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Commentary: Globalism

Global capitalism versus global community

By Walden Bello

Capitalism and community have always stood in contradiction to one another.

As social analysts from Marx to Karl Polanyi to John Gray have pointed out, capitalist relations are the acid, dissolving communal bonds and reconfiguring people into individual atoms whose relations to one another become mediated principally by the market. Under capitalism, there is nothing is so sacred that it cannot be converted into a commodity, and traditional beliefs and norms preventing the commodification of land, labour and life itself have often fought a losing battle.

The two moments of globalisation

A massive reconstruction of social relations worldwide accompanied the 'freeing' of land, labour and wealth from their precapitalist nexus in what is now known as the first age of globalisation, spanning the nineteenth century and ending in 1914. This process of 'disembedding' the market from society was marked by rapid economic growth and rapid capital accumulation, as well as by massive impoverishment and the emergence of sharp disparities in the distribution of income and assets. This contradictory process provoked the massive countervailing drive of society, especially the lower and middle classes, to resubordinate the market, the economy, to community.

In retrospect, socialism, communism, social democracy and national liberation movements can all be seen as expressions of this countervailing thrust. Not all the responses to globalisation were progressive.

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Fascism, which Karl Polanyi defined as ‘the reform of the market economy achieved at the price of the extirpation of all democratic institutions’, was also part of this countervailing drive, one that hijacked the search for community in the service of reaction, counterrevolution and racism.¹

With the defeat of fascism during the second world war, it was the struggle between two responses to unbridled free-market capitalism, Keynesian capitalism and state socialism, that dominated the greater part of the second half of the twentieth century. The new Keynesian economic paradigm was actually a social compromise among contending classes that placed limits on the operation of the market. Its widespread adoption by both Northern and Southern elites in the post-war period was explained by the need to create a stable social base to contain global social revolution.

The coming to power in the 1980s of Margaret Thatcher in Britain and Ronald Reagan in the US saw the resumption of the process of releasing the market from the bonds of society – a process that came to be known as the ‘neoliberal revolution’ in the North and ‘structural adjustment’ in the South. This process accelerated in the 1990s with the collapse of the state socialist regimes in eastern Europe and Russia.

Originally Keynesian-inspired, the Bretton Woods institutions – the World Bank and the International Monetary Fund (IMF) – were transformed into wrecking crews, battering down state-assisted, protectionist capitalism in the South and the post-Soviet east to create the so-called ‘even global playing field’ that northern transnational corporations demanded. With the establishment of the World Trade Organisation (WTO) in 1995, the third pillar of the multilateral system came into being and the way appeared clear for the swiftest possible transition to a truly global economy, driven by transnational corporations and marked by few restrictions on the flow of goods, services and capital.

Overreach

But, just as it did during the first wave of globalisation that ended in the first world war, capital overreached itself and, by the mid-1990s, there were disturbing signs in both the North and South of growing poverty, increasing inequality and the institutionalisation of economic stagnation in those scores of developing countries that had faithfully followed the tenets of structural adjustment.

Yet despite the availability of data from such institutions as the United Nations Development Program, such *facts* were not *realities* in the early 1990s. They were lost in the triumphalism that accompanied the collapse of the socialist economies of eastern Europe and the Soviet Union at the end of the decade. What made them realities that

the global elite was forced to recognise was the Asian financial crisis, which might be described as the ‘Stalingrad’ of the IMF – that is, a massive defeat that turns the tide of battle. During the 1990s, the phenomenal economies of east Asia liberalised their financial sectors in response to pressure from the IMF and the US Treasury Department. One hundred billion dollars’ worth of speculative capital flowed into the key ‘tiger economies’ from 1994 to 1997, and \$100 billion flowed out even more quickly in the summer of 1997 as investors panicked over the collapse of land and stock prices that this oversupply of funds had created.

With one million people in Thailand and twenty-two million in Indonesia suddenly plunging below the poverty line, the Asian financial collapse triggered a re-examination of the record of the IMF and the World Bank in the 1980s and 1990s in other parts of the South.² Practically all serious studies, except for a few methodologically flawed ones, documented a sharp increase in inequality in the past quarter of a century. And the number of people living in poverty – that is, on less than two dollars a day – rose from 2.7 billion in 1990 to 2.8 billion in 1998.³ The Asian collapse finally transformed the disturbing data about increasing poverty and inequality and the institutionalisation of stagnation in the South into accepted realities. World Bank researchers Mattias Lundberg and Lyn Squire summed up the new consensus when they wrote that ‘the poor are far more vulnerable to shifts in relative international prices, and this vulnerability is magnified by the country’s openness to trade . . . [A]t least in the short run, globalization appears to increase both poverty and inequality.’⁴

Rising opposition

Social resistance to corporate-driven globalisation, scattered and disorganised in the early 1990s, came together in bigger and bigger protests in the late 1990s. Community was being forged in protest against the institutions of a corporate-driven market system that had overreached itself and, in December 1999, the massive street mobilisations of this anti-corporate community brought about the collapse of the WTO’s third ministerial meeting in Seattle, dealing the pro-globalisation side its second big reversal after the Asian financial crisis. Reflecting on the meaning of Seattle, C. Fred Bergsten, head of the Institute of International Economics and a partisan of globalisation, told the Trilateral Commission in Tokyo in April 2000 that ‘the anti-globalization forces are now in the ascendancy’.⁵ Similarly, the doctrinaire *Economist* informed its readers that globalisation was ‘not irreversible’.

By the beginning of the twenty-first century, the system of global capitalism was suffering a full-blown crisis of legitimacy – that is,

increasing numbers of people no longer saw its key institutions, which included the multilateral financial and trade system, the transnational corporations, the political system of liberal democracy and its protective cover of US military hegemony – as legitimate or credible. Even before the eruption of the Enron scandal, 72 per cent of Americans said business had too much power over their lives, according to a *Business Week* survey.⁶ And so widespread was the notion that the US political system been transformed from a democracy into a plutocracy – the rule of the rich – that one candidate in the US elections of 2000, Republican senator John McCain, nearly won his party's nomination by running on practically one issue: campaign finance reform.

September 11 and its aftermath

Just as in the 1920s and 1930s, there were a variety of responses in the 1980s and 1990s to market-driven globalisation, not all of them progressive. One of them was radical Islamism, which saw US corporate and military hegemony as the apogee of the long-running western effort to erode the integrity of Islamic societies, reaffirmed the unity of the Islamic religion, people and state, and declared a jihad against the US. Like fascism, its popular impact was not unimpressive: whatever one's ethical judgement of radical Islamism, it could not be denied that, by the end of the twentieth century, it had succeeded in rallying the loyalty of large numbers of young people throughout the Islamic world, so much so that conservative ruling elites such as those in Pakistan and Saudi Arabia had to borrow its language in order to survive.

Radical Islamism became the prime target of the US anti-terrorist campaign in the wake of September 11. Calls on the world community to join the anti-terrorist crusade were, however, widely met with scepticism throughout the South. While most people were genuinely appalled by the Al Qaida hijackers' methods, there was nevertheless a widespread sense that, as one Filipino-Chinese entrepreneur put it, 'the US had it coming'. Promoted as the project of a global anti-terrorist coalition, the invasion of Afghanistan to capture Osama bin Laden and topple the Taliban instead came across as colonial expedition launched by the Anglo-American brotherhood.

The global elite took advantage of the anti-terror campaign not only to target terrorists but to roll back what many in its ranks saw as the greater threat in the long term: the anti-corporate globalisation movement, whose people in the streets were backed up by several millions more who were not yet ready to hit the streets but who were profoundly sceptical about globalisation's promise of prosperity and convinced of formal democracy's degeneration into plutocracy. Shortly before September 11, 2001, the massive mobilisation of over 200,000 people

in Genoa, Italy, was a forceful message to the global elite that this movement, based on a growing sense of global community, was on the ascendant.

The crisis resumes

However, the effort to criminalise other forms of dissent apart from terrorism is being undone by the unending stream of financial scandals breaking out in Wall Street and the collapse of the Argentine economy. Enron and Worldcom have shown that doctrinal deregulation ends in massive corporate corruption, while the Argentine collapse serves as a red flag, warning developing countries against taking the IMF creed of liberalisation and globalisation seriously.

Another important event blunting the impact of September 11 and stoking disaffection with global capitalism has been the spectacular failure of the World Summit on Sustainable Development to agree on a meaningful programme to roll back the rapid deterioration of the global environment. One cannot overestimate the widespread feeling that the United States, which has declined to sign the Kyoto Protocol on Climate Change under pressure from American industrial corporations, now stands as the main obstacle to environmental stabilisation.

But beyond the anger directed at Washington is the sense that the larger problem lies in the inherent dynamics of global capitalism itself. A few years ago, many agreed with ecological economist Herman Daly that ecological deterioration is due to the inexorable drive of the man-made system of production to fill, at geometric speed, the limited space created over aeons by nature.⁷ From this perspective, slower growth and lower rates of consumption were key to environmental stabilisation, and could be achieved through policy choices supported by the public.

Increasingly, this analysis is giving way to the more radical view that the main culprit is an unchecked capitalist mode of production that unceasingly transforms nature's bounty into commodities and incessantly creates new demands. Capitalism constantly erodes man and woman's being-in-nature (creature) and being-in-society (citizen) and, even as it drains them of life energy as workers, it moulds their consciousness around one role: that of consumer. Capitalism has many 'laws of motion', but one of the most destructive as far as the environment goes is Say's law, which is that supply creates its own demand. Capitalism is a demand-creating machine that transforms living nature into dead commodities, natural wealth into dead capital.

The US's refusal to sign the Kyoto Accord has upset the Japanese and European political and economic elites. But many environmentalists feel that what they are most upset about is the Americans' frank

acknowledgement of the basic dynamic of the system of production they all share: that its continuing expansion must be achieved via an accelerated consumption and toxification of nature. Seen in this light, the Group of Seven has essentially served as a forum to negotiate which capitalist centre would serve at which period as the consumption-engine of the global economy. The so-called management of the international economy is essentially a process of determining which centre will accelerate its conversion of nature into commodity and commodity into waste. From this perspective, achieving ecological equilibrium will entail not just, as in the Herman Daley approach, policy changes but addressing the fundamental thrust of the reigning mode of production.

Owing to these events, the legitimacy of global capitalism as a way of organising our economic life is even more precarious now than before September 11. This is not to say that the structures of production, commerce and distribution will collapse any time soon. Nevertheless, history has shown that once legitimacy is lost – once a system loses its ability to convince people of its necessity – it may only be a matter of time before seemingly solid social structures (and this is what, after all, our economic structures are) begin to unravel.

Porto Alegre and the construction of a global community

Even as this chain of events has ripped apart the illusion of a community of interests between the promoters of corporate-driven globalisation and the peoples of the world, the growing perception of a community of interests among the latter, distinct from that of the global corporate elites, manifested itself in the Porto Alegre process.

The site of the World Social Forum (WSF) in 2001 and 2002, Porto Alegre, a medium-sized city in Brazil, has become a byword for the spirit of the burgeoning global community. Galvanised by the slogan 'Another world is possible', some 50,000 people flocked to this coastal city between 30 January and 4 February 2002 – nearly five times more than attended in 2001.

The pilgrims included fisher-folk from India, farmers from Thailand, trade unionists from the United States and indigenous people from Central America. In symbolic terms, while Seattle was the site of the first major victory of the transnational anti-corporate globalisation movement, Porto Alegre represents the transfer to the South of the centre of gravity of that movement.

Now taking place every year, the Porto Alegre forum might be said to perform three functions for the real global community. First, it represents a space – both physical and temporal – for this diverse movement to meet, to network and, quite simply, to feel and affirm itself.

Second, it is a retreat during which the movement gathers its energies and charts the directions of its continuing drive to confront and roll back the processes, institutions and structures of global capitalism. Naomi Klein, author of *No Logo*, put it simply but powerfully when she told a Porto Alegre audience that the need of the moment was 'less civil society and more civil disobedience'.⁸ Third, Porto Alegre provides a site and a space for the movement to elaborate, discuss and debate the vision, values and institutions of an alternative world order, built on a real community of interests.

Porto Alegre, of course, was one moment of a larger process of charting alternatives to a system that has lost its power to convince. It was a macrocosm of so many smaller but equally significant enterprises carried out throughout the world by millions who have told the reformists, the cynics and the 'realists' to move aside because indeed another world is possible. And necessary.

Among the shared understandings emerging in this enterprise are two approaches. First, at the national and community level, the direction of any approach must be consciously to subordinate the logic of the market, the pursuit of 'cost efficiency' (in which lies allegedly the superiority of market capitalism as a mode of production) to the values of security, equity and social solidarity. This is, to use the language of the great social democratic scholar Karl Polanyi, about re-embedding the economy in society, rather than having society driven by the economy.⁹

Contrary to the claim of some critics of the movement, this priority placed on community does not seek to return society to the past, to the bonds of tradition, but looks towards a future of a truly liberated, self-conscious, reflexive society.

Second, to allow this dynamic to unfold, the global context must be changed from a centralised system of global governance that imposes one set of rules in the service of one model of economic growth – the free-market model favoured by the IMF, World Bank and WTO – to one marked by the deconcentration and decentralisation of institutional power and the existence of a pluralistic system of global economic governance. For it is in such a global context – more fluid, less structured, more pluralistic, with multiple checks and balances – that the nationals and communities of the South, and North, will be able to carve out the space to develop, based on their values, their rhythms and their strategies of choice.

There is a global community in the making, but it does not consist of the desocialised atoms orbiting around the impersonal market that was the vision of Adam Smith and Margaret Thatcher. It is not the false community composed of a unorganised global majority and an organised ruling elite that is really what members of the latter have in

mind when they talk about the 'global community'. This community-in-the-making is one of many, composed of many communities that are tied by common fundamental interests and fundamental values but whose social articulation of those values and interests is inflected by different histories and cultures. In such a world, as British philosopher John Gray puts it, the primary role of global institutions should be 'to express and protect local and national cultures by embodying and sheltering their distinctive practices'.¹⁰

Competing with the Right

Nevertheless, the crisis of global capitalism does not guarantee ultimate ascendancy for this emergent global community. For the Right is also on the move, taking advantage of the crisis of the neoliberal establishment to concoct ideological mixtures of reaction and populism that stoke the deepest fears of the masses. Note, for instance, the mass resonance of the French fascist Jean Marie Le Pen's slogan: 'Socially I am left, economically I am right, and politically I am for France.' Note how, in the Netherlands, what was seen as the most successful social and economic arrangement of the 1990s has recently been shattered by the electoral revolution instigated by the populist rightist Pim Fortuyn. While one must always be sensitive to their differences, one must also be aware of the similar origins and dynamics of religious fundamentalism of the Al-Qaida type in the South and fascist populist movements in the North.

At the beginning of the twentieth century, Rosa Luxembourg made her famous comment about the possibility that the future might belong to 'barbarism'. Barbarism in the form of fascism nearly triumphed in the 1930s and early 1940s. Today, corporate-driven globalisation is creating so much of the same instability, resentment and crisis that are the breeding grounds of fascist, fanatical and authoritarian populist forces. Globalisation not only has lost its promise but it is also embittering many. The forces representing human solidarity and community have no choice but to step in quickly to convince the disenchanted masses that, indeed, a better world is possible. For the alternative is, as in the 1930s, to see the vacuum filled by terrorists, demagogues of the religious and secular Right, and the purveyors of irrationality and nihilism.

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- 8 Speech at the plenary 'Civil society and the public arena', World Social Forum, Porto Alegre, Brazil, 30 January–4 February 2002.
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- 10 John Gray, *Enlightenment's Wake* (London, Routledge, 1995), p. 181.

Racism and the market-state: an interview with A. Sivanandan

By *CARF*

Soon after the events of September 11, A. Sivanandan stated: 'Globalisation has ushered in a monolithic economic system; September 11 threatens to engender a monolithic political system. Together, they spell the end of civil society.' In the interview published below, given initially to the UK Campaign Against Racism and Fascism, he expands on how that process is taking shape today and outlines the means to combat it.

CARF: First, why do you say that globalisation creates a monolithic economic system?

AS: When we talk about globalisation we are talking about the globalisation of capitalism – which was made possible by, first, the collapse of Communism and, second, the technological revolution. The collapse of Communism removed all opposition to capitalism as a world system. The technological revolution undermined the opposition to capital from organised labour. (It is likely that it was the micro-electronics revolution itself which, in outdating the industrial mode of production,

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