

Clearly, the current crisis is a crisis of capital – this diagnosis cannot seriously be gainsaid. At a conference in January French President Sarkozy, in the presence of the German Chancellor, former British Prime Minister Tony Blair, the heads of the ECB and the WTO, and three Nobel Prize winning economists, had harsh words for the finance capitalism whose fixation on profit, speculation and dumping have caused the crisis. However, he warned emphatically against talking up the crisis of finance capital as a crisis of capitalism. What is really at issue is a moral renewal of capitalism; anti-capitalism, of whatever kind, can lead only into a blind alley.

Sarkozy's urging of change, linked with a warning not to go too far, typifies the efforts of many among the powers that be to disturb the status quo as little as possible, making do with multilateral repairs to the international financial system and above all not yielding an inch as regards special interests. The title of the Paris conference was »A New World, a New Capitalism,« but the fact is that a large part of the political and business elites in the industrialized countries would much prefer it if the new capitalism was not that different from the old. In her Paris speech the German Chancellor offered by way of a blueprint the German »social market economy with a global dimension.«

Meanwhile, more and more of their contemporaries are asking whether the organizing principles of our society and economy should not be thoroughly revised. Only a minority see this in terms of a reactivation of socialist ideas (even though, according to a recent Dimap poll, 39 percent of people in Eastern Germany and 24 percent in the West would not object to giving socialism another try). It is, however, evident that the old paradigm no longer holds; the approach to capitalism, originating in Great Britain and the USA, that conquered the world about three decades ago needs a complete overhaul. The notion that all the market needs to be able to shower blessings upon us all is for the economy to be liberated from the excessive influence of an ever encroaching state, is now patently obsolete. Almost overnight privatization and deregulation, tax reductions, cuts in social services, and a balanced budget were stricken from the rolls of public policy's self-evident truths. On top of that, the globalization of production and trade that was urged onwards in parallel with deregulation, leaving most countries with no other choice than to get in step, has long been under fire from various critical quarters. Voices demanding that globalization be managed in a more humane and just way no longer constitute a marginalized minority.

The liberal hegemony began to crumble in 2001 when the New Economy bubble – shortly before celebrated as the realization of a crisis-free capitalism of unlimited growth – suddenly burst, after over 100 consecutive months of growth. The ensuing debate on the core elements of a »post-Washington consensus« has not gone remotely far enough in marshalling clear options within the scope of political decision-making. The rehabilitation of Keynesian ideas by mainstream economics will not be enough. The lessons concerning institutions, values, arrangements, and policies needed for long-term sustainable development have yet to be learned. For example, there is widespread agreement that markets cannot manage without the contribution of institutions that do not function in accordance with market rules, and that societies cannot get along without values that contrast sharply with naked profit. The relationship between the market-determined and the non-market-determined spheres must be redefined, apart from anything else with due regard to energy and climate policy imperatives.

In this issue of *INTERNATIONAL POLITICS AND SOCIETY* Thomas Palley makes it clear that any new economic policy paradigm will have to include a redefinition of the role of globalization. The current version of globalization is conceptually part of the neoliberal paradigm. The transformation of the international production and trade system has been paid for by stagnating real incomes for workers and increasing distributive injustice. What we need now is »to build a better globalization.« Arguments favoring such a revision are being generated not only by the theoretical debate, but also by the widespread political and economic failures of radical market policies. This is demonstrated by Walter Otto Ötsch and Jakob Kapeller in relation to the social and economic restructuring of Iraq where the occupation authorities pursued an ultraliberal agenda after the invasion, which is largely responsible for the country's current economic and political plight.

Three contributions deal with Europe from various perspectives. Christian Kellermann and Andreas Kammer look at European tax competition and what the Community can do about it. Severin Fischer describes the EU's progress with climate protection: the EU is the first actor to prepare a detailed program with parliamentary approval in the run up to the Copenhagen climate summit. Oliver Geden analyzes the reasons for the revival of right-wing populism in Europe and outlines how it might be combated. Alongside the focus topics there are contributions taking stock of European–Latin American relations (Susanne Gratius),

analyzing the causes of Mexico's war on drugs (Karl-Dieter Hoffmann), evaluating the role of new technologies in the US presidential election campaign (Garrett M. Graff), and attempting to put in perspective Russia's great-power ambitions (Dmitri Trenin).