

Global System Collapse and a new Post-Recession Settlement

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Abstract: A wide range of research points towards a perfect storm of crises in the global political economy, unprecedented both in scale and urgency, that signals the unravelling of the current neoliberal world order. In its place we see a broad scope of political ideology returning to the fore of mainstream politics, most particularly the extreme-right and Fascism, across developed and developing countries alike. This paper argues that to avoid existential catastrophe, pathologies must be suitably identified, understood and addressed in a post-Recession global settlement. To do so, the article identifies and outlines the points of interconnectivity between three major existential crises in global finance, the global socioecological systems, and international labour/migration. Following this, the article examines the effectiveness of two holistic approaches to addressing these crises: the United Nations Sustainable Development Goals and the Green New Deal, before examining the possible nature of a new global settlement that might scale-up efforts to realizing a sustainable political economy before it is too late to respond.

Keywords: Global Financial Crisis, Climate Change, Biodiversity Loss, Labour, Refugee Crisis, United Nations, Sustainable Development Goals, Green New Deal, International Monetary System, Wealth Divide

Introduction: The coming storm

Almost four years ago Donald J. Trump won the election to become President of the United States (US), having become the leader of the mainstream Republican Party on the promise of 'draining the swamp' i.e. removing corrupt and inept officials from power¹). In the same year, a similar right-wing populist movement in the United Kingdom (UK), which focused its political ire on the threat to democracy posed by bureaucrats, managerialist bodies and technocrats in the higher corridors of power within the European Union (EU)²) as well as immigrants, surged throughout the nation leading to a referendum in which just over half of the voting UK public elected to leave the EU. The psychological response to slipping living standards has been withdrawal and disdain in the UK, as in countries across the world, and has become manifest in the dwindling support and trust for major institutions in the political economy and people in positions of power as well as to reject the multiculturalism taken to be another corollary of globalization. Similarly, right-wing populism has thrived in Europe, as EU member states, which have no capacity for seigniorage under the European Monetary Union (EMU) and hence in response to the austerity measures imposed by the troika, i.e., the European Central Bank, European Commission, and the International Monetary Fund (IMF), have had little other choice but to transfer the bulk of devaluation onto living standards through wage cuts, retractions of social entitlements, slashing investment into public services and utilities, and the deleveraging of historically and culturally treasured public assets (Lavery 2018).

Within these four years also, US dominance in the Middle East appears to be waning which has major implications for the global political economy. The US is unable to exercise the same hegemonic power over the Middle East as it has since the Oil Shocks of the 1970s, which markedly altered the balance of power in the region by allowing other *soi disant* 'big powers', such as Russia, to exert influence over it (Thompson 2018). At the same time, the political

economy is suffering from a chronic deficiency in demand. Growth in many developing countries has been reliant predominantly on asset bubbles and an unstable shadow banking sector which central banks are keen to provide backstop guarantees for in order to avoid at all costs downward liquidity spirals (Baker and Murphy 2018). Therefore, central banks are propping up failing banks and financial markets and maintaining low interest rates, resulting in many advanced nations' economies stagnating under continuing deflation and disinflation and increasing underemployment and unemployment while asset bubbles across the world lead to deeper socioeconomic divides across social classes and generations (Green 2018). Deficiency in demand also means there is a poignant lack of investment into the world's most urgent and important areas such as environmentally sustainable technologies, infrastructure projects, research and development, and people (Baker and Murphy 2018). Thus, even if free-market capitalism were theoretically conducive to overcoming the worsening socio-ecological crisis, which is by no means certain, there is little evidence to suggest it is capable of doing so, while the rising divide in wealth which has attenuated growing social dislocations and political cleavages appears chronic, morbid and, ultimately, fatal.

Addressing the ongoing and intensifying socio-ecological crisis, a scathing report on the response to climate change, entitled 'What Lies Beneath: The Understatement of Existential Climate Risk', made the following points clear.

1. If the voluntary emission reduction commitments from the Paris Agreement are successful, the planet will likely warm by 3.4C by 2100, supposing there are no long-term carbon cycle feedbacks;
2. Models that assume carbon feedback loops have the planet warming by over 4C; and
3. Warming of 4C—which could happen by 2050—could be so fatal as to result in the reduction the world's population by 80 to 90 per cent.

(Spratt & Dunlop 2018)

Whether or not the world is able to respond to these challenges, the global political economy, owing particularly to its dependence on the demand for fossil fuels, simply will not survive in its current form. Therefore, this paper makes two arguments. The first is that change is inevitable. This is carried out by examining in more detail the various crises that beset the planet case-by-case. Three crises are addressed in the following order: Economic Crisis, Socio-Ecological Crisis, and the Humanitarian Crisis (due to limitations of space, the latter is limited only to labor conditions and immigration). The second argument this article makes is that if change is inevitable, then what is necessary is the construction of new conditions upon which a fairer and more sustainable international system might be established. This is carried out by analyzing holistic solutions to these crises and examining the ways in which the construction of a new international post-Global Recession settlement might be expedited.

Zombie Economies and the wealth divide

Since the 2008 Global Financial Crisis (GFC), governments have expanded credit in strategic sectors into order to boost demand to circumvent the deleterious effects of a slowdown and/or issued Austerity programs in order to reduce government spending which has caused a dramatic decline in living standards. For the former, this has rapidly increased private and public debt to GDP and has fueled speculative bubbles which presage another, larger crisis down the road. For the latter, economic conditions stabilized with private debt at too high a level to stimulate demand, leading affected economies into a zombified state of stagnation, disinflation and deflation (Keen 2017; Varoufakis 2015). Despite governmental attempts to stimulate private sector activity through Zero-Interest Rate Policies (ZIRP), negative interest rates, the recalibration of the taxation system, and the deregulation of financial markets, the burden of private debt is too high to salvage a sustainable model of economic growth, while escalating

public debt to GDP pushes politicians towards cutting back on public spending to the detriment of many people. Unprecedentedly high-degrees of credit expansion is the result of neoliberal policy which sought on the one hand, to reduce the burden of state finances by deleveraging social securities particularly after the Oil Shocks, Iranian Revolution and stagflation of the 1970s, which in many cases, had grown exponentially during the 1950s and 1960s under Keynesianism in the world's wealthiest countries.

Neoliberal policies that rose to prominence in the 1980s and 1990s typically sought to liberalize markets which instigated private debt bubbles. The practical reason for this is that the attendant growth in aggregate demand bequeathed politicians with the prestige and reputation of an 'economic mastermind' due to the fact that growing demand can calm social conflicts as public spending does while allowing politicians to reduce the social entitlements of workers—something which would amount to political suicide under the previous Keynesian system—in efforts to overcome a crisis of accumulation (Keen 2017; Streeck 2016: 16). Further, the unsavory collapse of an asset bubble has generally been blamed on the political incumbent at the time, often many years later, save for the rare example of Japan whose *de facto* One Party System left little room for the ruling party to hide and thus ignited the country's political process in the 1990s following the collapse of its Bubble Economy. Eager to attract and maintain at all costs free-floating capital with short time horizons, countries began to implement what Colin Crouch has termed "Privatized Keynesianism" (2009) in which private debt would take the role of governments to stimulate the economy and manage demand. Credit markets for poor and middle-income people and derivatives and futures markets for the increasingly wealthy expanded rapidly and unsustainably. At the same time, governments focused on anti-inflationary policies aimed at keeping prices of goods and services that lose their value once consumed low, on the one hand. On the other, they deliberately managed the expansion of asset bubbles for assets and non-consumables that maintain their value once purchased so as to maintain market confidence in debt (Crouch 2009: 390-1).

Deregulation and the expansion of credit allowed the financial sector to create and utilize various forms of private money, which in turn facilitated the expansion of credit and debt to historically unprecedented levels. This money and their associated markets essentially turned illiquid during the GFC when credit dried up and hung firms and banks with sizeable debt liabilities and financial obligations out to dry. In a desperate attempt to prevent this, governments sought to provide various forms of protection, support and guarantees to its creditors and depositors, thus propping up their economies but at the expense of maintaining high-levels of private debt which suffocated all organic forms of demand large enough to drive economies out of their own self-made debt-laden quagmire after the crash. Although these 'organic forms of demand' would theoretically emanate from the banking and financial sectors that had all but collapsed, these institutions focused on retrieving liquidity at all costs, leading to deflationary forces taking hold as lowering asset prices undermined market confidence to make debt-fueled investments – otherwise known as a liquidity trap (Varoufakis 2015; Keynes 1932). In the US alone, 4 million people became unemployed and an estimated one in 200 homes were repossessed, while the banking and financial sector as a whole received over \$10 trillion US dollars-worth of assistance from the government (Varoufakis 2015: 161-2).

The expansion of credit, fueling of asset bubbles and utilization of private money has facilitated the extreme division of wealth in an increasingly individualized, insecure and unprotected political economy³. Today, the world's richest 8 individuals own approximately the same amount of wealth as the poorest half of people on the planet combined, and the richest 1 per cent of people own slightly more than the rest of the world (Oxfam 2017). Meanwhile, one in seven people do not have access to clean drinking water and one out of three people do not have access to adequate sanitation (World Health Organization 2015; United Nations 2013; see Bai *et al.* 2015). This, of course, is by no means a glitch in an otherwise functioning political economic system. Incomes of the poorest half of people in the US have not grown in over 3 decades, while the richest 1 per cent have seen their incomes grow by

approximately 300 per cent (Oxfam 2017). The inflation of the money supply, accumulation of public debt and enormous expansion of credit fueled the financialization of political systems across the planet. Further, governments that resisted the spread of neoliberalism had it imposed upon them, through mechanisms such as conditions for financial assistance by multilateral bodies such as the IMF and the World Bank or for membership to regional politico-economic frameworks such as the Organization for Economic Co-Operation and Development (OECD) or the EU, or 'shock doctrine' tactics (Klein 2008; Crouch 2009: 390; Kahn 2009). The political result of this has been the emergence of a transnational capitalist class with the power to exert increasing influence over the political economy and which has sought to address the issue of overaccumulation through further economic liberalization measures in new geographic or social domains and by shielding economic agenda away from democratic decision-making (Streeck 2016; Crouch 2004; Harvey 2005). In the serendipitous event that the global economy continues without another financial crisis, the world's richest 1 per cent are likely to own two thirds of global wealth by 2030 (Frisby, 12 April 2018), while developed countries can expect the loss of many forms of middle-income employment and the rapid increase of precarious forms of work which to a large extent characterizes the socioeconomic conditions of developing countries (Mason 2016; Khan 2009). Even making the dubious supposition that this would be economically sustainable, such a scenario is simply not feasible politically, and this is borne out by the rise of protests, riots and demonstrations⁴, as well as right-wing populism, as discussed below.

Ecological collapse and climate change

Added to an idling global political economy on the precipice of another financial downturn is the ongoing collapse of the ecological system which underpins it. The present target, as propounded by the Intergovernmental Panel on Climate Change (IPCC) is to maintain global average temperature rises to 1.5C of preindustrial levels. For this to take place, carbon emissions must be reduced by 45 per cent from 2010 levels (which have since increased by over 6 per cent) by 2030 and come down to zero by 2050 (IPCC 2018: 12), a task which a statistically based probabilistic forecast evaluates at having a 1 per cent chance of happening (Raftery et al. 2017). In the three years since this publication, the odds surely have worsened. Even if the world attained the goals set out in the Paris Agreement, there is nonetheless the risk that thresholds are breached triggering the activation of tipping elements which raise "the temperature further to activate other tipping elements in a domino-like cascade that could take the Earth System to even higher temperatures," even as human emissions are reduced (Steffen et al. 2018: 8254). A worse-case scenario would see the world warm to levels incompatible to maintaining human life within this century. Further, the planet has demonstrated its capacity for sizeable and rapid shifts in climate. For example, during the end of the Younger Dryas (12900 to 11700bp), temperatures in central Greenland rose between 5-10C in approximately a decade (Alley 2000). There is little evidence to suggest that organized human society could adapt to such an enormous change in temperature and it is far above the scientifically accepted range of average global temperature rises for organized human society to survive. We do not know that tipping elements have not already been breached.

That catastrophic climate change is tied to human production and consumption is obvious. It is also evident that the ecological crisis is fundamentally linked with the wealth divide and poverty. The capitalist economic system under which the conditions of social production are organized is predicated upon the need for economic expansion in order to create and accumulate wealth. As a result, it must surely follow that so long as economic output is reliant on the physical properties of the Biosphere, there must be a limit to growth as productive forces outpace the capacity of the Earth to absorb the waste of consumption and restock the physical materials required for further production (Kovel 2002; Li 2014). One factor possibly countering this trend is the contributions of technological innovations and developments in rescaling the balance between consumption and reproduction by attaining greater consumption

efficiency or even modulating the material ecological context to which capitalism, as a social system, is dependent. It is widely hoped, for example, that technological innovations in battery storage will offset the considerable problem of high input variability of renewable energy such as solar and wind enough to supply energy even when input is low and to store energy so as not to blow out the grid when input is high. Doing so would stabilize the supply of energy and reduce total bearing costs (including operational costs) enough for it to be regularized on a mass, global scale.

Technological innovation provides a useful means of addressing society's rate of consumption of the Planet's physical properties versus the Planet's capacity to absorb its waste and regenerate the material conditions for further consumption; or, in other words, the metabolic rift between societal consumption and planetary recovery (Foster 2000; Fischer-Kowalski 1998). However, it is extremely unlikely that there exists a technological panacea to the current ecological crisis that would permit the political economy to operate as unsustainably as it has up to the present day. There are several reasons for this. First, 'techno-fixes' such as geoengineering have the capacity to regulate climatic conditions on a regional/international scale. Accepting, for the sake of argument, that this was risk free in terms of the climate and its complex web of interdependent ecosystems, the management of climatic conditions on a transnational or even national and subnational scales nonetheless has significant economic and political ramifications. Solar Radiation Management, for example, is likely to depend on technocratic forms of governance without democratic legitimacy where climatic consequences across regions or nations would likely exacerbate social cleavages (Szerszynski et al. 2013).

Second, though improvements in throughput and output efficiency are an important factor in transitioning to a social system which is ecologically sustainable, increases in efficiency can reduce operating costs and hence induce increases in use and consumption which outweigh, nullify or reduce any realized gains – a phenomenon known as Jevon's Paradox (Victor 2010; Victor and Jackson 2015). This might also be applied to the whole energy system as a driving force for consumption in general. For example, the potential of thorium as a safer, vastly more abundant, fuel efficient and less pollutive alternative to uranium for nuclear energy and as a more stable clean energy source than solar and wind, is widely debated (Rubbia 2016; Kakodkar 2019). It is estimated that thorium as an energy source⁵) has the potential to supply the world's energy as supply stands today for several thousand years (Rubbia 2016). Setting aside the clearly dangerous fact that there appears to be relatively simple chemical pathways which make it possible to produce weapon-grade plutonium from thorium (Ashley et al. 2012), were the potentials of thorium realized through significant funding, it would not solve the ecological crisis *per se*. One reason for this is that given the potential abundance and efficiency of the energy source, it is likely that operational costs for most commodities would decrease which would fuel other kinds of consumption that directly contribute to the loss of biodiversity and the disruption of nitrogen and phosphorous cycles around the planet.

A third reason for this is that renewables energies, like many technological innovations, are designed to solve a given problem—in this case, dependency on fossil fuels—but can cause new or attenuate externalized problems if implemented on a large scale in unforeseen ways. For example, although pesticides facilitated the modernization of farming to reduce prices in food by increasing output with pest control, many of them have radically altered ecosystems across the planet abetting the loss of biodiversity which is now taking place at a rate equivalent to the last global mass extinction event around 65 million years ago, as well as impacting negatively on human health (Carson 1962 [2018]; Aktar et al. 2009; Rockström et al. 2009). Additionally, the manufacture of fertilizers for food production and the cultivation of leguminous crops have provided a means for societies to better meet its food demands and increase productivity gains, but they have also greatly disrupted global nitrogen and phosphorus cycles which exacerbates climate change, reduces biodiversity and reshapes Earth subsystems (Rockström et al. 2009; Guignard et al. 2017). Similarly, there is a chance that solutions to the problem of fossil fuels when scaled up could

still have grave consequences for the environment. For instance, photovoltaic power is one of the planet's fastest growing industries, and its rollout has been met with understandable excitement from supporters of renewable energies. However, to maintain comparatively low costs in energy production, the number of solar farms which contain thousands and often millions of solar panels is likely to increase rapidly. Clearing space for solar farms is undoubtedly an environmental issue, as is developing a rigorous and low-cost recycling system for end-of-life panels due to their containment of heavy metal pollutants such as lead, tin and cadmium (Xu et al. 2018). At the same time, bird fatality rates due to collision with monopole wind turbines was estimated at being 234,000 birds a year in the US alone, including rare species of birds, while wind turbines have also increased bat mortality rate, soil erosion and impacted on local weather and regional climate (Dai et al. 2015).

A fourth reason is that while technological innovations might provide new opportunities for market expansion and growth through the process of creative destruction, the widespread implementation of innovations can also set the barriers of new markets and operational systems and direct or otherwise limit further innovations. Supposing that the requisite technological advancements in battery storage and infrastructures are not achieved before the large-scale rollout of wind turbines and solar farms, it is likely that non-clean energy sources such as natural gas and shale will be used to supplement the shortfall in energy supply during peak hours due to the high input variability of solar and wind energy sources (Verdolini et al. 2016; Knudsen & Foss 2017). Further, channeling investment into developing these energy sources and the infrastructure that supports them could limit the R&D funding necessary to improve the technological capacity of other potentially green alternatives, such as thorium, so that it does not become a commercially viable alternative.

Technological innovations are undoubtedly necessary to address the ecological crisis. However, the crisis that besets us is not solely ecological but is also social. As Martin Craig (2018: 19) argues, the capitalist political economy requires that certain ecological conditions be in place for it to function, including access to natural resources such as raw materials, labour, energy, and food and that the supply of these resources be abundant and cheap so that production costs are controlled and profits maximized. Environmental degradation and depletion, then, would drive down system-wide profits and threaten to undermine the system as a whole. Many of these resources are already imperiled by the metabolic rift that exists between society and the Earth and could be fatally and irreversibly destroyed by unidentified carbon feedback loops (Lenton et al. 2008; Rockström et al. 2009). A global economic system dependent on growth further exacerbates the problem. For instance, the Global Security Review suggests that the global economy will double in size in approximately 22 years based on the modest annual growth rate of approximately 2.6 per cent (Stowell 26 April 2018). The material demands on the Earth that this would bring could easily breach the boundaries of other planetary systems added to climate change, the nitrogen cycle and biodiversity loss, such as ocean acidification, phosphorous cycles, land use and global freshwater supply (Rockström et al. 2009). The socioecological crisis is a crisis of capitalism and the political institutions that support it.

Despite the rise of green political activism aimed at demanding that politicians address the problem (e.g. Extinction Rebellion 2019), major political institutions nonetheless demonstrate their prioritization of political and economic concerns over ecological ones. There is no clearer example of this than the July 2018 report from US Department of Transportation, a key agency of the Trump administration, which made the startling assertion that the planet will warm by 3.5C by 2100 and implied that nothing should be done about it (U.S. Department of Transportation, July 2018). Additionally, despite the grim projections, there is nonetheless the notion that the political economy can survive the ecological crisis relatively unscathed—specifically central, wealthy states—which greatly downplay the scope and rapidity of changes necessary to avert catastrophe. One example of this is the Dynamic Integrated Model of Climate and the Economy (DICE), used by the IPCC (Keen, 4 July 2019) and

developed by William Nordhaus (Nordhaus & Sztorc 2013), for which he won the 2018 Nobel Prize in Economic Sciences. The model draws the incredible conclusion that humanity should continue to destroy the ecosystem to maintain economic growth up to the 'optimal' temperature of 4C by 2140 (Nobel Prize 2018); 'optimal' in the sense that it balances economic and ecological concerns. For context, the paleoclimatic record indicates that this increase in temperature would cause the extinction of 50 per cent or more (some estimates suggest 70 per cent) of all species of flora and fauna globally and cause tragic shortages in food production worldwide (Shah, 19 January 2014; Foster, 1 February 2013).

According to economist Steve Keen, the model is based on an oversimplification of the relationship between the macroeconomy and the climate, such as by using a smooth function with no discontinuity to explain the perilous, complex and highly uncertain effects of climate change (Keen, 4 July 2019; forthcoming; see also Lenton et al. 2008). Further, this economic model runs directly counter to statements put forward by highly renowned climate scientists such as Will Steffen, Johan Rockström, Katherine Richardson Christensen, Timothy Lenton, Hans Joachim Schellnhuber, and others who state that:

"With these trends likely to continue for the next several decades at least, the contemporary way of guiding development founded on theories, tools, and beliefs of gradual or incremental change, with a focus on economy efficiency, will likely not be adequate to cope with this trajectory. Thus, in addition to adaptation, increasing resilience will become a key strategy for navigating the future."

(Steffen et al. 2018: 8257; see also Keen, 4 July 2019)

Within these 'several decades,' the planet is likely to warm to 4C above pre-industrial levels if holistic countermeasures are not taken (Anderson 2012). Holistic countermeasures, if they are realized, will surely fundamentally impact on the configuration of the global political economy, reflecting the fact that the crisis itself is one that strikes at the heart of the relationship between the Planet's regenerative capacities and the social system that underpins the global political economy.

Failure to address the socioecological crisis will lead to downfall. Either wages in the capitalist core will be forced below subsistence levels or the crisis will be exported to the periphery under highly securitized conditions as advanced nations capitalize on stock and resources from developing countries (Craig 2018: 22). Even when making the irresponsible presumption of an absence of carbon feedback loops, a rise in temperature by an additional 1 or 2C could easily bring about change that fundamentally and irrevocably transforms global and regional political-economic systems, if it is not already doing so (see Mann and Wainwright 2018).

The humanitarian crisis: The unwanted and the disposable

Khaled Hosseini's *Sea Prayer*, a child's book written in memory of Alan Kurdi, a three-year-old boy who drowned in the Mediterranean Sea in 2015 while attempting to flee danger and reach safety in Europe with his mother, father and brother, and whose body washed up on a Turkish beach, contains the politically poignant line of a parent talking to his/her child just before making a similarly perilous sea voyage:

"because you, you are precious cargo [...]"

(Hosseini 2018: 39)

Billions of commodities are sent to, from and around Europe every day. And yet, approximately 35,000 people,

babies and children included, have drowned in the Mediterranean Sea seeking only the opportunity to escape from the hardships and miseries that have befallen them by entering an unwelcoming EU (McIntyre et al., 20 June 2018). Too many people face a similar fate as unwanted or disposable components of the current global political economic system. According to sociologist Saskia Sassen, these are examples of ‘expulsions’ which have arisen due to the “sharp growth in the number of people, enterprises, and places expelled from the core social and economic orders of our time” (Sassen 2014: 1). Large swathes of the global workforce are treated as though they are disposable and unnecessary, while refugees and low-income economic migrants increasingly are considered to be unwanted and have become the subject of hatred and abuse. This phenomenon cannot be viewed in isolation. The number of migrants will increase as ecological collapse takes place across the globe, while economic hardships and insecurities both increase the number of economic migrants as well as fear and anger among an insecure global workforce who are more readily susceptible to the manipulative rhetoric of extreme-right populist leaders and a new media environment, as discussed below.

Despite the fact that psychological studies indicate that children whose parent (s) are detained or deported tend to suffer from Post-Traumatic Stress Disorder (Rojas-Flores et al. 2017), which can have the knock-on effect of leading to certain crimes and further abuses (Maté 2018), the US has promoted a ‘zero-tolerance’ stance on immigration in which the number of people deported who had already lived in the US increased significantly to 95,360 people and the number of arrests have skyrocketed (U.S. Immigrations and Customs Enforcement 2018). At the same time, the US embarked on a policy of child-parent separation for illegal migrants entering the US in what appears to be a deliberate effort to traumatize families whether as deterrent or simply for cruelty. More than 2,737 children were separated from their families while widespread reports detailed abuses of children and substandard conditions of detention centers (Todres & Villamizar Fink forthcoming). Further, it has been reported that many of these children do not know the whereabouts of their parents when they are detained, that they are prohibited from hugging each other, and their ‘caretakers’ are prohibited from hugging or even touching the detainees (Frej, 26 June 2018; Fetters, 20 June 2018). When commenting on the now famous video of children in cages sobbing and calling for their parents, child psychology professor Darcia Narvaez stated that “their brains are being damaged” (Fetters 20 June 2018). As of the present day, at least six children have died in US custody since this crisis began (Todres & Villamizar Fink forthcoming). Despite this, lawmakers were banned from speaking with migrant children held in detention centers after being taken from their families (Thomsen 20 June 2018), while for those that survive, the psychological trauma inflicted at such a young age is likely to be lifelong. Cruelty to refugees and migrants is a widely reported chronic issue at the heart of the global political economy; today, there are 25.4 million refugees worldwide, 6.3 million from Syria, and 2.6 million from Afghanistan (Horvat 2019: 64). With the ravaging effects of climate change and biodiversity loss, it is almost certain that this number will greatly increase⁶. With this, the treatment of refugees and climate migrants, based on current methods of deterring refugees, is likely to become more inhumane and crueler as anti-immigration sentiment increases pressure on governments committed to taking a ‘hard-line’ (abusive) stance on immigration.

At the same time, the other side of the humanitarian crisis involves the marginalization and abuse of the global workforce. A major issue in this respect is the problem of unfree labour, in developed and developing countries alike, which typically includes “debt bondage, manipulation of contracts and credit, violence and threats of violence against workers or their families, and the predatory overcharging of workers for services such as accommodation or recruitment fees” (LeBaron and Phillips 2019: 1). While it is typically depicted as the result of unscrupulous employers and other individuals, it is fundamentally linked to the demands of the global political economy and exacerbated by states and other powerful actors seeking to attain comparative advantage. The rise of Corporate

Social Responsibility (CSR) and, most particularly, voluntary corporate self-regulation, has facilitated the emergence of new models of business, some of which perpetuate this crisis with relative impunity because governments have sought to devolve authority onto employers whilst cutting the staff and budgets of the institutions who are tasked with enforcing employment and labour law (LeBaron and Phillips 2019: 13; Crane et al. 2018).

Modern slavery has resulted from the pressures of reducing labour costs and maximizing profitability which has led to the use of new activities to generate value for employers faster. This involves enforcing debt-labour contracts by coercion and threat, turning workers into consumers for ancillary services such as food, accommodation, transport, immigration and so on, and relying on subcontractors and other mechanisms to obscure illegalities in labour practices (Crane et al. 2018). This, of course, is not limited to developing countries. A pertinent example of this is the US prison industry in which inmates are compelled to work without labour protections such as minimum wage due to being forced into debt from being charged user fees for long-distance calls, reading books, police transport, case filing, drug testing, electronic monitoring, food, medical fees and so on (Brennan Center for Justice, 9 September 2019). It also applies to Immigration Detention Centers across the UK, which are run by private contractors who are provided with a fee per inmate per day. These contractors typically task detainees with 'housework' jobs to offset labour costs while paying compliant detainees approximately one-sixth of the minimum wage (Bates & Mayblin 2018). Though the latter may not comply with the International Labour Organization's definition of forced labour which describes "work that [is] involuntary because of force, fraud or deception, and [where] a penalty or threat of a penalty [is] used to coerce a worker" (Crane et al. 2018: 3), it is nonetheless difficult to discern exactly where the line between 'voluntary' and 'involuntary' can be drawn when members of the workforce are forced into such precarious circumstances. This, indeed, is the situation that best characterizes the conditions much of the global workforce are faced with. Today, "more than 75 per cent of the global workforce is in temporary, short-term, informal, or unpaid work," most of whom are forced to live in increasingly precarious circumstances (LeBaron 2018: 44; see also Allen 19 May 2015), while the ILO predicts that approximately 11 per cent of the world's children undertake child labour, many of whom perform hazardous work (LeBaron 2018: 46; see also ILO 2015: 1).

While poor labour practices are by no means limited to migrant workforces, the issue of insecure labour and the abuse of migrants/refugees, whether from another country or region within a country (e.g. see Chan & Selden 2017), are clearly related outcomes of the exploitative dynamics and capacities of the global political economy. This is particularly so in an era of financialization in which capital overpowers labour. The liberalization of capital flows, technological innovations that have accelerated this process beyond the time horizons necessary for effective policymaking, and corporate restructuring in response to these pressures and opportunities, have all abetted the problem of worker insecurity (Jessop 2003; Collins 2003: 10-11). The free flight of capital has also allowed developed countries to sustain large current account deficits which has driven the expansion and development of global financial markets. As a result, income distribution has shifted in favour of capital, at the expense of the majority of the workforce, while the banking and shadow banking sectors have relied on financial innovations in vein to insulate themselves from the risks of expanding credit to low-to-middle income households (Stockhammer 2012). The rising inequality that has resulted from financialization has also stripped away policy levers designed to bolster leverage and bargaining power of workers which has increased employer power in diverse markets as well as monopsonistic markets, and hence suppressed wages (Bivens & Shierholz 12 December 2018). At the same time, financialization has facilitated the growth of offshore finance, tax evasion and money laundering which has decreased the tax revenue of states and led to cuts in welfare and social security so that the workforce are in an even more precarious situation with respect to their employers (Stockhammer 2012: 49). Without social support, many people in developed countries as well as developing countries have been forced into the labour market despite their

incapacity to work⁷⁾.

This has had ramifications on the political process of democratic countries also. Martin Gilens and Benjamin I. Page (2014) conducted a quantitative analysis on 1,779 policy issues in the US, and found that the US is essentially oligarchic because average citizens and mass-based interest groups have little to no impact on US government policy while economic elites and organized groups representing business interests have sizeable independent impacts. Within the European Union, peripheral countries such as Greece have lost competitiveness with central countries such as Germany due to their inability to address internal imbalances under the EMU, and so these countries have predominantly relied on labour flexibilization to adjust price levels (Stockhammer 2012: 46-7). The alienation of the workforce and political inability to respond is a significant factor in the rise of extreme-right ideology in the US, EU and elsewhere as populist leaders have sought to manipulate the anger among the workforce at the lowering quality of life. Fascist rhetoric typically foments hatred and antipathy towards minority groups such as immigrants, refugees, and religious and ethnic groups in a politics of expulsion in order to justify the use of authoritarian means to achieve political ends. Furthermore, this trend is exacerbated by a new media climate where news sources are increasingly fragmented and diverse, but platform and channels of content delivery such as social networking sites employ algorithms to deliver content most suited to keeping users engaged, so as to collect their personal data, construct psychological profiles (or avatars) of users and sell its information to third parties⁸⁾. Thus, news content is tailored to the emotional profile of the individual by evaluating the users' interests and providing news content that is designed to provoke outrage (Macleod 2019; Cohen 22 November 2019). As a result, the so-called 'Silicon Six'—the US billionaires Mark Zuckerberg (Facebook), Sundar Pichai (Google), Larry Page and Sergey Brin (Alphabet, Google's parent company), Susan Wojcicki (YouTube) and Jack Dorsey (Twitter) —have provided the largest platforms in history on which fake news and outrage and fear inducing content, whether true or not, thrives and is micro-targeted at susceptible users (Cohen 22 November 2019). Without intervention in the political economy, the trends appear to point to a worsening of labour conditions, exploitation, poverty and abuse while the socio-ecological crisis will continue to cause a significant increase in the number of migrants and refugees seeking the modest aim of safety and employment to support their families. Even without another GFC, which is by no means certain, given that increases in precarity and immigration are likely to be optimal conditions for extreme-right political movements to thrive, it is difficult to see how this is sustainable even for countries in the capitalist core.

The return of history: Can we save the future?

This paper has argued that following the GFC, the global economy is stagnating with low margins of growth, in a zombified and highly precarious state where another, perhaps larger, financial crisis could take place at any time. Added to this, it has argued that the mass extinctions taking place on the Planet and climate change are caused by human activity which is predominantly predicated upon the capitalist social system. Further, both of these issues have abetted a humanitarian crisis in which large quantities of the world's people are forced to live in extremely precarious and harmful conditions, while facing abuse and torment from social groups seeking to expel them from a given community of privilege. All three crises are codependent in the sense that a deterioration in any one crisis marks the likely deterioration in the other two. Decline in human welfare would further abet the issue of economic inequality, which is linked to climate change and biodiversity loss, and a key factor in the lack of both aggregate demand and financial stability at the heart of the global economy (Holmberg 2017; Mikkelsen et al 2016). Another GFC would destroy livelihoods and thus abet the socioecological crisis, while catastrophic biodiversity loss would pull the rug from out of the capitalist social system, and cause widespread famine, epidemics, floods and so on. Therefore, solutions to the problems facing the global political economy must be holistic. This is because these

intricately connected crises—the economic crisis, socio-ecological crisis, and humanitarian crisis—have not arisen as a byproduct of natural phenomena but are instead historical (Horvat 2019). There is no *Deus Ex Machina*; addressing these crises will require enormous political will and endeavor. Until now, there have been efforts to address these crises. This section discusses the potential and limitations of perhaps the two most prominent initiatives—the United Nations (UN) Sustainable Development Goals (SDGs) and the Green New Deal (GND). In this subsequent section, the discussion turns to an outline of the necessity of a new international settlement in which historically-precedented changes to the global political economy might expedite the transition to a fairer, sustainable and more equitable international order.

The SDGs comprise an extremely broad set of social, ecological and economic agenda which are summarized by 17 interconnected goals that are to be achieved by member states before 2030. The UN identifies a lack of regulative oversight as having caused disharmony between the directions of investment, technological development and institutional organizations which has led to unsustainable development patterns in the global political economy (United Nations 1987). Based on this, the UN has attempted to create and implement a set of policy targets within a global governing framework for member-states to meet within a given timeframe. Though the SDGs were promulgated in 2015, they replaced the Millennium Development Goals (MDGs) which preceded them from 2000-2015, while sustainable development has been a major theme within the UN since the early 1990s. While the sustainable development agenda, including the MDGs, were successful in taking important steps towards improving people's lives, there are a number of significant setbacks regarding international metrics and their political instrumentalization. An example of this is the poverty reduction goal of the MDGs. In 2015, the world achieved the laudable MDG of more than halving the number of people below the poverty line. However, global poverty is calculated according to the International Poverty Line (IPL), which estimates the income necessary to be able to afford the most basic necessities and which was set by the World Bank at \$1.90 US dollars per day (Karma 26 July 2019).

Crucially, this is adjusted for purchasing power of each country, meaning that the poverty line is an approximate income *equivalent* to 1.90 US dollars a day for those living in the US (Karma 26 July 2019; Woodward 1 July 2010). According to David Woodward (1 July 2010), calculating the IPL based on purchasing power parity (PPP) in a time of enormous divisions in wealth within nations has meant that it was set at an artificially low level because of the different patterns of spending between poor households and wealthy households. Further, failing to account suitably for price inflation has meant that gains in reducing poverty, even within the reductionist framework of the 'poverty line,' were overstated (Woodward 1 July 2010). In addition, the United Nations Children's Fund (UNICEF) assert that the setting of broad goals encouraged nations to measure their progress by national averages and so, attempting to make progress within the short timeframe of fifteen years, nations tended to focus pragmatically on children and communities who were the easiest to reach which attenuated social and economic divides and may have even slowed progress (UNICEF 2015: iii; see also Childs 1 July 2015).

Following on from the MDGs, the SDGs have had similar issues. On the one hand, a comprehensive analysis of the 169 draft targets included in the SDGs carried out by a panel of forty scientists assembled and coordinated by the International Council for Science (ICSU) and the International Social Science Council (ISSC), concluded that without clarification and quantification of targets, countries will struggle to achieve them or even to demonstrate categorically and empirically that significant progress has been made (Stokstad 2015; ICSU & ISSC 2015). On the other hand, poorly designed metrics run the risk of over-simplifying complex social issues like poverty and hence limit possible improvements in people's living conditions. Efforts have been made to resolve these issues. These include attempts to better integrate the production of knowledge with policymakers and stakeholders within a given

geographical locus, and assessing the interlinkages between SDGs as well as the ecological, economic and social systems they are to improve (Bai et al 2016; Barbier & Burgess 2017; ICSU 2017). However, despite the clear potential of the SDGs, it is too late for incremental change and it is rather unconvincing that the translation between scientifically produced knowledge to precise and binding policy is the main barrier to a timely and rapid transition to a sustainable social system⁹). Discussing climate change, Geoff Mann and Joel Wainwright (2018) make the following cogent argument:

“If good climate data and models were all that were needed to address climate change, we would have seen a political response in the 1980s. Our challenge is closer to a crisis of imagination and ideology; people do not change their conception of the world just because they are presented with new data.”

(Mann & Wainwright 2018: 7)

Despite the fact that the IPCC plays the very role in linking the scientific community to policymakers, the overwhelming majority of evidence suggests that mitigation of climate change to non-disastrous levels is now impossible and it is no inaccuracy to say that we do not know if it is not already too late to ensure the survival of organized human civilization. Therefore, scientifically informed analysis may support more effective decision-making by, for example, improving methods of observation, follow-up and monitoring of progress (ISCU 2017: 7), but science is unlikely to be able to solve the problem of policy inertia because it is not a scientific problem but an inherently political one, and thus must be addressed as such.

Conversely, the GND is a movement that is both nakedly political on the one hand, but on the other, it is also supported and pioneered by a number of international organizations such as the United Nations Environment Program (UNEP), the ILO, and non-governmental organizations such as the New Economic Foundation (NEF) and the Green European Foundation (GEF) (Aşici & Bünül 2012: 295; Barbier 2010). With political movements supporting a GND, initiatives meticulously negotiated within the meeting rooms of global governing bodies are potentially sharpened and buttressed with a political framework to address issues of sustainability as well as a potential means for turning a given political framework into law (Klein 2019: 31). This is epitomized by the launching of a formal resolution for a GND by Congresswoman Alexandria Ocasio-Cortez and Senator Ed Markey which outlined the key pillars of a sustainable transition. Alongside these bold policy proposals, such as net-zero carbon economy within ten years, the report demonstrates an understanding of the interrelatedness between the socioecological, economic, and humanitarian crises explained above. For instance, pointing to a “4-decade trend of economic stagnation,” “erosion of the earning and bargaining power of workers in the United States,” and existential risks of climate change, the resolution argues for a holistic response to unsustainability in the US which would address economic, socioecological and humanitarian concerns as part of the same problem (Ocasio-Cortez 5 February 2019)¹⁰).

The GND is named after the 1933-1936 New Deal economic program enacted by US President Franklin D. Roosevelt which included an array of social democratic reforms and public investment programs aimed at recovering the collapsed US economy following the 1929 Great Depression. Using this collective memory of the New Deal, the GND, constituted another means by which to address the interlinking crises that beset humanity, but without addressing the issue in terms of ‘trade-offs’, ‘balancing’, or taking the so-called ‘middle ground’ between economic concerns with environmental ones. Rather, they are considered part of the same under-riding problem of unsustainable growth and economic injustices. Further, as pointed out by Naomi Klein (2019: 31), the GND was backed by political movements such as the Sunrise Movement, and three months after the GND resolution in

February 2019, the majority of leading candidates for the Democratic Party elections signaled their support for it. Further, the GND has become one of the central pillars for the UK Labour Party¹¹, as well as key policy proposals for progressive political movements within the EU and elsewhere (Marsili 27 January 2019; Labour 2019; Barbier 2010).

Despite this, the GND suffers from the same perils and risks as any political movement. That is, a GND means different things to different people. Indeed, Leftist accounts of the New Deal suggest that without sizeable public pressure, the reforms would have never been enacted as politicians would have wilted under the pressure from business interest groups and economic elites against progressive reforms to the economy (Hedges 2018: 301). As stated above, empirical research on US politics suggests that the latter groups have the ears of the majority of policymakers in the present day also (Gilen & Page 2014). Even when viewing GND policy agenda over two proposals between two of the forerunners in the 2020 US Democratic Party presidential primaries alone, there is a clear divergence in what the reality of the GND would entail behind its rhetoric based on whose program is ultimately implemented. For instance, Joe Biden's proposed GND entails spending 1.7 trillion US dollars over ten years and achieving net-zero emissions by 2050, while Bernie Sanders' GND consists of 16.3 trillion US dollars over the same timeframe with the aim of achieving full decarbonization of the economy by 2050 (Al Jazeera 23 August 2019; Kaufman 4 June 2019). In a similar sense, without the requisite political will from the public, GND initiatives may be diluted, marginalized or otherwise rendered ineffective through policymaking apparatuses by politicians more inclined to prioritize short-term gains in Gross Domestic Product (GDP) through financial markets.

A diluted GND is likely to incorporate innovations within the prevailing politico-economic system, most particularly market-based solutions, without challenging the prevailing social and power relationship based upon which structures and institutional organizations function. Based on innovations already in practice, it is highly unlikely that a diluted GND would be sufficient to realistically avoid highly disastrous socioecological collapse. One reason for this is that the right markets can make climate change profitable to speculators. For example, markets for weather risk management which produce "catastrophe bonds [and] securities that manage the risks of improbable but catastrophic natural events," (Cooper 2010: 175 in Fletcher 2012: 107) as well as other financial instruments, provide businesses with the opportunity to profit from ecological chaos. Even if there were enough time, consistent incremental change to phase-out pollutive subsidies and harmful financial markets seems unrealistic for governments ideologically focused on marginal growth within short time horizons and large donations from economic elites for political survival. Moreover, the climate crisis is clearly exploitable also by so-called disaster capitalists who benefit from privatizations of public spaces and resources as disaster-stricken areas undergo reconstruction (Fletcher 2012; Klein 2008; 2014). For instance, following the spike in global food prices due to the GFC, various states, investment firms, banks and individual investors sought to purchase land in poorer nations cheaply on the assumption that shortages brought about by the climate crisis will make for lucrative business for those that own the resources (from the land) in demand (Funk 2010 in Fletcher 2012: 107; Funk 2014: 144). A second reason is that market innovations do not address the issue of economic disparity and human exploitation, per se, and so mechanisms designed to outprice resources that emit harmful pollutants can face resistance once implemented. Taxes on fuel have proven to be highly unpopular among the workforce if economic disparities are not also addressed – as exemplified by the Gilet Jaunes protesters in France who in response to President Emmanuel Macron's raising of the fuel tax chanted 'Macron is worried about the end of the world, we're worried about the end of the month' (Bryant 28 February 2019).

Further, even a heavily funded and expansive GND has its limitations and significant issues it must somehow resolve. For instance, the GND is predicated on the Keynesian notion of creating jobs through public investment to

increase aggregate demand and hence fuel economic growth. At the same time, this investment would develop sustainable, zero-carbon industries and services in order to transition towards a sustainable political economy¹³. In other words, it addresses the problem of ‘underconsumption’ (see Craig 2018). A GND in a Keynesian context has the capacity to greatly expand productive capacities and hence expedite the loss of biodiversity as people consume more. Moreover, as a result, areas of land and a vast array of flora and fauna must become market externalities under this system, lose their status as ‘commodities’ to be used for the purposes of production and accumulation as capitalism dictates, and be viewed, nurtured and supported solely as ecosystems instead (Monbiot 2013). In other words, these ecosystems must remain external to markets despite the pressures of market expansion due to a lack of profitable outlets for accumulated capital—otherwise referred to as the issue of over-accumulation—to even begin to address the metabolic rift that the relation between capital and labour has attenuated (Harvey 2005; Craig 2018: 22-3). Despite this, current solutions to this problem, as made clear in Article 6 of the Paris Agreement, involve expanding carbon markets across the globe by commodifying carbon in every ecosystem so as to monitor carbon emissions and regulate exchanges (Mann & Wainwright 2018: 115-6). In an era of rapid biodiversity loss, it is probable that similar systems will emerge for other key ‘resources’.

Lastly, a Keynesian system must be international for it to have any effect in stabilizing the capitalist order, something which John Maynard Keynes himself was acutely aware of. Despite the inherent problems of Keynesianism (and, for that matter, capitalism) in overcoming the socioecological crisis, however, the prospect of an emancipatory political movement towards a progressive post-capitalist system in time to avert ecological collapse appears forlorn. The future is very much unknown. Rather than speculate over what form these alternatives might take¹⁴, the following section outlines a number of policies conducive to establishing a stable and fairer international economic order that a GND should incorporate, and from which, based on sustained political pressure from the public, further progressive political transformations might take place.

Constructing a new international economic order

A UN report which followed the 2009 UN conference on the GFC and economic recovery made an extraordinary statement at the time:

“[I]t is clear that current institutions and arrangements governing globalization and many national government policies have been based on a certain set of ideas and ideologies, while other ideas which might have been more helpful in avoiding the crisis and mitigating its size were overlooked. The ideas and ideologies underlying key aspects of what has variously been called neo-liberalism, market fundamentalism, or the Washington consensus doctrines have been found wanting.”

(United Nations 2009: 39)

In short, the global political economy is unsustainable and the reason this has continued has not been due to a lack of understanding per se, but due to ideology. Despite this, the reaction to the GFC both at the national and the global governing level have been limited at best, reflecting a justified lack of faith in the capacity of politics to address deep rooted problems at the heart of the political economy. As a result, the criticisms that exist of proponents of postcapitalist alternatives to the current social system of being unrealistic might easily be batted back to those who advocate for a GND or global-governing frameworks. For one, a GND is likely to take place through national politics, despite the fact that all three crises discussed in this article are transnational problems borne out from instabilities in the current international political economy. Second, a global GND suffers from a limited toolkit in

terms of obligating nations to comply with new agenda. Third, surges in production and consumption will place additional challenges on the regenerative capacities of the Biosphere because of the demands of the capitalist system.

Progressive alternatives to a GND typically involve new forms of collective democratic control of the economy, either to slow down productive forces in order to prioritize what is necessary as opposed to profitable, or to otherwise direct productive capacities to industries and services that are either decoupled or less demanding of the Biosphere (Aşıcı & Bünül 2011). However, the prefigurative potential of a GND, as seen in the context of the US and elsewhere, is precisely this point. Realizing a GND requires the political activation of people to challenge and overcome the latent ideologies that define the status quo (Goatly 2007). Further, although Keynesianism itself does necessitate technocratic forms of governance to manage aggregate demand in a modern capitalist society (Mann & Wainwright 2018: 121), the 'quasi'-Keynesian welfare states of the Cold War generally struggled to achieve this. Keynesianism, like Modern Monetary Theory (MMT), ostensibly relies on maintaining a balanced economy, whether in terms of demand or spending between sectors and within a national economy. The problem, however, is that many governments considered it political suicide to limit or withdraw public services even in times of growth because whether or not private investment could replace key provisions and services, it would lack public legitimacy, and so relied instead on inflationary tactics to temper friction between capital and labour. Further, despite the technical management of the economy, the act of improving collective bargaining, wages and job security was considered among economic elites as giving the workforce too much leverage and thus, in a sense, over-politicizing them, as wages cut into profits (Streeck 2017). In this sense, the rise of neoliberalism from the late 1970s may be seen as a response to this very problem. Capitalists were able to implement a regime based on market discipline and a small, non-interventionist state, which focusses on price stability rather than employment. In keeping prices low, welfare and social securities would effectively be confiscated while the formerly socially protected workforce would increasingly have to rely on markets for basic services as other forms of collective protections at the workplace are dismantled. Despite the flaws of Keynesianism, the era of neoliberalism has shrunk the state and weakened labour. The political consequences of this transformation are outlined by Mark Blyth (2016) as follows:

"The increase in government debt has allowed transnational capitalists to override the preferences of domestic citizens everywhere: bond-market investors can now exercise an effective veto on policies they don't like by demanding higher interest rates when they replace old debt with new debt. In most extreme cases, investors can use courts to override the ability of states to default on their debts, as happened recently in Argentina, or they can shut down an entire country's payment system if that country votes against the interests of creditors, as happened in Greece in 2015."

(Blyth 2016: 175)

Neoliberalism has had the effect of depoliticizing the workforce at large by insulating capitalists from democracy. It has created a new system in which institutions and organizations deemed 'too big to fail' are backed by public wealth from having to face the consequences of reckless and unsustainable profiteering. With this, whatever hypocrisy exists between capitalism and democracy, the fact is that tackling the inherent problems of the global political economy today does not mean that there must be a fully formed implementable alternative to capitalism at the outset. A GND reliant on political activism is about rekindling democratic participation in a public that has been deliberately excluded from the political process, by allowing them to have an increasing stake in the outcomes and directions of their own lives by expanding public services and increasing worker bargaining power within the private sector. Increasing political activism and participation in the democratic process does not foreclose the possibility of

transformation to a post-capitalist alternative, but in fact increases it, as efforts to transform to a more equal and fair international economic order under a GND might easily serve as a prefiguration to more radical and effective change presuming that the effects of crises intensify. It is more likely that efforts both from within-system (GND and green growth) and without-system (postcapitalist alternatives) are necessary to fuel efforts at overcoming the crisis of the political economy.

Due to this, political movements into a GND or 'Green Industrial Revolution,' or any variant thereof, must focus on the construction of an international order that reins in the unsustainable power of capital. Particularly, for a Keynesian approach to green growth, it is necessary to organize states within a given monetary system in order to avoid the deleterious effects of 'spillover externalities' that result from uncoordinated national policies (United Nations 2009). In order to do this, there would have to be an international settlement that formally ends the petrodollar system at the heart of the global political economy and to replace it with a new monetary alternative. The petrodollar system refers essentially to what former French President Valéry Giscard d'Estaing called the "exorbitant privilege" of the US dollar, while Minister of Finance in the 1960s. The US dollar was privileged in the sense that it was the only currency directly tied to Gold during the Fixed Exchange Rate System as part of a post-war international settlement. Following US President Richard Nixon's decision to formerly and permanently sever the US dollar's fixed tie to Gold in 1973, the international monetary system operated under a Floating Exchange Rate system¹⁴ in which currency value is determined by foreign-exchange markets, and it still is today.

Due to the fact that other countries—most significantly oil exporters such as Saudi Arabia and other OPEC states—price their exports in US dollars, demand for the US dollar is artificially high making it the *de facto* world currency. Further, the US has been able to run government and trade deficits with little risk of currency depreciation. Moreover, this also meant that finance managers had to find new ways to cope with day-to-day fluctuations in the rate of exchange of major currencies like the US dollar, such as currency hedging and diversifying capital assets and liabilities (Strange [1986] 1997: 9-11). In this way the Floating Exchange Rate is the root cause of unrestricted finance within the global political economy. As the financial sector grew, investors, banks, hedge funds and so on have sought ways to insulate themselves from the risks associated with major shifts in currency valuations on foreign exchange markets as well as the risk associated with debtors defaulting on their own liabilities, while they systemically expand credit to low-income households and individuals for profit. The result was an explosion in various forms of private money which undergirded the era of financialization and the political ramifications that bore out as a result of 'supply-side' economics. Further, with international currency reserve status of its own currency and high-interest rates to attract creditors, the US was able to rely on capital inflows from foreign investors through stock and government bond purchases, thus financing its deficits and abetting the process of financialization (Varoufakis 2015).

If the deregulation of financial markets is to be addressed properly, it must take place on an international level because exchange rate volatility causes enormous uncertainty and the free-flight of capital causes investor demand for liquidity to increase and dissuades them from making the kinds of long-term investments associated with transformative developments in green technology (Mann and Wainwright 2018: 119). As a result, Keynesianism at the national level simply does not have the same influence in a Floating Exchange Rate System. Aware of the necessity to regulate capitalism at the international level, Keynes proposed the establishment of an International Currency Union (ICU) during the Bretton Woods negotiations over an international settlement postwar. Due to US geopolitical ambition, the ICU—named the *bancor*—was replaced for the exorbitant privilege of the dollar and eventually the petrodollar system. The concept of the *bancor* is explained succinctly by Yanis Varoufakis (2015) as follows:

“[T]he ICU would grant each member country an overdraft faculty, i.e. the right to borrow at zero interest from an international central bank. Loans in excess of 50 per cent of a deficit country’s average trade volume (measured in *bancors*) would also be made, but at the cost of a fixed interest rate.”

(Varoufakis 2015: 66)

Thus, deficit nations could stimulate demand to avoid deflationary spirals without devaluing their currency while nations with excess trade surpluses would be forced to appreciate its currency as a result of being charged interest which would be used to recycle surpluses to deficit nations (Varoufakis 2015: 66). Bringing stability to currency markets would reduce risk for financiers and hence allow international development to focus more on long-term projects that can drive transformations to a sustainable political economy. International development would rely less on short-term capital flows and hence a driver of transborder developments could be public institutions on the international level which are involved in long-term projects for welfare-enhancement and are supplemented with better public oversight and mechanisms for transparency and accountability through international organizations such as the Bank for International Settlements (Toritani 2009).

It is also possible that the petrodollar system will unravel in the years to come given that the ‘exorbitant privilege’ is coming into question from various quarters. For example, Venezuela recently began to price its oil in Chinese Yuan to end what President Maduro called “the tyranny of the dollar,” while Saudi Arabia—one of the central pillars of the petrodollar system—threatened to stop selling oil in US dollars and the EU openly suggested creating a new SWIFT payment system to preserve the Iran nuclear deal following US withdrawal, thus minimizing the impacts of US sanctions on Iran (Reuters 16 September 2017; Sputnik 22 August 2018; Zhdannikov et al. 5 April 2019). Further, Nicolas Sarkozy while French President recommended that the Chinese Yuan be added to the IMF’s Special Drawing Rights basket, while China, the EU, and Russia have sought to reduce their dependence on the dollar, with the EU calling on companies to use euros in energy contracts, China launching yuan-denominated oil futures trading on the Shanghai International Energy Exchange, and Russia accepting payments in yuan for its oil exports to China (Fouquet 22 September 2011; Toritani 2015; Guarascio 5 December 2018; Cho & Kumon 7 January 2019). Moreover, Zhou Xiaochuan as governor of China’s central bank and Dominic Strauss-Kahn, as IMF managing-director, referred to the benefits of an ICU and a supranational currency reserve system to address the issue of financial instability, while the UN has openly discussed ways of “evolving” towards a global reserve system to escape the “fiduciary dollar standard” that exists today (Varoufakis 6 May 2016; Sina 24 March 2009; UN 2009: 92-103).

It is precisely because of the interlinkage of economic, humanitarian and socioecological crises that makes the unlikely scenario of a post-Recession international settlement possible. Political activation under a paradigm-breaking GND as well as the sustained effort to direct development models towards sustainability by the UN has the potential to lead to fundamentally transformative change. Given the extent of the challenges that beset the planet, there is always room for skepticism in any optimistic view (Horvat 2019). Nonetheless, truly transformative change can only take place with international coordination and if the GND proves to be the political driving force of change, then it must focus on forming and utilizing the means of integration and coordination at the international level. This undoubtedly necessitates the reformation of the international monetary system to one that enervates the monolithic power of the financial sector and reduces risk for meaningful investments to be made.

Conclusion

This article has focused on three interlinking crises of the global political economy, namely: the unstable and stagnant global economy, the socioecological crisis, and the crisis in the treatment of people as epitomized through labour

standards and the abuse of refugees/migrants. Further, the article suggested that while all three crises have profound ramifications for the global political economy, they are codependent in the sense that the worsening of circumstances in any one crisis precipitates the exacerbation of the other two crises. Moreover, it noted how holistic solutions to these crises have attempted to address the issue of insufficient aggregate demand and poor labour and environmental standards as codependent factors in achieving sustainability, stability and equity within our current social system. Despite the prevailing attitude of needing to balance economic concerns with environmental ones, new theories and initiatives have sought instead not to view these issues as though they were two objects placed on either side of a scale, but as mutually inclusive. Though the reality is that economic prescriptions vary and do not always fit neatly within a given economic theory, Keynesianism and, more recently, MMT, have emerged as theories that challenge the neoliberal orthodoxy and thus entail a different view of the relationship between economic and environmental stability. Although both theories imply a technocratic oversight of the economy, and hence a degree of depoliticization of economic policy, solutions that have propounded economic heterodoxies (in the current neoliberal world order) are ultimately connected to a surging political activism. This political activism, it is argued here, is necessary if the world is able to make the right changes to the political economy in time given the political inability and, often, unwillingness, to mount an appropriate response, whatever one's view about the feasibility of 'green Capitalism' over 'green alternatives'.

Due to this, the article suggested the ways in which transitioning to a green social system might be facilitated under the logic of a Green New Deal and, to a lesser extent, the UN sustainable development agenda. It recommended the reining in of finance, as had been attempted under the New Deal itself with the Glass-Steagall legislation, but on an international level. Most particularly, it agrees with the criticism that a Green New Deal supported by a Keynesian system would need meticulous, accountable and transparent international coordination to facilitate, which, frankly put, appears as farfetched as a timely, rapid and sustainable transition to a postcapitalist system. However, because a GND and a UN sustainability campaign need not foreclose any such transition in the future given that committed political activism is the engine driving both transitions, the article sought to advocate for countermeasures to the largest problem that besets both views on liberal/progressive responses to the current crisis: an unstable and tempestuous financial sector and the international monetary regime that underpins it. In doing so, the article examined the merits of a *de jure* ICU to guide trade and stabilize the global political economy. Further, it argues that, while this seems inherently unrealistic, the fact of the matter is that the world appears to be moving towards a new international monetary system with *soi disant* competitors and allies of the US alike, discussing the feasibility of new monetary/trade agenda that undermine the current petrodollar system, and the UN as well as other economic elites opining over ways to 'evolve' towards a more stable monetary system.

In sum, the paper argues that responding to the crisis that besets the global political economy, and more poignantly, humankind, means not only speaking truth to power, but standing up to it. In this sense, a fair, humane and stable political economy can only be built by reining in the financial and shadow banking sectors on whom the political process within most developed countries and thus, by extension, the rest of the world has come to depend. While the UN SDGs do ostensibly seek to facilitate changes conducive to the scaling down of speculative finance, it is the GND as seen in the US and, more recently, other developed countries, that openly challenges the financial sector by laying bare the ways in which it has caused the destruction of the earth's ecosystems, destabilized the world economy, and rigged political systems to increase worker insecurity. Any realistic response to these crises means addressing this issue not only at a national level but an international level as well. Therefore, any GND must seriously discuss the ways in which it can launch and implement a new international currency regime at a time in which governments and economic elites around the world are becoming increasingly aware of the weakening petrodollar system at the

heart of the present currency regime. However, because of the fact that there is little—if any—time left to address these crises in time to ensure the survival of organized human society, international coordination must be a central pillar of any GND, or postcapitalist system for that matter, that realistically aims to address the global crises that beset us. A new currency system must be at the center of progressive demands for a sustainable future.

- 1) This was formally enacted during the 1978 Jamaica Accords.

Endnotes

- 1) At present, it is still uncertain as to whether President Trump himself will be impeached on the charge of corruption.
- 2) This innate distrust of non-Parliamentary commissions and bodies is not only related to regional and global governing institutions. UK elections over the last three decades have often focused obsessively on the disorganized nature of delegation in the UK and the haphazard and abstruse use of semi-autonomous administrative bodies known as quangos (Flinders 2008).
- 3) Except, of course, for the major banking and financial institutions, who are 'too big to fail'.
- 4) The sensitivity of the current political economic system may be understood through the riots in Chile, for example. The tipping point for such a large-scale response from the Chilean public was allegedly the government's decision to raise the metro rush hour prices by only 30 pesos (approximately \$0.04 US dollars or ¥4 Japanese yen) and the Minister of Economy, Andres Fontaine, comment that those who did not support it should wake up earlier to pay less (McGowan, 31 October 2019).
- 5) Thorium itself is not a fuel but instead is converted into a type of a fissile artificial uranium isotope when bombarded with neutrons, which is used as fuel (Ashley et al. 2012).
- 6) The World Bank estimates that the number of "climate migrants" may increase to 143 million people by 2050. Other estimations suggest that this is too conservative (World Bank 2018). For example, the Environmental Justice Foundation claims that 10 per cent of the global population is at risk of forced displacement (Vidal 3 November 2009).
- 7) The Department for Work and Pensions in the UK, for example, estimated that between December 2011 and February 2014 (32 months) 2,380 people died "after their claim for employment and support allowance (ESA) ended because a work capability assessment (WCA) found they were fit for work" (Butler, 27 August 2015). Though this would not be classed as forced labour under the ILO definition, as above, it is difficult to see how it is voluntary.
- 8) This information, of course, is not used solely for marketing. The Facebook-Cambridge Analytica data scandal revealed that the harvesting of psychological data based on research of tens of millions of Facebook users was used for political purposes in an entirely dishonest and highly manipulative manner (Davies 11 December 2015).
- 9) However, this is not in any way to suggest that research aiming to facilitate policy implementation from scientific knowledge production is not worthwhile. Increasing global interconnectivity and technological progress has shortened time horizons for policymaking while also rendering a number of social and political issues increasingly technical and esoteric, to which policymaking has struggled at times to adapt.
- 10) GND literature often emphasizes the 'triple crunch' of a financial/economic system in crisis, anthropomorphic climate change, and a probable peak in global fossil fuel energy supplies in the coming decades (e.g. Green New Deal Group 2008). This article has taken a different approach and subsumed peak oil into a crisis of economy for reasons which are elucidated in the article's penultimate section, and instead discussed the humanitarian crisis with respect to labour and migration.
- 11) The GND is also referred to as the "Green Industrial Revolution" in Labour Party's 2019 manifesto (Labour 2019).
- 12) Following Alexandria Ocasio-Cortez reference to Modern Monetary Theory (MMT) when discussing the GND (Horsley 17 July 2019), MMT has become a focal topic of discussion regarding funding for a GND. MMT, influenced from the works of John Maynard Keynes among other seminal economists, asserts that because governments have control over their own currency (excluding Eurozone states), they are able to implement large and comprehensive spending programs provided that there is a constraint on inflation and markets do not lose confidence in governments (Wray 2015; Palley 2013; Harvey 5 March 2019). With increasing debate surrounding MMT, five Republican politicians made the shocking move of submitting a resolution in the US Senate to formally condemn it – in other words, condemn an academic theory (Harvey 3 May 2019).

- 13) See Kovel (2002), Mason (2015), Li (2017), Mann and Wainwright (2018).
 14) This was formally enacted during the 1978 Jamaica Accords.

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新自由主義の日没と政治経済体制の安定化の在り方

クリス・G・ポープ

〈要旨〉

現在の新自由主義的世界秩序の崩壊に繋がるリスクが複数の危機にあるということは、広範囲で様々な研究に主張されている。加えて、機能不全で不安定な世界政治経済体制における複数のリスクが組み合わせられており、人類文明の生存に対してリスクが高くて不確実な状況が迫りつつある。新自由主義の不正当化により、極右のファシズムといったような、過去にあった非常に危険な政治的イデオロギーが、世界各地に現れて現状の政治的な主流に挑戦している。崩壊を回避するために、これらの危機に関する適切な診断と処方箋が必要であり、これによって新たな政治経済体制を構築すべきということは本研究の主張である。かくて、本研究は国際金融界、世界の社会・生態的システム及び国際労働と移民における3つの危機間の相互連鎖的な関係を解明し、国連持続可能開発目標（UN Sustainable Development Goals）とグリーン・ニュー・ディール（Green New Deal）である、崩壊を防ぐための総合的な対策の2つを取り上げて、それぞれの計画の効果を検討する。すると、持続可能な政治経済システムに対する迅速な転換の実現を加速させるための国際政治経済体制の改革のあり方を講じる。

キーワード：グローバル金融危機、リーマン・ショック、気候変動、生物多様性損失、労働の不安定化、難民危機、国連、持続可能開発目標、グリーン・ニュー・ディール、国際通貨金融システム、貧富の格差

