invented representative "democracy" —an idea without any historical precedent in the ancient world since, until that time, democracy had the classical Athenian meaning of the sovereignty of *demos*, in the sense of the direct exercise of power by all citizens. It was the dynamics of representative "democracy" that had led to a corresponding concentration of political power. Thus, the concentration of political power in the hands of parliamentarians in liberal modernity, has led to an even higher degree of concentration in the hands of governments and the leadership of "mass" parties in statist modernity, at the expense of parliaments. In the present neoliberal modernity, the combined effect of the dynamics of the market economy and representative "democracy" has led to the conversion of politics into statecraft,[47] with think tanks designing policies and their implementation. Thus, a small clique around the prime minister (or the President) concentrates all effective political power in its hands, particularly in major market economies that are significant parts of the transnational elite and even more so in those governed by a two-party political system (US, UK, Germany, Australia, etc.). Furthermore, the continuous decline of the State's economic sovereignty is being accompanied by the parallel transformation of the public realm into pure administration. A typical example is the European Central Bank, or the Bank of England, which have taken control of the Euro and sterling respectively and take crucial decisions about the economic life of millions of citizens, independently of political control.

So, a "crisis in politics" has developed in the present neoliberal modernity that undermines the foundations of representative "democracy" and is expressed by several symptoms which, frequently, take the form of an implicit or explicit questioning of fundamental political institutions (parties, electoral contests, etc.). Such symptoms are the significant and usually rising abstention rates in electoral contests, particularly in U.S.A. and UK, the explosion of discontent in the form of frequently violent riots, the diminishing numbers of party members, the fact that respect for professional politicians has never been at such a low level, etc. Thus, in the context of the present neoliberal consensus, the old ideological differences between the Left and the Right have disappeared. At the same time, the collapse of 'socialist' statism in the East, instead of functioning as a catalyst for the building of a new non-authoritarian type of politics which would develop further the ideas of May 1968, simply led to a general trend —particularly noticeable among students, young academics and others— towards a post-modern conformism and the rejection of any "universalist" antisystemic project. The rest, including most of the underclass, who are the main victims of the neoliberal internationalised economy, have fallen into political apathy and an unconscious rejection of established society –a rejection that usually has taken the form of an explosion of crime and drug abuse, and sometimes violent riots.

Still, Seattle, Genoa and Paris yesterday, or Athens today, are clear indications of the fact that today's youth is not apathetic towards politics (conceived in the classical meaning of the word as self-management), but only with respect to what *passes as politics* today, i.e., the system which allows a social minority (professional politicians) to determine the quality of life of every citizen. In other words, what has transformed politics into statecraft and turned many people away from this sort of "politics" is the growing realisation of the concentration of political power in the hands of professional politicians and various "experts" (as a result of the dynamic of representative "democracy"). The same applies to the radical people's movements in Venezuela, Bolivia, Argentina, and Brazil who exert significant pressure from below for new direct democratic forms of organisation.

Furthermore, the present crisis is also a cultural crisis since the establishment of the market economy implied sweeping aside traditional cultures and values. This process was accelerated in the twentieth century with the spreading all over the world of the market economy and its offspring the growth economy. As a result, today, there is an intensive process of cultural homogenisation at work, which not only rules out any directionality towards more complexity, but is in effect making culture simpler, with cities becoming more and more alike, people all over the world listening to the same music, watching the same soap operas and DVDs, buying the same brands of consumer goods, etc. The rise of neoliberal globalisation in the last quarter of a century or so has further enhanced this process of cultural homogenisation. This is the inevitable outcome of the liberalisation and de-regulation of markets and the consequent intensification of commercialisation of culture. As a result, traditional communities and their cultures are disappearing all over the world and people are converted to consumers of a mass culture produced in the advanced capitalist countries and particularly the U.S.A.

Last, but not least, there is also a related ideological dimension of the cultural crisis. The changes in the structural parameters marking the transition to neoliberal modernity were accompanied by a parallel serious ideological crisis, which put into question not just the political ideologies, (what postmodernists call "metanarratives"), or even "*objective*" reason [48] in general, but reason itself. This is shown by the present flourishing of irrationalism in all its forms: from the revival of old religions like Christianity, Judaism and Islam, etc. up to the expansion of various irrational trends, e.g. mysticism, spiritualism, astrology, esoterism, neopaganism and "New Age", rejection of scientific medicine in favour of various forms of alternative therapies, which use methods that usually have nothing to do with reason and testable hypotheses, etc. The rise of irrationalism in particular is a direct result of the crisis of the growth economy in both its capitalist and "socialist" versions. As I attempted to show elsewhere,[49] the collapse of the two main projects of modernity, i.e., the socialist and the economic development projects,[50] in combination with the parallel "credibility crisis" of science that developed in the last quarter of a century or so, were crucial to the present flourishing of irrationalism.

The ID view on the causes of the present financial crisis

As it was mentioned above, the financial crisis cannot just be attributed to greedy and unscrupulous bankers and financiers, if not to the state itself, as neoliberals assert, nor simply to the neoliberal deregulation of financial markets, as social-liberals assume, calling today for a "new Bretton Woods" (see next section). In fact, deregulating the financial markets is only part of the story and by itself could not explain, for instance, where the "unscrupulous" financiers found the huge capital resources to engage in their activities. At this point, however, the most sophisticated supporters of the social-liberal thesis bring in the "Chinese" factor. It was, they argue, the huge reserves collected by the Chinese sovereign funds, which financed this huge swindle. But then more questions arise which are left unanswered. How did the Chinese amass this huge capital and what was the role of the existing system in allowing the Chinese elites to play this game? Clearly, many more factors have to be brought into the picture, apart from the deregulation of financial markets, to answer these questions, like the parallel deregulation of labour markets in China, which allowed multinationals based in the countries of the transnational elite (basically, the G7 countries) to move their operations into the "new economy" of China, i.e., a huge paradise of low cost-production, and convert it into the assembly line of the advanced capitalist countries. Similarly, without the opening and deregulation of commodity markets, the Chinese would not have been able to export the hi-tech products of multinational corporations all over the world as "made in China" and make the huge surpluses of reserves which, instead of being used to cover the basic needs of the Chinese people like health and education, were then exported to American and other Western banks, providing the liquidity needed by financiers to engage in the "big swindle". Finally, without the opening and deregulation of capital markets, none of the above activities, i.e., neither the move of massive investment capital by multinational corporations from the West to "paradise" countries like China and India would have been possible nor, later on, the opposite flow of finance capital from these countries to the bank vaults of countries in the North.

Therefore, much more is involved in the financial crisis than the deregulation of the financial markets. In fact, what is involved is the opening and deregulation of all markets, i.e., the very essence of neoliberal globalisation. But how was this major structural change in the market economy brought about? Were just the ideologues of neoliberalism and the Chicago school of economics that suddenly prevailed over the Keynesian orthodoxy of the statist post-war period who, after persuading the political elites in U.S.A. and UK, imposed these "ideologies" or "bad policies"? If this is the case, then all we have to do now, as social-liberals assert, is simply impose some controls on the financial markets to sort out a crisis which has already developed into a world recession, and possibly a full-blown depression. But, in fact, as I tried to show elsewhere[51], this is not at all the case. The arrangements adopted in the post-war period in order to open and liberalise the markets, predominantly institutionalised (rather than created) the present form of the internationalised market economy. In other words, it was the market economy's grow-or-die dynamic and, in particular, the emergence and continuous expansion of transnational corporations' (TNC) and the parallel development of the Euro-dollar market, which led to its internationalised form today. The Euro-dollar market[52] provided in effect a regulation-free environment where US dollars (and later other strong currencies like the yen, mark, etc.) could be borrowed and lent free of any US regulatory and tax requirements. The growth of this new market, which simply reflected the growing needs of transactional corporations, was instrumental in the later lifting of exchange and capital controls. This is because the exchange controls of nation-states, particularly those in Britain where the Euro-dollar market originated, were put under severe strain, throughout the 1970s.

So, the opening and liberalising of markets was simply part of a historical trend[53] (which has been set in motion by the elites controlling the market economy since its establishment) to minimise social controls over markets and particularly those aiming to protect labour and the environment that interfered with economic "efficiency" and profitability. Thus, as regards first the institutionalisation of the opening of markets, commodity markets were in a process of continuous opening throughout the period following the second world war both at the planetary level (GATT rounds of tariff reductions so that TNCs could easily move commodities among their subsidiaries) and the regional level (European Economic Community [EEC], European Free Trade Area [EFTA], North American Free Trade Agreement [NAFTA], Southern Cone Common Market [MERCOSUR], the Association of Southeast Asian Nations [ASEAN] Asia-Pacific Economic Co-operation [APEC]

Second, once the opening of markets was institutionalised, the uninhibited flow of capital and commodities across frontiers required the parallel liberalisation of all markets –i.e., the minimisation of social controls that have been imposed in the past, in the context of the social struggle, in order to protect human labour and society itself from the market. Therefore, although the labour markets were not fully opened (so that the exploitation of cheap local labour, particularly in the South, could continue) their liberalisation was also necessary for the advantages of opening the commodity and capital markets to be fully utilised. Labour had to be made as "flexible" as possible, so that it could become easily adjustable to the rapid changes in technology and the organisation of production. The institutional arrangements to liberalise markets included:

- The formal opening of capital markets, which were in a process of informal opening throughout the 1970s, in Britain and the U.S.A. at the end of the decade when capital and exchange controls were abolished, followed by the rest of the world in the 1980s and the 1990s.
- The setting up of international rules by the WTO (which succeeded the GATT) that would make trade as free as possible, through the minimisation of the ability of national governments to impose effective controls to protect labour and the environment.
- The world-wide institutionalisation of flexible labour markets, so that the cost of production is minimised making the movement of investment capital as profitable as possible.
- The privatisation of state enterprises, which not only "liberated" more sectors of economic activity from any effective form of social control, but also gave the opportunity to TNCs to expand their activities in new areas.

- The drastic shrinking of the welfare state, so that, on the one hand, the expansion of the private sector in social services can be facilitated and, on the other, a drastic reduction of the tax burden on the economic elites is made possible, through the effective abolition of the "progressiveness" of the income tax system (i.e., the grading of tax rates according the level of income) the drastic cut in corporation tax rates, etc.

The arrangements to liberalise the markets constitute the essence of what has been called "neoliberalism"/"neoliberal policies" —in effect, a misleading term since such policies have been introduced worldwide by governments of all persuasions, not only of the "Right" (Reagan, the Bush family, Thatcher, et. al.), but also of the "Left" (what I call social-liberal) in Europe, Australasia, etc. Therefore, it is clear that these policies reflect the structural changes of the market economy and the corresponding business requirements of late modernity; in this sense, they are "systemic" or endogenous policies necessitated by the dynamics of the market economy. In fact, the neoliberal policies initiated by the economic elites of late modernity to liberalise the newly opened international markets plainly repeated a similar process that was initiated by the economic elites of early modernity, at the beginning of the 19th century, to liberalise the "national" markets, which had emerged at the end of the 18th century. Still, for the reformist Left, neoliberalism as well as globalisation, are merely "utopias" that the economic elites attempt to impose, in the context of a "project" that 'aims to create the conditions under which the neoliberal "theory" can be realised![54] However, the very fact that there is a broad consensus between all major political parties in the major market economies to implement such policies is an obvious indication that the presently universal neoliberal policies, far from being a "utopia", in fact, reflect the structural changes of late modernity.

Once we adopt the above analytical framework, we can easily explain how the present crisis exploded in September 2008 and has been worsening. Thus, once capital and labour markets were liberalised, in almost every part of the world including "communist" China, all major multinational corporations based in the countries of the transnational elite began moving significant parts of their manufacturing industries (in some cases even services, as e.g. in India) to these paradises of low-cost production, the immediate result being the "de-industrialisation" of the North and the corresponding pseudo-industrialisation of some countries in the South. This has led to the creation of a new international division of labour, which institutionalised keeping high technology, research and development, as well as specialised "products" like financial services, in the metropolitan centres –which still concentrate the real planetary economic power—and, at the same time, transferring large parts of the manufacturing process to countries such as China and India, where various "development islands" have been created within vast oceans of misery and underdevelopment, which feed the new (mainly controlled by the metropolitan centres) export industries with abundant and well disciplined labour.

So, the "made in China" or "made in India", etc. exports created huge amounts of foreign currency reserves while their elites, instead of investing them domestically in order to meet the basic needs of their peoples which —after the privatisation of social services like health and education were not covered anymore—, preferred to transfer the reserves to the banks and financial institutions of the North and particularly the U.S.A. In effect, it was this reverse flow of capital from these countries to capitalist centres, which allowed the transnational elite and its hegemonic part in the US elite to find the money to carry out their criminal wars in Iraq and Afghanistan, while, at the same time, it increased liquidity in the borrowing countries, making money easily available and "cheap" (i.e., driving down interest rates) and helping the flourishing of the real estate bubble, particularly in the U.S.A.

The consequences of this process, which was described in a previous issue,[55] were not only the creation of massive unemployment in the West, which was later transformed —with the crucial help of "flexible labour markets" that were introduced as part of the neoliberal package— from open unemployment to disguised unemployment in the form of part-time work, occasional work, massive training programs and so on, but also the huge expansion of the financial market, which, through the opening and deregulation of markets has been globalised. In Britain, for instance, the financial and business services sector has been responsible for almost half of the growth in the economy and the London City and the housing market have been proving recently the two main sources of growth. No wonder some analysts argue that "it is an exaggeration, but perhaps not much of one, to say Britain is dependent on speculation"[56]. Similarly, in America's profit surge of 2006, financial services pocketed by far the lion's share: 32.8 per cent[57]. The main profit engine was proprietary trading. Thus, traders began by offering "sound" loans to cover the property needs of the wealthy middle classes and when, at some point, the possibilities for further expansion in this part of the market were exhausted, they turned to attract the low and marginal income groups, which were keen to take part in the "American Dream", but also represented a case of high risk (and also high profit) possibility, i.e., they turned to lend in the "sub-prime" market. Dreamy-eyed risk groups (African Americans, Latinos and other working poor) bought into exploitative loan schemes with slogans such as "bad credit, no problem", "quick and easy money", "zero percent down payment", "creative financing" with teaser rates[58]. The inevitable result was that when, after an introductory period of low mortgage repayments, these repayments began rising steeply, about 14% of sub prime borrowers defaulted[59] in the first quarter of 2007. Repossessions followed.

Meanwhile, the dealers, who controlled these financial dealings, had taken care, using various financial devices, to transfer the risk involved to others than themselves. For this, they used a "securitization" process by packaging up the debts into negotiable bonds, which could then be sold to banks, hedge funds and other investors, from Zurich to Shanghai, whereas at the same time risky loans could be wiped off the balance sheets of the issuing banks. On this they were significantly helped by the parallel liberalisation of financial markets, which allowed financial companies to lend them amounts of money which had almost no relation at all to their customer deposits (whereas, in the past banks had to keep a ratio of at least 10 percent or so of their loans, etc. in the form of reserves created by customer deposits, etc.). As a result, bank lending by far outstripped customer deposits, and when confidence collapsed banks were left with billions of dollars of loans they could not dump. In fact, no one knew where the debt was, causing further market blockage. Today many financial institutions all over the world may be already bankrupt or at least unable to fulfil their obligations to depositors.

Inevitably, banks and financial companies ceased trusting, and therefore, lending each other. This brought the financial markets at a standstill, and governments, beginning with the US government, began nationalising not the banks and financial institutions which were heavily involved in this predatory process, but just the "toxic" assets. As this was proved inadequate, they were forced to implement the "Brown plan" of capitalising Banks, etc. i.e., pumping more taxpayers' money into them to replace "toxic" assets with healthy ones, so that they could persuade the financial markets to start lending again and put the banking system, which was at a standstill, back into action. This, of course, had nothing to do with "nationalisation" (partial or not), as they euphemistically called it to confuse people. A nationalisation implies not only ownership, but also control, and clearly the second condition was not satisfied when these "nationalisations" usually meant the state acquisition of "preferred shares", which do not give to the state even voting rights! This means that Banks are effectively incontrollable on how they use the huge sums of taxpayers' money and reports have already surfaced that bankers might be using the money to buy other banks, pay dividends, give employees a raise and executives a bonus, or just sit on it! [60]

Even more fraudulent is the claim supported also by some in the reformist Left, including some Marxists, that what we see today is the return of some kind of statism. But statism was associated with a series of important characteristics that are completely missing today, i.e.,:

- The regulation of commodity markets and the subsidisation of domestic industries, so that they could withstand the competition from bigger and therefore more competitive foreign industries, etc. Instead, what we see today is the continuation of the privatisation process and national airlines like Alitalia and Olympic Airways are effectively being privatised (and the states are penalised for subsidising them) by order of the part of the European part of the transnational elite within the EU, at the very moment socialdemocrats celebrate the return of statism!
- The regulation of labour markets, instead of their present deregulation which has led to the universalisation of the hire and fire culture, the state obligation for full employment, which would not have allowed the present generalisation of part-time and occasional work, the protection of labour relations instead of the present effective undermining of trade union legislation, etc.
- The regulation of capital markets instead of the present opening and freeing of them, which has led to immense capital flows that made easy the huge speculation activity.
- A steeply progressive income tax system and high corporation tax rates in order to improve the distribution of income and wealth, instead of the present regressive personal income tax system and low corporate taxes, which have led to the present unprecedented inequality in the distribution of income and wealth.
- A thriving full welfare state, instead of the present "safety nets".

4. A new social-liberal consensus or Economic Democracy?

Is a social-liberal consensus the answer?

While the economic crisis is getting worse by the day, the transnational elite and particularly the representative of "good" EU capitalism, Nicholas Sarkozy, promotes another myth: the myth that, following the failure of free markets expressed by neoliberal globalisation, a "new" capitalism is emerging, a "capitalism with a human face" where the markets will be controlled by society through the state. This, despite the fact that at the very meeting of the main partners in the transnational elite, (namely, the representatives of the US elite and those of the EU elite), in Camp David, on October 19th 2008, to discuss "reform of global capitalism and a Bretton Woods II", the US elite, through president Bush, stressed that:

> *"As we make the regulatory and institutional changes necessary to avoid a repeat of this crisis, it is essential that we preserve the foundations of democratic capitalism – a commitment to free markets, free enterprise and free trade."*

Gordon Brown was even clearer on how the transnational elite see the future reforms[61]:

> *I admire the market's ability to release the dynamism and enterprise of people and so this new Labour government is pro-business and pro-markets and always will be (...) In the 1940s, visionaries took on the challenges of the day and built international institutions that have lasted for 60 years. But they were designed for an era of sheltered markets and national competition. Now we must build global institutions for an era of global markets and global competition. I have set out my proposals for a new global early warning system, for cross-border supervision for action to eliminate the conflicts of interest that have dragged our world economy down, and for fundamental reform of international institutions.*

At the same time, Peter Mandelson, who expresses the hard-core of European social-liberalism and just left the European Commission to join Gordon Brown's government, in an article published the very day he joined the British government, clarified the policy of social-liberal consensus that will characterise the transnational elite with respect to neoliberal globalisation in the future:[62]

> *Whatever our response, we should be guided by two principles. First, we should not jettison our commitment to globalisation. Second, a global economy needs global governance (...) States and effective governance is what makes globalisation possible: they preserve open markets, enforce rules and responsibilities, and manage the risks for individuals and society. We have been reminded over the past two weeks that the state underpins the market as lender of last resort. But it has a legitimate claim to a wider role. Its role is to ensure that the conduct of individuals or businesses does not put at risk the stability of the system or the foundations of our economies.*

Of course, informal global governance already exists –even though Mandelson pretends ignorance! —in the form of the G7, which faithfully expresses the views of the transnational elite,[63] (i.e., of the elites which control —through the transnational corporations— the world economy, as well as the world polity, through their control of the international political/military and cultural organisations), although differences in tactics did arise on several occasions in the past between its members (Iraq invasion, Kyoto agreement, etc.). When, therefore, Mandelson talks about "global governance" he refers in fact to a virtual governance –perfectly compatible with the era of virtual reality we live today—in which such countries are supposedly going to run the New World Order as South Korea, Argentina and Brazil (at the edge of bankruptcy at the moment), India (in which the majority of the population starve so that its elite could waste millions of dollars on space expeditions!), and the inevitable "Chinese giant", (where the growth bubble —based on "made in China" exports of multinational corporations— has already began deflating).

At the same time, the text of the invitation for the November 15th summit in U.S.A. of the members of the G20 made abundantly clear the transnational elite's intentions:

> *The summit will also provide an important opportunity for leaders to strengthen the underpinnings of capitalism by discussing how they can enhance their commitment to open, competitive economies, as well as trade and investment liberalization.*[64]

Hence, it is clear that the essence of globalisation is here to stay, with some modifications as regards the formal composition of the political elite and the control of financial markets, or, as Mandelson aptly put it in the subtitle of his article, "we need another Bretton Woods to lessen the risks but keep the benefits of world financial markets". The formal expansion G7 into G20 is therefore a device to involve the "emerging powers" in sharing the economic cost of the present crisis, as well as the ecological cost of checking the rapid deterioration of the ecological crisis, given that their consensus is necessary in this process. Informal power, however, will remain concentrated at the hands of G7, as at present, although the hegemonic power that the US elite enjoyed, following the 1945 Bretton Woods conference, could also be replaced by a more equal distribution of political power among its members to reflect the decrease in US's economic power relative to that of the EU members of G7. The German Finance Minister Peer Steinbrück made clear this intention when he stated just before the Camp David meeting, "the US will lose its superpower status in the world financial system…The world financial system is becoming multipolar"[65] —although by "multipolar" he simply meant the long overdue institutionalisation of the present situation, (i.e., of a transnational elite running the world economy and consisting of the elites from US, EU and Japan), rather than China, India and Brazil! The IMF and World Bank may also be "restructured" to have power to control more strictly financial markets through, for instance (as Brown proposed) an early-warning system for the world economy to ensure that problems are anticipated earlier; a framework to ensure crises are dealt with better as they arise; cross-border colleges of supervisors to monitor the world's top 30 companies and financial institutions that trade across borders, curbing the uncontrollable risk-taking activities of bankers and financiers in their pursuit of scandalous bonuses and pay rates etc.

So, the "New Bretton Woods", which is planned by the transnational elite, as well as the "new" capitalism, which is being promoted at the moment, are going to leave intact the essence of present neoliberal globalisation, as expressed by the open and liberalised capital and commodity markets and the flexible labour relations imposed by the liberalisation of labour markets. This implies the following:

- The continuation of the present type of state interference on the economy to tackle the growing recession through the "supply side" of the economy (i.e., enhancing the motives to invest and save by means of lower interest rates, proportionately lower income tax rates for the higher income groups, lower corporation taxes, etc.) rather than through active state interference on the "demand side" of the economy, as used to be the Keynesian kind of policy effectively implemented by social democrats in the statist phase of modernity.

- The continuation and further expansion of the privatisations program into those sectors, which are still nationalised (e.g. national airlines like Alitalia and Olympic Airways). At the same the few private banks that were nationalised during the present crisis are expected to return to the private sector as soon as they become profitable again.
- The continuation of the present dissolution of welfare states and their replacement with safety nets for the lower income groups together with the parallel enhancement of the privatisation of health and education services for the middle classes.

Everything therefore that characterises the essence of present globalisation, which is summed up by the huge inequality in the distribution of income, wealth and economic power, is here to stay, for as long as the market system economy and representative "democracy" —the pillars of the present system that secure this inequality in the distribution of economic and political power respectively— are reproduced.

Economic Democracy as the only way out of the crisis

Clearly, the planned reform of the financial system, at best, would reduce the frequency of financial crises, although not necessarily their intensity, as the historical experience shows, and certainly would do nothing at all to tackle the causes of the broader economic crisis I discussed above, let alone the other dimensions of the multidimensional crisis. This is because the re-imposition of some financial controls —this time at the global level to increase their effectiveness in a globalised economy— simply aims to stabilise the financial system and generally the system of the market economy and protect it from destabilising financial crises that could easily develop into major recessions, if not depressions. But, such controls do nothing at all by themselves to deal with the root cause of the economic crisis, i.e., the huge and growing concentration of income and wealth, and consequently economic power, between the "new North" and the "new South", as defined above. Therefore, inequality, with its economic, political and social implications, the continuing destruction of the environment, unemployment and job insecurity, as well as misery for most of the world's population will continue, so that the elites and the privileged social groups all over the world could continue enjoying their lavish living patterns at the expense of the rest of the world.

In the meantime, people are increasingly realising, particularly after the latest crisis which may last for a significant time, that their economic fate, in fact, the quality of their lives, is not and could not be controlled by themselves within the market system, but is controlled instead by invisible forces, the market forces, and the visible economic and political elites which control them. Working people are today at a loss to understand why their work is no longer required, for no fault of their own, by those controlling the market forces and, as a result, become unemployed (in Britain alone unemployment is expected to double as a result of the financial crisis from 1.5m at the beginning of the crisis in the summer to 3m by 2010, if not earlier); people at retirement age could not understand why their projected pensions could be halved while many of their savings, for which they worked all their lives in order to secure some sort of decent retirement will be lost, so that financiers and bankers could make billions of dollars in terms of bonuses and extra pay in the last few years. Still others see their dreams of buying a flat or a house for them and their families to be destroyed, with repossessions growing all the time and their savings lost in the cyberspace of financial dealings behind their backs.

But, why should we take a system like the present catastrophic one for granted? Economic systems are not God's creations. They are man's creations, as God himself is. The central planning system of "actually existing socialism", despite the fact that, as far as meeting the basic needs of all people was concerned, it was far superior than the capitalist system, collapsed not just because it was a failure, but because people ceased to take it for granted. So, why do people take for granted the system of the capitalist market economy, despite its catastrophic economic and environmental failure—to mention the two main forms of failure? Clearly, the collapse of actually existing socialism and of the socialist project itself have played an important role in this, but this is not enough to explain the apathy, even in the face of the present economic and ecological crisis. Particularly so, when today we can envisage a very different world in which people could themselves control their own lives and their relations with the social and natural worlds, rather than leaving such crucial decisions to elites, which primarily are interested in meeting their own needs. Economic democracy, as a constituent part of Inclusive Democracy envisaged by the ID project, proposes the kind of economic organisation that we particularly need today not only because this is the kind of economic organisation that could secure individual and collective autonomy at the economic level, but also because it represents, at least to my mind, the best way of transcending the chronic economic crisis, which began with the establishment of the capitalist system of market economy two centuries ago –a crisis which periodically deteriorates, destroying in the process the lives of many more people that it "normally" does.

A model of economic democracy, as an integral part of an inclusive democracy, is described in detail elsewhere[66]. I will describe only briefly why, within the context of an economic democracy as defined by the ID project —which is a very different conception from the usual conception of economic democracy given by Greens, social democrats, social ecologists/communalists, Pareconists, et. al.— the crises described above are simply impossible.

First, the present huge and growing inequality in income, wealth and economic power is impossible given that in an economic democracy, all "macro" economic decisions, namely, decisions concerning the running of the economy as a whole (overall level of production, consumption and investment, amounts of work and leisure implied, technologies to be used, etc.) are made by the citizen body collectively and without representation. However, this does not mean that people are deprived of their "freedom of choice" that the market system supposedly provides. This is because the individual producers and consumers, through a proposed system of vouchers or credit cards, make all "micro" economic decisions at the workplace or the household levels. The equal distribution of economic power that economic democracy implies, in combination with the equal distribution of political and social power that political democracy (direct democracy) and democracy at the social level (self-management) institutionalise in an Inclusive Democracy, create the institutional preconditions that would make the present multidimensional crisis a thing of the past.

Second, within such a system, there will be no economic or political elites or privileged social groups, given that the main characteristic of the proposed model is that it explicitly presupposes a stateless, money-less and market-less economy, which precludes private accumulation of wealth and the institutionalisation of privileges for some sections of society. No bankers, no financiers and no speculators anymore, on top of all those controlling the means of production, to exploit the work of others for their own benefit. All this, without having to rely on a mythical post-scarcity state of abundance (as social ecologists/communalists[67] assume), or having to sacrifice freedom of choice and self-management within a vast bureaucratic planning model like Parecon.[68] In fact, the proposed system aims at satisfying the double aim of: (a) meeting the basic needs of all citizens –which requires that basic macro-economic decisions have to be made democratically, and (b) securing freedom of choice –which requires the individual to make important decisions affecting his/her own life (what work to do, what to consume, etc.).

Third, covering the basic needs of all people is secured institutionally, so that hunger, homelessness, lack of adequate health care and illiteracy will be things of the barbaric past. Thus, a crucial difference from market-based or planning-based models is ID's crucial distinction between basic and non-basic needs. Remuneration is according to need, as far as basic needs is concerned, and according to effort for non-basic needs. Thus, unlike Parecon, in which basic needs are satisfied only to the extent they are characterised as public goods, or are covered by compassion and by a guaranteed basic income for the unemployed and those who cannot work,[69] ID is based on the principle that meeting basic needs is a fundamental human right which is guaranteed to all who are in a physical condition to offer a minimal amount of work. As far as covering basic needs is concerned, ID implements the basic communist principle "from each according to his/her ability to each according to his/her need".

Fourth, unemployment and job insecurity will also be remembered as part of the barbaric Middle Ages that preceded economic democracy. Today, local economies depend on outside centres for the organisation of production and work, for covering their needs in goods and services, even for the provision of social services (education, health, etc.). For example, to attract investors, very expensive incentives are used, which usually overlook the ecological implications, while the investments themselves do not maximise local employment, and, instead, create a significant outflow of local income. The World Trade Organisation, for instance, made self-reliance in agriculture almost impossible, destroying in the process the livelihood of millions of farmers all over the world and transforming agriculture into an even more chemical-intensive process controlled by big agro-business. On the other hand, the local self-reliance implied by the decentralisation of an economic democracy would mean maximal utilisation of local resources and sources of energy, a process that leads to a corresponding maximisation of local employment and, through the "multiplier effects", of local income. Work in an economic democracy would be allocated on the basis of the preferences of citizens as producers and as consumers. Thus, citizens, *as producers*, would select the work they wish to do while citizens, *as consumers*, through their use of vouchers or credit cards, would determine their own consumption pattern and indirectly the allocation of labour resources in each line of activity.

Fifth, an economic democracy, as envisaged by the ID project, implies a high degree of decentralisation (physical or at least administrative), so that the main collective political and economic decision unit are the demotic assemblies, (i.e., the assemblies of all citizens living in a *demos* of about 30,000-50,000 people), which are then confederated at the city, the regional, or the national level and beyond for decisions which cannot be taken at the local level. This way, the ID project, through its proposed institutional framework, offers the best hope for a better human relationship to nature than could ever be achieved in a market economy, or one based on socialist statism. Thus, political democracy gives the power to the people to decide the relationship of society to Nature on the basis of the general interest of the community rather than the special interests of privileged social groups. Furthermore, economic democracy replaces the grow-or-die dynamic of the market economy with a new social dynamic aiming at the satisfaction of demos' needs rather than economic growth. But, if the satisfaction of demotic needs does not depend, as at present, on the continuous expansion of production to cover the needs that the market creates, and if the link between the economy and society is restored, then there is no reason why the present instrumentalist view of Nature will continue conditioning human behaviour. Particularly so since, unlike socialist models which are centralist, the aim of production in an ID is not growth, but the satisfaction of the basic needs of the community and of those non-basic needs for which members of the community express a desire and are willing to work extra to cover them.

Finally, democracy in the social realm would be a decisive step in the creation of the conditions for a harmonious nature-society relationship, as the phasing out of patriarchal relations in the household and of hierarchical relations in general, could reasonably be expected to create a new ethos of non-domination that would engulf both nature and society.

The peoples of the world have therefore every reason today, before the economic crisis and the parallel ecological crisis destroy the quality of life of most people in the planet, to begin building an ID movement and take steps like the ones described elsewhere,[70] so that we can move to replace the present system of capitalist market economy with an economic democracy —as part of an Inclusive Democracy— and transcend the present multidimensional crisis.

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