

Global Systemic Economic Crisis 2015: The World is Defecting to the East?

By [Global Europe Anticipation Bulletin \(GEAB\)](#)

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Two important facts emerge from the past four weeks' news. First, China is becoming the world's largest economic power, officially overtaking the US, based on GDP measured in purchasing power terms (IMF figures) of \$17.61 trillion (compared to \$17.4 trillion for the US). If the official media hasn't raised the slightest eyebrow to this information, our team believes that it's an historic event: the US is no longer the world's largest economic power and, inevitably, that changes everything ! (1)



Chart 1: China GDP (in blue) and US GDP (in red) in purchasing power parity (PPP) in \$trillions, 2002 - 2090 - Source: Financial Times

Especially as, in addition to crossing this threshold, the US, after having tried to impress the world with an overflowing militarism during the Ukrainian crisis, is revealing a major strategic weakness in its "management" of the Iraqi crisis. A strong-arm policy which seemed to require the world to remain under US tutelage for an as yet undefined time is coming to an end.

Both these two indicators enable us to see the beginnings of a major turning point in the unfolding of the global systemic crisis: a tilt from a US world to a Chinese world...

Europe, Russia - Setting up a Chinese-style Marshall plan

This obvious emergence of the Chinese player was precipitated by the Ukrainian crisis. Whilst it was in China's interest to develop its emergence from under the radar, whilst the Russians kept their distance from an inevitably invasive China, whilst the Europeans also had to maintain the conditions for a smooth emergence of this mega-player, the Ukrainian crisis accelerated the change and caused the players to partly lose out. We have already noted that the Ukrainian crisis and the political sanctions pushed the Russians to sign the famous Russian-Chinese gas agreement on less advantageous terms than they had hoped. The Ukraine has lost out to the Russians in their negotiations with China on this agreement. Currently, the Chinese Prime Minister is on an official visit to Europe and Russia (3). His pockets are full of contracts, investment projects and business prospects (4), a real Marshall plan for the European and Russian economies' reconstruction partially destroyed by the Ukrainian war (5)... an irresistible plan of course. But are the conditions met for us to be careful enough to preserve our independence as regards this new power? Remember that the Marshall plan helped bind post-war Europe to the US.

The City has already been saved from bankruptcy by China making it the leading financial centre outside China for issuing Yuan bonds (6) Accordingly, the UK has become a strong proponent of adding the Yuan to IMF SDRs. The ECB is even beginning to consider adding the Yuan to its international reserves (7) And Europe finds itself playing the role which behoves it as the facilitator of systemic transition between a world before and a world after the crisis; but to play it in its own enhanced interest, it would have been better to have been driven by a vision (8) rather than greed or survival reflex.

All this activity between Europe, Russia and China will culminate in the coming days with the [ASEM summit in Milan](#) on the 16 and 17 October. This event has every chance of leaving its mark in the history books, as it will connect Europe and Asia together and provide the platform to resolve the Euro crisis, the Ukrainian crisis, the Euro-Russian crisis, the global systemic crisis,... thus allowing the transition to the world after the crisis. It would have been more “multi-polarizing” if the founding act of the world afterwards had been sealed at a Euro-BRICS summit (6); but there is an urgency and, after all, three of the five BRICS will be present (Russia, India and China)... and most importantly, the ASEM summit will have the common characteristics with the idea of a Euro-BRICS summit being representative of the new global realities (economic, commercial, demographic weight)... and not counting the US, until further notice a shadow cast on any attempt to adapt the world system to the new realities.

The success of this meeting will make clear to everyone the contrast between the perspectives offered by the alliance with the US (where it is mainly a question of war) and those offered by a strategic rapprochement with Asia (where it is mainly a question of economic recovery (9). Our team anticipates that the hopes carried by this summit will among many things have the effect of being the death knell for the transatlantic treaty, the already controversial TTIP (10).

Our readers know that our team is not afraid of China’s irresistible rise in power. But we cannot produce anticipations without putting hypotheses for the future made up of regime changes, specific positions of omnipotence-related drifts, short-term hardening of positions... So, faced with a new boss on the international scene, Europe (and the whole world) should be able to both welcome the new reality and take care to rethink the conditions for preserving its independence.

Here, our team makes another optimistic point. The first generation of students trained in Europe (thanks to the Erasmus programme and trans-European dynamics in the field of higher education) are now 45-50 years old, the age when one begins to count, be it on the political or economic circuit. Their ability to integrate themselves in a multi-polar world is infinitely superior to that of the elite from prior generations trained nationally or in the US, in the best case only speaking English. Thanks to Erasmus, Europe has all the assets in hand to count on a global scale despite its relatively small size: multilingualism, natural multiculturalism facilitating openness to the world and understanding the complexities, etc...

In conclusion, the emergence of a multi-polar world is resuming following LEAP’s anticipations... it will only be more painful and just a little more Chinese than an organized transition would have allowed.

Notes:

(1) Less dramatic but equally emblematic of the paradigm shift, China has announced that it is adopting a new method for calculating GDP, with measures other than growth alone, a decision whose objective relevance and base for application (China) is likely to relegate the former GDP to the rank of prehistoric economic tools. The “statistical fog” will tend to fall and the scenery really won’t be comparable! Source: [Europe Solidaire](#), 09/10/2014 (2) The Euro-Russian crisis and the policy of mutual sanctions is clearly the main cause of a considerable economic slowdown on the continent in recent months. This reality, which is not the subject of any press comment, has however recently been demonstrated by the German economy’s catastrophic numbers... coincidentally over these last six months. Sources : [The Telegraph](#), 06/10/2014 ; [International Business Times](#), 09/10/2014 (3) Source : China Daily, 08/10/2014

(4) Sources : Business Insider, 14/10/2014; China Daily, 09/10/2014.

(5) Source : [Wall Street Journal](#), 09/10/2014

(6) Source : [Malay Mail](#), 11/10/2014

(7) By actively promoting the emergence of a multi-polar world, thanks to a [Euro-BRICS](#) rapprochement as advocated since 2009 by Franck Biancheri and LEAP.

(8) Such as what we have campaigned for since 2009. See the LEAP Euro-BRICS project.

(9) As evidenced by the GlobalEurometre these last few months, many people in Europe are aware of the fact that future dynamics are more on the BRICS’ than the US’ side.

(10) TTIP which we always anticipated would never see the light of day, at least not in a form other than totally watered-down (so as not to lose face in Brussels and Washington), but the “Westernist” ideological flip of these last few months, disconnecting Europe from reality and annihilating its capacity for natural reaction to events, has really increased the risk of a forced signature.

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