

Nikos Chountis for Transform! Workshop, 08-09 December 2011, Brussels

The crisis that we are dealing with today, is a global crisis of capitalism and, in particular, of its neoliberal form. This crisis can take different forms of exposure, depending on the particular historical, political and social characteristics of each country and each region.

So we can say that we are dealing with a crisis that is both:

-**economic**; that means that it generates catastrophic recessions, for both strong and weak economies, persistent unemployment and the overall destruction of the productive capacities of our economies.

-**social**; that means that big parts of the population become more and more poor, social ghettos are being created and the hopes and dreams of the workers and the young people vanish, altogether.

-**political**; that means that it threatens with extinction the “European experiment”, intensifying nationalistic and economic rivalries, with the argument of "making the euro stronger."

-**democratic**; which means that “politics”, “elections” and other democratic procedures, are being depressed by the economic and market forces.

The current crisis of capitalism has to do with the contradictions of the capitalist system. Re-inforced, of course, by the ideology of neo-liberalism, which prevailed politically in the late '70s. The main principles of neo-liberalism can be summarized in:

- a) the liberalization of markets,
- b) the reduction of labor costs and working rights,
- c) the privatization of state enterprises and organizations,
- and finally,
- d) the empowerment and dominance of the financial sector.

The latter feature of neoliberalism will be the main subject of our workshop, today, since every proposal from the Left, pre-supposes a rigorous analysis and critique of the phenomenon of financialization, that is the empowerment and the strengthening of the role of financial capital.

The financial system, particularly after the collapse of the Bretton Woods era, which signaled the end of the so-called Golden Age, accumulated enormous economic wealth

and political power. An important element of the period after the Bretton Woods' collapse, was the huge expansion of the financial sector, which played the role of the "substitute", for workers' consumption needs, who were constantly losing a significant part of their disposable income. So, the banking sector, by creating and supplying "complex" and "innovative" products, tried to satisfy those social needs, which, until then, were satisfied by the minimum wage and the welfare state.

The mortgage crisis in America, and the debt crisis in the euro area, has proved, among others, a very important finding. That the expansion of the financial sector during the neo-liberal era, which can, now, make more money in a month, than a whole country in a year, serves nothing more than the frantic desire of capitalists to earn more profits.

-there is no social, economic or other, need that can be served by the current banking and financial system.

-there is no social need served by asset and financial transactions being made within seconds.

-there is no social need served by complex mortgage loans and other structured bonds.

-there is no social need served with the existence of complex financial derivatives on fuels, food products etc.

-there is no social need served by the Credit Rating Agencies, which plunged our countries to degradation, not only of their ability to re-pay their debts and satisfy the "markets mafia", but of the living standards of our workers, of our students, of our unemployed, of our people.

From this point I want to continue my speech and add some of my thoughts for an alternative banking and financial system. An alternative banking system that becomes a part of a comprehensive Left strategy, for the rupture and overthrow of neoliberal capitalism, at both national and European level. A strategy for the Left for building 21st century socialism, focusing on both the basic capitalist contradiction (capital VS labor), and the additional economic and social conflicts that have been risen, as a result of the 30-year implementation of the neoliberal development model.

So, a modern and radical program for the European Left, should contain both reform initiatives, that will reduce the debt problems and the structural weaknesses of the EMU, as well as, substantial political and social changes in national and European level, that will challenge the essence of the capitalist order. The Left should not mistakenly stick

to the Keynesian ideology and thus forget its own ideological and political roots. The Left should not limit its criticism to the distorted architecture of the euro or to the insolvent banking system. Instead, the Left, must confront with revolutionary ideas and political practices, that strike at the heart of the problem and, thus, better serve the needs of the working people.

In this light, an alternative banking and financial system that is part of an overall Left strategy, should first and foremost serve the needs of society, the needs of workers, the needs of the poor and the weak. A financial system that mitigates the social and productive inequalities, both, within national boundaries, and between EU Member States

This to achieve, we have to fight for:

- The radical change of the financial system, as we know it today. It is urgent to permanently obstruct speculative transactions and to minimize the activities of private commercial and investment banks.

- A public banking system, in order to benefit the society and the poor and to guarantee the liquidity of the economy. Turn into productive investments in renewable resources, in transportation, in public research and development, in public universities. But also, loans and micro-loans, on favorable terms, to small and medium enterprises, farmers, etc

The overthrow of the current neo-liberal ECB and the re-establishment of a central bank in the EU that will act as a lender of last resort, both for banks and member states. A Central Bank that will operate under a democratic and political control and that would have as an immediate policy priority, economy-wide full employment and the stability of the banking system.