

## G20 summit protest: A socialist answer to the global crisis is needed

*Statement of the Socialist Equality Party (Britain)*

*27 March 2009*

The March 28 mass protest in London directed towards the G20 summit raises fundamental questions of political perspective.

The descent of the world economy into the worst recession in history faces humanity with an unprecedented catastrophe. Even before the onset of this crisis, some four billion of the world's population suffered degrading and life-threatening levels of poverty and social inequality had reached malignant proportions. The richest 10 percent of the world's population owned 85 percent of global assets. Within this, the top 1 percent owned 40 percent. In contrast, the bottom 50 percent of the world's population owned less than 1 percent of global wealth.

These disparities will worsen sharply, as tens of millions lose their jobs, companies fold, homes are repossessed, banks fail and entire national economies are faced with bankruptcy.

Ideologically, as well as socially and morally, the implications of this economic breakdown are revolutionary. At a stroke, all the myths of the wonders of the "free market" and its accompanying proclamations in defence of individual enrichment and attacks on social solidarity have been exposed.

That is why the leaders of the world's richest nations have made such a song and dance about the importance of the G20 meeting. Each wants to appear as if they have a plan to deal with the crisis, and that their proposals—if only they are implemented swiftly and resolutely—will restore normalcy.

In reality, the assembled heads of state are the masters of nothing. The economic and political prescriptions on which they have based themselves for the last three decades are in ruins. Their promises of a change in direction are aimed only at chloroforming the population as to the scale of the downturn, while they continue to fleece workers in order to line the pockets of the bankers and the super-rich.

So far, fiscal stimulus packages alone account for at least 2 percent of world GDP and pledges for future

allocations of resources to the financial institutions dwarf even this figure. This money has been sucked up without having any noticeable effect, with the International Monetary Fund and World Bank anticipating a global economic decline of two percent this year. No one can in fact predict how bad things will be. Every estimate made is worse than the last.

The organisers of today's demonstration rightly insist that the priority must be for decent jobs and public services and an end to poverty and inequality. But they claim that this can be accomplished through an appeal to the G20 leaders to "Put People First". Their contention is that there is nothing fundamentally wrong with the market economy, other than its "undemocratic governance." By "democratising" institutions such as the World Bank and the IMF, through greater "transparency", parity of "voices and votes" and greater regulation, it will be possible to ensure that the market is "made to work for the many, not just the few."

This turns reality upside down. The lack of accountability within economic institutions is not an aberration that detracts from the running of the market in the interests of the majority. It is proof that democracy is no longer compatible with a system based on the exploitation of the vast majority by the numerically insignificant and wholly parasitic elite.

The past decades have seen the emergence of a financial aristocracy, which has accumulated ever greater levels of personal wealth through speculation largely divorced from the actual productive processes undertaken by the rest of society. This layer regards any notion of democratic control and accountability as antithetical to its own social interests. It cannot and will not countenance any restriction on its plundering of the world's resources.

There is no possibility of the major powers agreeing to a co-ordinated "Global New Deal". There cannot be a return to the system of post-war economic regulation established at Bretton Woods, which was based on the undisputed world hegemony of the United States. Today the US is at the centre of the economic storm,

and its decline as the leading global power is the major destabilising factor in world politics.

The US and Europe are at loggerheads over the size of the fiscal stimulus to be applied by countries, with Germany leading opposition to Washington's calls for Europe to stump up more cash. In addition, no G20 country has undertaken the financial sector assessment program that is supposed to ensure greater transparency and accountability.

Rather than a "fair, sustainable route out of recession", behind the scenes the political representatives of big business gathered in London are drawing up austerity budgets involving the destruction of jobs and public services and the catastrophic lowering of the living standards of the mass of the world's peoples.

At the same time, the major powers—the US, Europe, Japan and China—are seeking to protect themselves from the worst impact of the world recession at the expense of their rivals.

This week a report by the World Bank found that 17 members of the 20-member group have embarked on protectionist measures since they signed a pledge on November 15 not to do so. Since the beginning of the financial crisis, officials have proposed and/or implemented 78 such trade measures, of which 66 involved trade restrictions. The New York Times concluded that "protectionism is on the march, provoking nasty trade disputes and undermining efforts to plot a coordinated response to the deepest

global economic downturn since World War II."

Capitalism has brought humanity to the brink of disaster. This week Dominique Strauss-Kahn, head of the IMF, was forced to make the following warning:

"Bluntly, the situation is dire. This will dramatically affect unemployment and, for many countries, will be at the roots of unrest, some threat to democracy and maybe also end in war."

The financial elite and its representatives can no longer be allowed to dictate what happens to the people of the world. The gravity of the present crisis demands nothing less than the reorganisation of the global economy on a rational, planned basis, directed towards satisfying social need.

The system of private ownership of the means of production, based on the accumulation of profit by the few, must be replaced by social ownership and the transformation of the major banks and corporations into publicly-owned utilities under democratic control. The irrational division of the world into competing and antagonistic nation states, which threatens trade and ultimately military conflict, must be replaced by a world socialist federation.

This struggle can only be undertaken by working people themselves, against the bourgeoisie and their allies in the labour bureaucracies. It requires a political mobilisation across all national borders, through the formation of a new socialist and internationalist party.