

# Globalisation

## Origins-History-Analysis-Resistance



Thousands of people take to the streets of the City of London in a 'Carnival Against Capital'; 50,000 landless peasants swamp the streets of Brasilia; in Nigeria a 10,000-strong 'Carnival of the Oppressed' shuts down Port Harcourt in protest against the oil companies' exploitation of the Niger delta; 200,000 people take to the streets of Hyderabad in India, and over thirty street parties, involving thousands of people, take place simultaneously across the globe. What links this unprecedented new alliance of activists from East and West, from North and South? They say they are united in opposition to something called 'globalisation'. Every day we hear more about shadowy bodies with acronyms for titles. The WTO, the IMF, the MAI—we are told their decisions are irrevocable, that the markets rule. This accelerating process of enclosure and dispossession is an audacious attempt to assimilate everyone within the global economy and under the direct rule of capital.

### I. What is Globalisation?

Globalisation has become a *bête noire* for all sorts of people—activists and academics, reformists and revolutionaries. At a time when nationalism is resurgent, we see an internationalisation of struggle. And yet... confusion reigns—confusion over our objectives, our ideals, our methods and goals. A confusion that could be fatal—if we miss our chance when it is presented to us we might not get another one. We are living in critical times. Therefore in the following pages we examine the background to globalisation, the struggle against it and some of the confusions and misunderstandings that surround it.

The current trend for opposing globalisation appears to have fallen for an inverted version of the same illusion that those in favour of it suffer from—that what is occurring (and has been for approxi-

mately the last 20 years) is something new and radically different to what has gone before. The things that are identified as constituting globalisation—free trade, the free movement of capital, the growth of international regulatory bodies and institutions, the expansion of multinationals and the creation of one global 'culture'—are new in the sense that they are new forms of organisation and structure but in essence they are a continuation of what has gone before.

*Capital has always been global.* The capitalist system is the most adaptable and voracious in history. From its beginning it has been driven by the need to constantly expand or die; the changes that have occurred in recent years are an expression of this need. Globalisation is 'worse' in the sense that it rep-



represents an attempt at extending and intensifying capital's grip on humanity, but it is not worse, as some seem to imply, in opposition to a mythical idealised past when capitalism was nice and local and the state intervened to protect us against the markets. The logic is the same now as it always been—to exploit people and nature to the maximum extent possible. The fact that in some previous eras this exploitation may have taken place in a way that was softer or

more 'democratic' doesn't change its essential nature.

In order to understand the process that has become known as globalisation, it is essential to understand the trajectory taken by post-war capitalism. Looked at in this context, globalisation can be seen not as a separate phenomenon but rather as the effect of the crisis caused by the resurgence of European and American class struggle in the late 1960s and the 1970s.

## II. 1945–1968: Restructuring, Integration and Growth

In 1945, with the virtual sole exception of America, the industrialised and 'developed' world was in a state of massive economic and physical disarray—a condition mirrored in its working class. In this period the world began to be divided between the American and Soviet versions of capitalism.<sup>1</sup> Stalin's Red Army proceeded to subjugate Eastern Europe to a variant of capitalism involving most of its worst aspects and bringing few of the fringe benefits that help to make life a bit more bearable in 'advanced' capitalist society.

Meanwhile, America adopted Western Europe as its sphere of influence. This developed into the 'cold war', an era of frosty relations and supposed ideological struggle between the two superpowers.<sup>2</sup> Each vied to collect as many 'satellite' nations and regions as possible to serve as new markets for the domestic economy and through which proxy wars could be fought. This was a *de facto* new form of colonisation which was preferable for powerful nations because it largely avoided the hassle of actually administering territory. Those countries whose populations proved resistant or had unsympathetic regimes were forcibly brought into the fold through engineered and assisted coups or were simply invaded (e.g. Brasil, Hungary, Czechoslovakia, South Vietnam, Chile, Afghanistan etc. etc.) The decline of the old colonial powers opened up vast swathes of the world to domination by new masters (both domestic and foreign) who were at least as brutal as the departing imperialists and just as keen to use their populations as cheap labour for capital.

### Cold War Economics

In the West, aside from actual physical rebuilding, the task of restructuring faced by states and capitalist enterprises was twofold. Firstly, economic growth rested upon the "diplomatic reconstruction of international trade and payments systems which

would facilitate international exchange and secure the regular import of essential commodities and raw materials."<sup>3</sup> This first objective was carried out largely at the behest of the US with Britain acting as its 'junior partner'—an arrangement that has continued ever since. And secondly, it would be necessary to contain the class struggle in order to avoid a repeat of the massive social conflict that occurred in the aftermath of the First World War.

Having divided up Europe and the rest of the world between itself and the USSR, "...the US sought to organise Western capitalism around new international economic and political structures which would ensure the rapid accumulation of American capital."<sup>4</sup> American capital was however dependent upon the re-establishment of *global* circuits of accumulation and the restoration of a degree of equilibrium in terms of production and trade, i.e. rebuilding those economies that had been shattered by the war, most importantly West Germany and Japan. In Europe this was accomplished through financial assistance such as the Marshall Plan, the purpose of which "was the raising of living standards 'to resist the lure of communism.'"<sup>5</sup>

The initial result of this need to restore industrial economies destroyed by the war was the Bretton Woods agreement. This was a system of currency exchange rates fixed within pre-determined margins that were defined in relation to the value of the dollar, which was itself valued in parity to gold (in theory, dollars were exchangeable for gold). The dollar performed the function of both international and national currency, and for the system to work its value had to be maintained. Hence the system was dependent upon the US maintaining a large trade surplus (exporting more than it imported) thus allowing the dollar to be supplied as credit to other countries in order to be a means of exchange for US-produced commodities.<sup>6</sup>



As with other aspects of the post-war settlement, this implied a concrete link between the exploitation of workers (i.e. the amount of value produced) and the amount of money capital in circulation. In recent years this linkage has appeared to become more tenuous as finance capital has grown vastly in proportion to production (for example, no individual state has the reserves necessary to compete with currency speculators on the foreign exchange markets—as Britain discovered when the pound was forced to leave the European Exchange Rate Mechanism [ERM] on ‘Black Wednesday’, 16th September 1992) but is in reality no less essential because capitalism is always intrinsically based upon wage labour.

The imposition of the Bretton Woods agreement was shortly followed by the creation of a number of accompanying institutions and agreements to assist and safeguard its terms. These included the now notorious International Monetary Fund (IMF), the World Bank and the General Agreement on Trade and Tariffs (GATT). The IMF was originally set up to insulate the Bretton Woods system from attacks by speculators or from short-term trade imbalances by providing governments with emergency loans to support their currencies on the foreign exchange markets. The World Bank’s purpose was to provide governments with longer term loans necessary for the development and reconstruction of their economies so that they had no excuse for not competing in the world market.

The opening up of all national economies to ‘free trade’ was also a major concern of the United States. The world depression of the 1930s followed by the war resulted in the growth of trade barriers. As the recovery gathered pace, they began to be dismantled through a series of trade agreements under the overall heading of GATT. The present growth of trade integration is the completion of the process of recovering ground previously lost—regaining previous unity, but of course on a massively increased scale due to the growth of the global economy relative to its pre-war size.

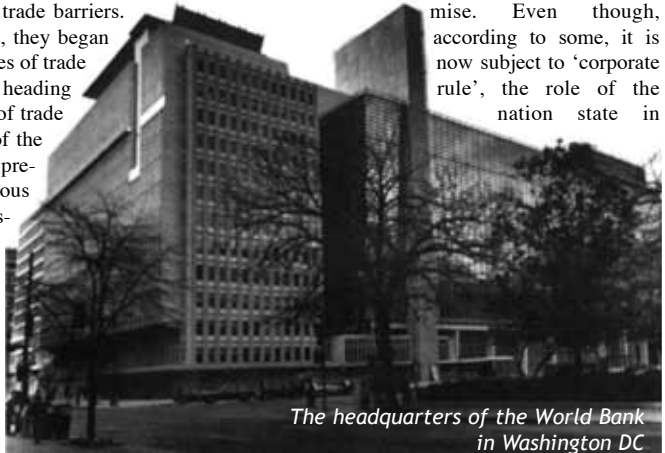
## Social Democracy and Keynesianism

However the re-establishment of global and national capital

accumulation and the resultant 20 period of economic boom could not have been accomplished without the imposition of more fundamental and concrete forms of social and political organisation to again restore (relative) domestic stability. These were—in the West at least—social democracy and Keynesian economic management and planning. It is important to note that these existed within the context of the global economy and not just on a separate national basis. These ‘social forms’ were dominant within ‘advanced’ capitalist societies until they began to founder in the late 1960s. Their retreat and increasing ineffectiveness as a means of management in the face of massive class struggle and related ‘structural’ faults, resulting in the major crises of the 1970s, is possibly the main reason for the state that capitalism is in today.

The disorganisation of the European working class post-1945 meant that it was forced to enter into the so-called ‘class compromise’. This essentially meant foregoing unity and mass struggle, at least temporarily, in return for representation within individual nation states through the medium of social democracy. Social democracy can be defined as the representation of the working class as labour, within capital and the state—politically through social democratic parties and economically through trades unions. In practice this meant varying degrees of consultation between trade unions, governments and employers to allow for economic planning and the co-ordination of social policy.

The nation state gained a new significance in the post-war era because it assumed the role of policing, maintaining and organising the new class compromise. Even though, according to some, it is now subject to ‘corporate rule’, the role of the nation state in



*The headquarters of the World Bank in Washington DC*



policing, maintaining and organising labour power remains undiminished. All that has changed are the forms that this takes; for example breaking or 'restructuring' entrenched sectors of the working class instead of accommodating them, imposing and encouraging casualisation etc.

Capitalist development was consolidated around distinct national economies that enjoyed a degree of autonomy in terms of economic cycles and the extent to which the working class was integrated within state planning. It was an example of divide and rule in so far as concessions were made to *national* working classes as opposed to the working class as a whole. This allowed the 'defence of the national interest' to be invoked where necessary as a partial barrier to more internationalist tendencies amongst some workers; dockers for example have a long tradition of international solidarity and support as was seen recently during the Liverpool dockers dispute.<sup>7</sup>

However the relative disunity of the working class was not shared by the capitalists. Although different sectors of the capitalist system have a contradictory relationship at the best of times, their unity in terms of the common pursuit of profit always remains undiminished. In fact it could be argued that capitalism in this period was more global and united than it has been since, due to the dominant position of the US and the virtual hegemony of the dollar as the world's currency.

The practical importance of social democracy for the working class was that it provided a framework through which concessions could be demanded and won from capital on a national basis. The price of this set-up was that instead of existing as an autonomous force against capitalism, "the aspirations and demands of the working class could be harnessed as the motor for capital accumulation,"<sup>8</sup> i.e. in exchange for improvements in health care, housing

provision, education and social security the working class surrendered control over production and accepted the 'Fordist deal'.

This meant that production-line type work was introduced, removing the need for many highly skilled workers or any direct connection to what was being produced. Productivity and production were increased by stepping up the exploitation of the workforce allowing both wages and profits to rise, thus creating the demand to absorb the increase in production. Fordism was a system based upon mass production and mass consumption. It was premised on an implicit trade-off between increased alienation and boredom at work and increased consumption during 'leisure' or 'free' time—dissatisfaction turned into demand. The ever increasing rate of exploitation in turn expanded the total amount of capital in circulation and made possible the growth of finance capital and the boom in credit and lending.

The Keynesian state was an integral part of this process. It backed up Fordism through what economists call 'inflationary demand management', maintaining rising levels of demand through 'deficit financing'—state expenditure based on credit. This was to be repaid by the returns from future exploitation. On the national level this took the form of guaranteed full employment, growth and social welfare spending. Globally, "the centre of Keynesian demand management was the regulation of the international flow of capital through the Bretton Woods system of fixed exchange rates; the regulation of international deficit financing of demand on the world market on the basis of an inflationary supply of dollars from the dominant US economy to the rest of the world."<sup>9</sup> It was basically a global system of 'book-keeping' which alternated between inflationary support of domestic economic growth and deflationary pressure on it. Mortgaging the future to pay for the present was the essence of Keynesian demand management, a flaw that was to prove its undoing.

## Decolonisation to the 'Green Revolution'

The situation outside the 'advanced' capitalist countries was very different. The post-war years were primarily characterised by bloody national liberation struggles against the old colonial powers—mainly Britain and France but also Belgium (in the Belgian Congo) and Portugal (in Angola). Nationalist struggles against France in Algeria and Vietnam were particularly ferocious, leading to French withdrawals





## The Mau Mau: Better Dread than Dead

It was in many ways the massive anti-colonial struggles of the 1950s and the immediate post-war period in the 'Third World' that inspired the more well-known revolts in the West in the 1960s. For example, the struggle against the French in Algeria was well-known to the partisans of Paris' 1968 'May events'. The knowledge of the atrocities committed against the Algerians during the 8-year war for independence radicalised the students of Paris and made them realise what the French state was capable of.

The British experienced a similar African insurgency against Imperial rule in the 1950s in Kenya. The struggle for land and freedom in Kenya was led by the Mau Mau—a guerrilla force composed mainly of members of the Kikuyu tribe who waged a sometimes very brutal war against the white settlers. As a symbol of their identity, the Mau Mau grew their hair in dreadlocks which they never cut. Seven initiation cuts marked the body of one who had taken the Mau Mau oaths.

Under the British, Kenya operated a strict policy of racial separation, similar to South African apartheid, utilising a very strict identity card system. However, as with South Africa, separation effectively meant domination: native Africans were forced on to 'tribal trust lands', the British having stolen their traditional tribal lands. Political agitation around the issue of stolen lands had been taking place since the 1920s, but to no avail.

When Kikuyu soldiers returned from World War II, in which they had fought for the British, they returned radicalised to a country still run by paternalistic colonial administrators and plagued by racist missionaries. These ex-servicemen provided the nucleus for the Mau Mau guerrilla army. The

Mau Mau were dedicated to driving white farmers from the rich heartlands of Kenya—they were daring and merciless, attacking first isolated farms and police outposts and later the vast concentration camps where Mau Mau suspects were imprisoned by the British. During their 11-year struggle for independence from the British, the Mau Mau hid out in the large areas of wilderness, forest and mountains in Kenya. They blended into the forests making it impossible for the British to find them.

The British responded by pioneering many of the classic 'counter-insurgency' techniques that would later become famous in Vietnam—for example, the resettlement of the entire indigenous population in special controlled villages to separate them from the guerrillas. Ninety thousand people were imprisoned and tortured in detention camps, ten thousand people had land confiscated, and a further half a million were forced into protected villages. Inmates of the detention camps were regularly beaten and

abused, and thousands of innocent people died of disease and malnutrition. In the years up to 1956 over 10,000 Mau Mau lost their lives in the struggle against the British—many hanged on the gallows in mass executions.

John Nottingham, a district officer during the period of emergency said: "One day six Mau Mau suspects were brought into a police station in the neighbouring district to mine. The British police inspector in charge lined them up against a wall and shot them. There was no trial." Asked if he thought that the actions of the colonial forces amounted to human rights abuses, Mr Nottingham said: "If throwing a phosphorous grenade into a thatched hut with a sleeping family inside isn't a human rights abuse then I don't know what is."<sup>39</sup>





from both colonies after a series of costly military and political blunders. In Algeria and other countries the general disruption opened up space for more progressive (although mostly not quite revolutionary) social movements, which existed against both colonial rule and the 'states in waiting' of the nationalists.<sup>10</sup>

Unfortunately the main and lasting effect of decolonisation was to open up vast new markets and opportunities for increased and more efficient exploitation. Even though exploitation had clearly taken place on a vast scale under colonial rule, the attempt had not been made to integrate people into the capitalist mode of production—to make them into wage workers. Extractive industries such as mining and oil production had operated in the 'Third World' for many years previously, but such enterprises don't necessarily require the generalised imposition of a new set of social relations in order to function.

The process of turning 'Third World' peasants into proletarians is in some ways very similar to the development of capitalism in Britain and elsewhere. The capitalisation of agriculture through the enclosure of common lands, the mechanisation of food production and the production of food surpluses to feed workers who are no longer able to produce their own means of subsistence are the necessary first steps. Urbanisation and the creation of a 'reserve army of labour' from those who have been forced to leave the land are then the necessary additional steps for further capitalist development.

Some of the first and most significant *capitalist* forays into the 'Third World' were made in agriculture—the 'Green Revolution'. In 1965 the first commercially viable High Yielding Variety (HYV) rice was released by a laboratory in the Philippines. The aim was to rapidly increase food production at a time when demand created by population growth

appeared to be outstripping supply in some areas of the world such as India and the Philippines (although as is the case with present food shortages, the causes are factors other than lack of productive capacity; even at the height of its famine, Ethiopia was still exporting tobacco and coffee to the West). The 'Green Revolution' was portrayed simply as a technological fix to the food problem, however, in reality it worked against the very people it purported to help. As with all technology developed by capitalism it didn't operate merely on a technical level; it actively changed the social relations amongst agricultural producers and opened the way for further 'development' and exploitation.

The new varieties of wheat and rice were not available to all farmers or even in all areas. They required intensive irrigation and fertile soil and were only accessible to wealthy and politically connected farmers within those areas. The additional inputs required such as fertilisers, pesticides as well as the seed itself meant that peasant farmers on traditional small holdings were excluded. This new form of production also favoured mechanisation and economies of scale, thus enabling landowners to reduce their workforces and effectively drive large numbers off the land and away from independent food production into the cities and the newly forming labour markets. The new varieties could not be cultivated using traditional methods, and their success was almost completely dependent upon products supplied by Western companies.

The 'Green Revolution' was just one instance in a continuing process of exploitation by Western capital and domestic rulers. This has added significance at present in the context of the growth of biotechnology. The arguments and campaigns for and against are so similar that they could almost be said to be repeating those which took place 30 years ago.

### III. 1968–1979: Class Struggle, Crisis and Debt

Academics, including those who have recently written on the subject of globalisation such as David Korten or Gerry Mander,<sup>11</sup> tend to see the demise of Keynesianism and other institutional arrangements (and the result which they call globalisation) as the result of 'structural faults' (such as exchange rate imbalances) within the capitalist system—a position known as 'objectivism' because it discounts or actively ignores the pivotal role that human (subjective) and more specifically class intervention and

conflict plays in effecting and changing the course of history. Their analysis undoubtedly contains moments of truth but is at best only a very partial view.

The growth of world trade during the 1960s had brought with it a rapid expansion in the volume of international money capital being traded, as well as the development of global capital markets. The development of the Eurodollar markets in particular, signalled that the institutional arrangements such as



Bretton Woods, which had linked and constrained the international flow of money to the national accumulation of productive capital (i.e. industry, manufacturing etc.), were becoming strained. The recovery of other capitalist economies led to a relative decline in US economic superiority. Dollars which had previously been repatriated in exchange for US-produced commodities were increasingly transformed into reserves in European banks. These reserves were then used as a source of credit for both public authorities and private capital. By 1969 other countries held \$40 billion—a figure that far exceeded the US gold reserves. The basis of Bretton Woods had been severely undermined.<sup>12</sup>

*But it was the struggles of the new generation of post-war proletarians that led the strain to become a breach.*

This new generation, which formed within the context of the post-war settlement and the Fordist production line, brought with it new demands and aspirations. These were expressed in two principle ways; on one hand screwing everything they could get out of the bosses and the state in wage concessions and increased public spending—demands that had to be met in order to maintain the status quo and stave off more radical demands. On the other hand, the re-

emerging class conflict didn't limit itself simply to questions of degrees of control within the workplace; the other (interconnected) side expressed at its most radical the refusal of work and capitalist social relations in general. Dissatisfaction with factory and office life brought with it a more generalised contestation which was by no means limited to workers; other proletarians (such as the unemployed and housewives), malcontents and students, all seized the opportunity to exploit the relatively weak position that capitalism was in at the time.

## The Refusal of Work

A global wave of strikes, riots and mass social upheaval, some of which openly confronted the state and the trade unions, left the capitalist world reeling under the strain. It had taken a body blow but by no means a fatal one, as events that followed in the 1970s were to prove. The US was hit by urban insurgencies that burned Watts, Newark, Detroit and other major cities, as well as by the student and anti-war movements and other disruptions such as the civil rights and black power movements. New insurgencies broke out in Southeast Asia and Latin America, often of dubious political content but expressions of the times nonetheless.



Paris, May '68



The best known European example, with which most people are familiar to some degree, is the near-revolution in France in May 1968, when millions of workers, students and other proletarians joined together in a brief but intense moment of mass struggle. However this represents only a small part of the picture; for example highly significant but lesser known struggles took place into and throughout the 1970s. The Italian ‘Hot Autumn’ of 1969 marked the beginning of 10 years of struggle. Many strikers and other rebels took part in activities which went beyond simply stopping work or occupying the workplace. In 1971 Polish strikers took over gas and transport services, whilst in Italy, ‘squatting, ‘social strikes’ by bus drivers, hospital staff and supermarket cashiers providing (respectively) transport, healthcare and food free of charge, electricity workers cutting off supplies to bureaucrats or firms and a

thousand other instances”,<sup>13</sup> showed the extent to which the dull compulsion and isolation of capitalist social relations were rejected. Sometimes this took the form of gestures which grasped towards something better, but more often it was refusal and rejection—*everything* came under attack, but the lack of enough attempts to transform society gave the impetus back to capital when the revolutionary wave began to recede. “Radicals had disrupted a social logic, not shifted into a new one.”<sup>14</sup>

## Capital Takes Flight

For the capitalists, the squeeze on profits from ever-increasing wage demands, strikes and random stoppages meant that solutions other than Keynesianism and ‘demand management’ would have to found. The answer lay in a three-pronged strategy of *restructuring*. In the old established industries, man-



*Students in Rio de Janeiro opposed to Brasil’s US-backed military regime hurl rocks at riot police during riots in April 1968.*

In the ‘50s, US multinationals invested heavily in Brasil and there was a vast programme of industrialisation and ‘development’. The *Wall Street Journal* asked: “Is there any other place in the world where such profits can be obtained?” These

profits were won at the cost of massive social inequality and poverty in Brasil. However the period was also characterised by the radical struggles of large groups of peasants such as the Ligas Camponesas (Peasants League) and Movimento dos Agricultores Sem Terra (MASTER).

By the early ‘60s the IMF and the USA had started demanding huge debt repayment programmes and ‘anti-inflationary policies’. This effectively required the civilian government to crush militant workers and peasants and bring them to heel. Instead in 1964 the civilian government, under pressure from the mass struggles of workers and peasants, promised to nationalise the oil refineries and authorise peasant’s appropriation of unused land. The response of the army and the multinationals was brutal. In April 1964 there was a US-backed military coup in which thousands were assassinated as the military police unleashed a reign of terror and crushed all dissent.

However in 1968 there was an upsurge of resistance to the military regime. Led largely by students inspired by the rebellions in France and Mexico and by the Cuban revolution, a wave of revolt swept cities across the country. The students were joined by 15,000 striking metal workers. The pro-democracy movement gained strength throughout the 1970s (three million industrial workers went on strike in 1979 alone), there were struggles against huge hydro-electric schemes and peasant land occupations. This fruit of this today is the Movimento Sem Terra—Brasil’s movement of landless peasants—one of the main threats to the Brazilian capitalists’ project of neo-liberalism.<sup>40</sup>



agement attempted to limit workers' influence over the production process through forms of re-organisation such as decentralisation and outsourcing and the introduction of automation. This was used to attack the old 'worker fortresses' such as Detroit, Renault-Billancourt, Alsace, the Ruhr etc. The landmark in this process was the turn of the balance of power at the Italian car manufacturers Fiat, which for years had been plagued by continual stoppages, mass assemblies and absenteeism at its Turin plant. Secondly, new industries such as electronics, information technology and the 'service sector' were developed. New work relations could be established in these industries relatively easily since the most entrenched sectors of the working class had been effectively bypassed. Thirdly capital 'took flight' to the 'Third World' where labour and natural resources were (and still are) plentiful and cheap.

As the crisis and the problems in the industrialised areas gathered pace, this shift to the 'Third World' was seen as an increasingly attractive option, largely due to the fact that it was a relatively immediate solution. Other tactics required for the most part a long-term commitment to progressively wearing down resistance before profitability could be increased.

Throughout the 1970s, capital flooded into certain areas of the 'Third World', such as Brasil, Mexico and South Korea, creating what have become known as the Newly Industrialised Countries (NICs). This process was greatly accelerated by the quadrupling of the price of crude oil in 1974 by the world's main producers, the OPEC<sup>15</sup> countries, which "...served to liquidate and then divert huge sums of capital away from industry which was committed to various national economies within the Atlantic axis, into the hands of the banks and the international circuits of money capital that owed little or no allegiance to any state."<sup>16</sup>

This liquidity is the ideal form for capital, but it cannot increase itself without being 'grounded' in a concrete form—without having wage labourers producing both material and immaterial things. It can never permanently escape from its own contradictions; wherever it moves to, it creates workers who have a tendency to do problematic things like demand higher wages and go on strike.



*Milan '69: demonstrators attack a policeman at the beginning of the 'Hot Autumn'.*

It was in this period that the NICs, and to a lesser degree the 'Third World' in general, began to accumulate massive debts. The influx of capital was mainly in the form of loans or production facilities (for example, factories, mines etc.) owned by corporations based in the northern hemisphere. The loans were mainly used to finance prestige projects which had little material benefit for the majority of the population—or to line the pockets of the ruling classes.

However, this attempt by capital to escape from its enemy and re-engage on more favourable terrain was undermined by the central contradiction that accumulation in the NICs was dependent upon continued economic growth in the West (which remained the most important region). The economies of the West were simultaneously undermined on two fronts; firstly 'capital flight' had grown to such an extent that in countries with a 'poor industrial record' such as Britain it amounted to a virtual 'investment strike' and secondly, capital was still unable to contain wage demands.

## **Origins of the Debt Crisis**

By the end of the decade the West's ability to sustain general profitability and economic growth was undermined to the point where all the economies in the Western world were plunged into recession, which was inevitably accompanied by a corresponding slump in world trade. The 'anti-inflationary policies' aimed at wage control which had been pursued



had had little obvious effect, with the result that by the end of the 1970s, capitalist planning agencies such as the IMF were calling for urgent globally co-ordinated measures to attack inflation. These would include ‘tight money’ (control over the money supply through high interest rates which lessened the attractiveness of credit and caused more generally a reduction in the ratio of debt to gross domestic product [GDP—roughly speaking the total sum of ‘economic activities’]) and cuts in social expenditure, as well as breaking ‘structural rigidities’ in the labour markets, e.g. trade unions.<sup>17</sup> As is usually the case with economics the banality of the language bears no relation to the reality that is actually being referred to.

These were the policies that became known as ‘monetarism’ (as well as being loosely described as ‘Thatcherism’ or ‘Reaganomics’) which when adopted by the world’s largest economy, the US, resulted in the global recession and sharp interest rate rises that triggered the debt crisis.

A number of ‘Third World’ economies had borrowed heavily from major banks and other lenders including the World Bank, to finance rapid ‘development’ and



industrialisation, leaving them with massive debts and interest payments. Consequently when interest rates rose and the value and volume of the exports which they used to service the debts fell, they found themselves unable to pay. In 1981 the Mexican government threatened to default on its loan repayments and started the ‘Third World debt crisis’. This threatened to provoke the complete collapse of the international banking system—an outcome that was only narrowly avoided due to the intervention of the IMF and the World Bank backed up by co-ordinated efforts on the part of the major industrial powers.

Although the attempt to outmanoeuvre the working class in industrial countries through capital flight had been forced to a halt by its own contradictions, “it did serve to impose the new economic reality of global finance capital and in doing so laid the ground for the further development of capital restructuring against the working class in industrialised economies.”<sup>18</sup> The nature of the crisis and recession made it increasingly clear that economic policy had to be compatible with the demands of global finance capital.

#### IV. The ‘80s—Defeat, Misery and Monetarism

The results of the debt crisis were twofold. Firstly, debtor nations in the ‘Third World’ were forced by the IMF to adopt Structural Adjustment Programmes (SAPs) as means of ‘saving’ their economies and enabling them to attempt to keep up repayments on their loans. Secondly, in the industrialised countries, governments began to change their economic policies away from Keynesianism towards monetarism in an attempt to attract international money capital with increasing interest rates and disinflationary economic policies. In reality the pursuit of disinflationary economic policy meant mounting a concerted attack on the gains won by the working class in the preceding decades—the imposition of austerity. All governments whether conservative or socialist were forced to do this in order to keep wages down and slash public spending on the social wage (e.g. welfare, free healthcare, services etc.) At the same time they exchanged the strategy of ‘tight money’ for an

expansion of credit—a socialisation of debt as opposed to its eradication. This “helped to decompose the homogeneity of resistance to austerity on a global scale” by integrating parts of the working class through a credit-sustained boom. The boom acted as a neutralising agent by helping to co-opt parts of the working class into the project of prosperity (for some).<sup>19</sup>

The strategy of using the unions to accommodate the working class was swiftly replaced by one of outright confrontation. Thatcher and Reagan were initially the major exponents of this policy because they were in the best position to use it. In both Britain and the US the unions had largely contained and defused working class militancy but had therefore simultaneously undermined their own *raison d’être* as mediators of this militancy and been left weakened. In Britain, the relationship between the Labour governments of the ‘70s and the unions has



been caricatured as ‘beer and sandwiches at No. 10’ indicating its cosy nature. However, due to their need to maintain their role as mediators (and moderators) the unions didn’t have the foresight to anticipate the loss of political and policy influence that they suffered when James Callaghan was ejected from office in 1979 and the previously friendly ear was replaced by an implacable foe. Though of course it wasn’t the union bureaucracy that bore the brunt of the attempts to impose unemployment and austerity.

The attack on the most entrenched sectors of the working class rapidly gathered pace; protracted, bitter, losing battles were fought first by steel workers, then miners and printers. The 1984 miners’ strike was a turning point in the sense that the miners had traditionally been the strongest sector of the working class in the UK—their ‘74 mass strike brought about the downfall of the Conservative government. Although governments in other industrialised countries attempted to an extent to follow suit, they didn’t have the same degree of success. They lacked the vigour of Thatcherism because they couldn’t afford to sacrifice industry to the same extent Britain had been able to due to the strength and significance of its financial sector. This can be seen for example in the comparative lack of collective class struggle in this country at present as opposed to France.

Monetarist ideology promised to “roll back the frontiers of the state” (in Thatcher’s words) and to bring freedom and prosperity for all. The reality however was very different. De-regulation in some sectors of the economy was not matched by a generalised retreat in other areas of life controlled by the state—in fact the reverse was true. A ‘free’ economy necessitates a strengthening of the state, as a defence against the unrest provoked by impoverishment and the (re-) imposition of work. In the US, restructuring, massive welfare cuts and the imposition of workfare on a national basis have been accompanied by a huge rise in the prison population, the ‘three strikes’ law<sup>20</sup> and 100,000 new cops. This is an aspect of globalisation that some of its critics appear to have overlooked when they bemoan an apparent loss of state power to corporations.

## Structural Adjustment: Global Chile

Two major perspectives exist on the debt crisis, both of which share the assumption that it is a threat or obstacle to capitalist development. For the Right the crisis has been viewed as potentially threatening the international banking system and ‘stable growth’ of the creditor economies through default by major

debtor countries; hence the need for harsh IMF programmes to make them ‘pay up’. For the Left the crisis and the Right’s ‘solutions’ to it are seen as the main obstacle to the ‘development’ of ‘Third World’ economies.<sup>21</sup> A choice between hard or soft versions of capitalism would be no choice at all even if it was possible to *choose*. The fact that existence in some parts of the world is less harsh than in others does not mean that it is possible to reorient capitalist development in a ‘better’ direction through more ‘democracy’ or well-intentioned liberal proposals or campaigns.<sup>22</sup> The debt crisis is the result of what capitalism has been *forced* to do in response to proletarian resistance in order to sustain its constant need for growth, expansion and accumulation; it has been used as a “key instrument” in “shifting the balance of class forces to its side on both poles of the debt relation.”<sup>23</sup>

Although workers in the West have suffered repression and hardship, the fate of the working class in the ‘Third World’ has been considerably worse. The result of the debt crisis was the (still ongoing) imposition of SAPs, initially in those countries such as Mexico which had threatened to default on their loan repayments and gradually extending to cover almost every country in South and Central America, Africa, Eastern Europe and Asia.

SAPs were devised by the IMF and the World Bank as a means of reducing inflation, leading to a favourable balance of payments, reducing government debt, and making national industries more efficient and workers more productive. This, it was claimed, would inevitably lead to a reduction in international debt, and acceptance of SAPs was



*Television, according to a Rockefeller Foundation project, “is the quickest and easiest way to reach large numbers of Africans... African social message videos can have a positive impact on behaviour change.”*



required as a prerequisite for future loans or payment rescheduling.

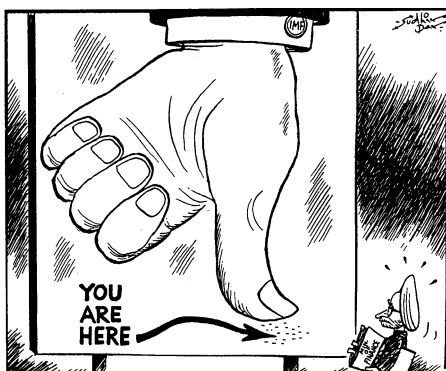
The concrete measures that SAPs consist of are essentially modelled on monetarist economist Milton Friedman's formula for post-Allende Chile, after Pinochet's 1973 coup. These include the liberalisation of trade; the end of capital controls and the promotion of 'free enterprise zones' or 'export processing zones' (e.g. the 'maquiladoras' in northern Mexico), which guarantee favourable financial terms, the use of local infrastructures and large amounts of cheap labour power. SAPs also enforce the free convertibility of national currency, the reduction of government budgets and employment, the end of subsidies for education, health and subsistence goods and the privatisation of state industries.<sup>24</sup>

*Third World governments are not helpless to resist the demands of global financial capital, rather they depend on its help to be able to resist their own populations.*

Structural adjustment (and to a lesser extent economic 'development' in general) requires internal repression. In Chile it cost the lives of 30,000 workers. Measures such as banning student organisations, intimidating unions and expanding internal security forces have become ubiquitous. In Nigeria the penalty for sabotaging oil production is death.

Of course this situation has not just been accepted—resistance has been constant and ongoing. Massive uprisings, rioting and insurrections have become endemic but go largely unreported in the West. In May and June 1989 at the same time as Chinese students and army mutineers were being massacred as a result of the Tiananmen Square protests to the 'horror' of the Western world, a comparable number of anti-SAP rioters were killed by Nigerian security forces during a wave of uprisings in the main southern cities of Lagos, Bendel and Port Harcourt. 'Crowds of students, women and the unemployed jointly confronted the police and burned many government buildings to the ground. In Bendel the prison was ransacked, hundreds of prisoners were set free and food was confiscated from the prison pantry and later distributed to the hospitals where patients notoriously starve unless they can provide their own food.'<sup>25</sup>

The general effect of SAPs on proletarians has been nothing short of devastating, whilst those in positions of power have in general continued to directly or indirectly benefit in a variety of ways. For this reason it is as implausible to talk of 'India' or 'Brasil' being exploited as countries as it is to con-



*Finance Minister Singh's bargaining position with the IMF as seen by the Pioneer.*

sider 'Britain' for example as an exploiter, since it is quite clear that in any given nation state the population do not simply exist as equal citizens with common unifying interests. To talk of rich and poor nations obscures the reality that the rich and poor exist within nations. Such formulations implicitly assume that everyone in the industrialised countries is rich and everyone in the 'Third World' poor. The ruling classes in the 'Third World' obviously don't bear an equal amount of the burden of debt as peasants or workers (if they bear any at all—Mobutu the ex-president of Zaire siphoned off an estimated \$8 billion, Suharto, ex-dictator of Indonesia, \$16 billion), and are as rich as the rich in the West; conversely proletarians in the West cannot be equated with the bosses and the state.

Although the population of the 'Third World' had suffered the effects of economic 'development' for some time previously, the onslaught precipitated by the imposition of austerity measures in the 1980s was much worse. The need to increase exports and cut spending meant a corresponding decrease in living standards.

In countries such as Mexico and Brasil wages have been cut in real terms (i.e. wages have stayed the same or risen less than the rate of inflation, so the amount that can be bought with them gets progressively less) by between a third and a half since the debt crisis began, whilst malnutrition has become endemic as food prices have soared. In Africa the situation is far worse with many areas on the verge of mass starvation.

For those reliant on subsistence farming the picture is also bleak—the need to grow cash crops to exchange for hard currency (i.e. dollars) has mas-



sively accelerated an ongoing process of forcing peasant farmers off the most fertile lands and either into urban poverty or on to poor quality land that provides increasingly marginal returns. The greatest example of this is the practice of dumping landless peasants in rainforest areas where once the trees are cleared the soil quickly becomes infertile. This has happened, for example, in the western provinces of Brasil such as Rondonia and in the Indonesian province of West Papua. (See “Rumble in the Jungle, this issue of *DoD*.)

Rapidly increased environmental destruction such as deforestation, soil erosion, pollution, mining and oil extraction is a further consequence of the debt cri-

sis. The drive to maximise exports at all costs has not had the desired effect—the prices of primary commodities have plummeted as the world market has been saturated by the produce of ‘Third World’ economies in competition with each other.

Even those countries which didn’t accrue massive debts have been badly effected as they are also dependent upon the export of primary products and are then of course subjected to the IMF’s own special remedy.

It has been estimated that between 1982 and 1990 an incredible \$1,345 billion has been transferred from the ‘South’ into the coffers of states, banks and financial institutions in the ‘North’.

## V. 1990—? Global Finance Capital, Crisis and Yet More Struggles

So despite having both numbers and organisation, workers were unable to win against a constantly mobile opponent from their defensive position. Not even the most entrenched and militant sectors of the class could hold out indefinitely as they became surplus to requirements. Labour is only as strong as it is necessary—“they lost because the economy deprived them of their function which is their social weapon. Nothing will force capital to hire labour which is not useful to it.”<sup>26</sup> Nothing is immune to the

pressures of world trade as the collapse of state capitalism in the former Soviet Union showed. The same market forces that were making thousands redundant in Liverpool or Detroit were busy smashing the ‘Chinese walls’ that blocked the flow of money and commodities into Moscow.

If the ‘80s showed the power and autonomy of deregulated global finance capital, what new developments have occurred since and how should we understand them? Although in the light of the recent





crises it would seem that capitalist triumphalism and proclamations of a 'New World Order' were somewhat premature, it is certainly true that global finance capital and its ideology of neo-liberalism are currently growing in self-assurance and audacity, although now with a degree of trepidation. This is reflected in a variety of ways, one of which is the preoccupation in oppositional (and mainstream) politics with globalisation, neo-liberalism, free trade and an almost bewildering array of acronyms representing supra-national organisations such as the WTO (World Trade Organisation) and the IMF (International Monetary Fund), or trade agreements like GATT (the General Agreement on Trade and Tariffs), NAFTA (the North American Free Trade Agreement) or the (now defunct) MAI (Multilateral Agreement on Investment).

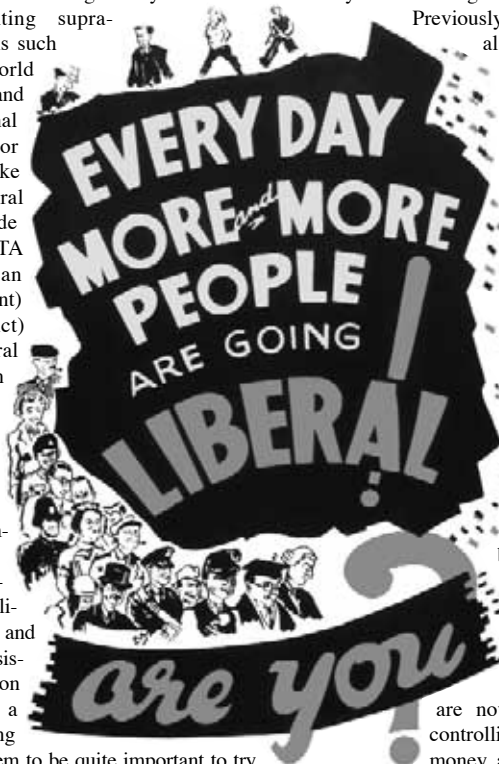
In mainstream politics globalisation is talked of in terms of accepting irreversible new economic realities and constraints and is a scapegoat for unpopular policies. In oppositional and grassroots politics, resistance to globalisation has been adopted as a central campaigning issue. So it would seem to be quite important to try to understand the changes and strategies that lie behind the acronyms and capitalist propaganda. In order to be able to resist we have to acknowledge and develop an understanding of the new lines of attack being taken against us and of the ways in which the relationships between states, capital and class have changed. We have to go beyond the banalities offered by 'off the peg' analyses from left/liberal academics who use the same categories and assumptions as the capitalists from a negative perspective—they understand the world in the same way, merely believing it needs a bit of tinkering with to set it right.

The anti-globalisation orthodoxy holds that recent changes in the global economy constitute a significant and possibly definitive break with the structures and forms that have until recently characterised capitalist society. They argue that although the world market for commodities, capital and money has been in existence for several centuries, since the early 1970s the framework for the production, consumption and exchange of commodities and money has undergone a fundamental change.

Previously this took place on a national or national-imperial basis, but now transnational corporations, banks and supra-national agencies such as the World Bank, the IMF and the WTO are 'de-linking' themselves from political attachments to their nation-state 'homes'. They have 'detritorialised' and 'globalised' themselves and as a consequence have the capacity to move capital, money and expertise at will to the places which offer the highest returns. In tandem the "legal and financial framework for this global capacity for movement and integration has been slowly but definitively put into place." And "consequently nation states, provincial governments, municipalities, local officials and labour unions

are now increasingly helpless in controlling the movement of capital, money and jobs" to the extent that workers and citizens can no longer rely on an increasingly powerless 'democratic government' to fight their corner.<sup>27</sup> "Corporations Rule the World", as David Korten put it.

Although this interpretation of our present situation is premised on a number of deeply flawed and naive assumptions, which obscure more than they reveal, we shouldn't in response be tempted to downplay the significance of change in recent years. To do so would be to fail to recognise the importance of globalisation as a strategy attempting to fully integrate as much of the world's population as





possible into the capitalist mode of production. For those already integrated, it “naturalises the market and the economy to such an extent that it presents the latter as an autonomous force to which we must bow.” This is however only an apparent autonomy because the economy can only be autonomous to the extent that humans give up their autonomy and their freedom to create their own conditions of life.<sup>28</sup> Globalisation is not an unstoppable objective process but a strategy which could in principle be halted.

### Finance Capital and the Speculators

The exponential growth of monetary and financial markets is undeniable; estimates of the daily value of transactions on the foreign exchange markets in New York, London and Tokyo alone vary from \$650 billion up to a trillion dollars. The transactions are largely composed of currency speculation aimed at making a profit from the movement of exchange rates. Given the sums involved, even small deviations in the rate of interest or other factors can cause huge flows of money which in turn affect exchange rates and cause economic difficulties for the ‘victim’ government, problems passed on in the form of hardship, spending cuts etc. This growth of money being made from trading in money has sometimes been wrongly called a ‘casino economy’, or as in the June 18th publicity, a ‘game’. Even the most abstract and seemingly savagely pointless capitalist activities exist in a material and social context. It is not sufficient to merely point out the effects of currency speculation—the question of who or what is the target also has to be asked. Speculation is directed at those countries whose domestic policies are in some way incompatible with global competitiveness requirements, i.e. those who have not made sufficient attempts to subjugate or co-opt workers or who display any weakness by bowing to pressure over controlling public finance and social expenditure.

Those countries which have begun a ‘healthy restructuring’ program are rewarded with currency stability and the loyalty of the speculators. For proletarians, however, the choice between the two financial regimes is a false one; what is not lost through austerity measures is lost through unemployment and income-eroding inflation. Most people experience the *economy* (whether global, national or local) not as a source of opportunity but of constraint.

### The Globalisation of Production

The process of restructuring in the West which led to the movement of production facilities to the ‘Third World’ where lower wages and a greater intensity of work can be imposed has already been described. ‘Free-export zones’ created by ‘Third World’ governments continue to increase in size; total employment in Mexico’s ‘maquiladoras’ has grown from 110,000 in 1980 to 500, 000 in 1992. In Asia (South Korea, Taiwan, Malaysia etc.) about 700,000 are employed in similar ‘zones’.

#### Kicking it off in Korea



*A South Korean student delivers a flying kick at riot police shields in Seoul during a demonstration demanding the resignation of President Kim Young-sam, April 1996.*

It was primarily the South Korean strike wave of ‘96-’97 that sparked off the Asian crisis of 1997. Millions of workers went on strike to oppose neoliberalism before the grim gaze of a nuclear-armed US occupation army. In June ‘95 President Kim Young-sam warned that a planned strike at a state-owned telephone company would be akin to “an attempt to overthrow the state”. But that was merely the beginning... December and January 1996-’97 saw the largest series of strikes and walkout in South Korean history, involving hundreds of thousands of workers protesting against the new labour legislation introducing casualisation and allowing companies to lay off and fire workers more easily. A general strike was called on January 15th 1997—600,000 workers downed tools. Over the following three weeks, the wave of strikes ‘cost’ South Korean corporations over \$3 billion in lost production.

**Source:** *Midnight Notes* No. 12 (1997), pp. 41-44



Social conflict and struggle also continue to increase (between 1989 and 1993 Malaysia saw a 350% increase in the number of working days lost through official strikes alone), with some enterprises already being forced to relocate within the 'Third World', for example from South Korea to Indonesia. For the Asian textile industries this is particularly easy as "the clothing industry uses little capital and is very mobile. All you need is a shed, some sewing machines, and lots of cheap nimble fingers."<sup>29</sup> The strategy for creating an international division of labour, globally subdivided according to comparative costs is ongoing. Labour-intensive production which requires relatively little capital is destined for low-wage areas, whilst production which requires sophisticated technologies and services is located in those areas which offer a suitable structure and environment (most often the West). The factory becomes the global factory. Consequentially, to the extent that production is still based in transnational enterprises' 'home countries', the bargaining power of better paid domestic workers becomes threatened and disciplined. It is worth considering in this context the extent to which transnational corporations are actually *global*. They may have operations in a number of different countries and regions of the world, but the vast majority remain firmly based in their countries of origin in terms of the control of operations. Executive boards and management styles remain firmly national, as does the control of research and development. It is still completely possible to talk of 'national capital' or 'British capital' etc.

## Capital and Nation States

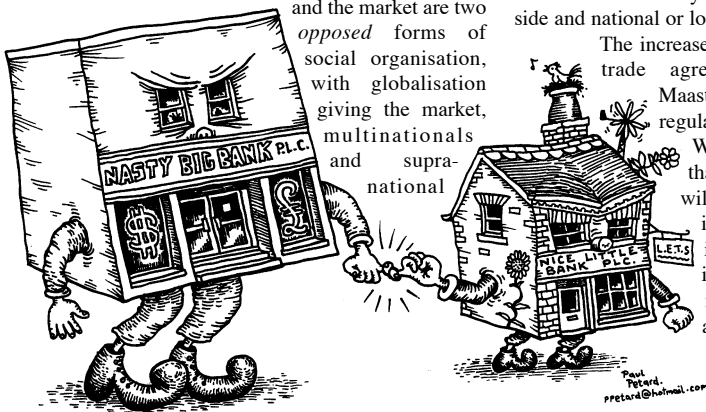
One of the most common themes running throughout anti-globalisation politics is the idea that the state and the market are two

*opposed* forms of social organisation, with globalisation giving the market, multinationals and supra-national

bodies 'power over' the state with a resulting loss of 'sovereignty' and 'national autonomy'.<sup>30</sup> State and capital are not opposed to each other. If anything, the opposite is true—they exist in a contradictory unity—they are differentiated forms of domination *within* the relations that constitute the social order: states oppress their populations as much as managements exploit their workers. Capitalism lives and thrives on tensions and antagonisms; the central one being between capital and labour—it constantly tries to escape from insubordinate workers but needs them to be able to expand. Another tension is that between the needs of national states and the needs of global capital. The fact that a particular state will sometimes act against some capitalist enterprise or other does nothing to disprove the central point that there are no states or national governments which don't "ultimately derive their revenue and power from capital."<sup>31</sup>

As the importance of money capital has grown, the relationship between territorially fixed states and globally mobile capital has changed correspondingly. It is essential for nation states to be able to attract and retain capital within their borders. Hence national policy, through a combination of economic and social policy, co-option and enforcement is aimed at increasing their chances. The success of these policies is dependent upon establishing the conditions for expanded growth on a world scale. However participation in the financial summits and trade agreements that facilitate this growth carries the risk of economic disadvantage for particular nation states. *This* is where the conflict between 'global' and 'national' economic interests lies, not in an opposition between finance capital and corporations (or even more dubiously 'foreign' capital) on the one side and national or local economies on the other.

The increase in the numbers and scope of trade agreements (GATT, NAFTA, Maastricht etc.) and international regulatory bodies (the WTO, IMF, World Bank) is not something that has happened against the will of national states but in fact is in many ways a "state-led initiative whose primary aim is to restructure capital/labour relations."<sup>32</sup> The present global *re*-composition (as opposed to *de*-composition) of national states tends to *enhance* state power. Although their





room for manoeuvre over monetary and financial policies has been limited, their role in the policing and planning of labour power has become ever more important. Far from being outmoded or by-passed, in the global order nation states are as important as they ever have been. A central theme of this state re-organisation is a generalised shift of responsibility on to international regimes and 'independent', 'politically neutral' organisations (in the sense of left/right party politics), which amounts to an apparent depoliticisation of some areas of decision making. The first thing that Gordon Brown did after becoming Chancellor of the Exchequer was to hand over responsibility for monetary policy to the Bank of England. Similarly, membership of the WTO or the ERM (European Exchange Rate Mechanism) allows governments to plead helplessness in the face of 'external commitments', and to divert the blame for unpopular policies.<sup>33</sup>

### Trade Agreements and Supra-national Organisations

There are a large number of international agreements and bodies in existence; the best known in terms of globalisation are the WTO, the IMF/World Bank, GATT, NAFTA and the indefinitely postponed MAI.

NAFTA was implemented on January 1st 1994, a date also marked by the start of the Zapatista uprising in Mexico. Its provisions are very similar to those which were to have been contained in the MAI, which would have applied globally and included all major economies as few if any would have taken the risk of being rendered comparatively uncompetitive. NAFTA effectively creates a borderless economic zone in North America encompassing Canada, the US and Mexico. As well as being an agreement on the free trade of goods and services it also gives incentives to companies wishing to operate within the three countries and removes barriers to foreign investment. The Mayan Indians in Chiapas describe it as a "death sentence" because it means further exploitation and poverty on top of their already dire situation.

The WTO was created at the 'Uruguay Round' (1986-'94) of GATT negotiations in order to regulate international trade and settle disputes. One of the main (and most reviled) requirements for membership of the WTO (or being a signatory to NAFTA), is that any national laws or regulations (environmental and labour legislation, for example, or the banning of certain toxic products) which obstruct 'free trade' are open to legal challenge by the disadvantaged party

### France 1995



*A CGT delegation leads a march during the general strike.*

Two million people on the streets burning Roman candles, waving red and black banners, and singing the *Internationale*... A strike, spreading like wildfire from one sector to another through rank and file delegations... The switching of electricity on to cheap-rate by striking workers... Rioting coal miners... Shock waves reverberating throughout Europe, echoes in Germany and Belgium... And a feeling that anything is possible...

In May '95, the French government, under pressure from the foreign exchange markets, had announced a package of welfare cuts—the so-called 'Juppé plan'—but the markets were not going to have it all their own way...

In December 1995 over a million people throughout France demonstrated against Juppé's austerity measures. This was a clear attack on the new post-Maastricht Europe of austerity and cut-backs. The movement of winter '95 turned back the proposed neo-liberal reforms and seemed to offer the possibility of real social change. This was the biggest challenge to date against European capital's attempts to destroy the post-war settlement and to undo all the hard-won gains of the earlier decades of struggle.

"Will the Law of Economics condemn us to this? Let's smash the laws! So that we can struggle, speak to each other, and imagine other ways of living together. We must take back the time that wage slavery has stolen from us. Long live the GENERAL STRIKE! A country which is entirely on strike is a new world shaping itself!"—French strikers, 1995.<sup>41</sup>



through the WTO and the possibility of sanctions or fines being imposed as punishment if they are not removed. Whilst this horrifies those who naively cling to the belief that control by national governments is preferable because it is 'accountable' as opposed to control by the faceless unelected (Shock! Horror!) bureaucrats at the WTO, the reactions of those in power are particularly telling and oddly enough they don't seem to share this concern. During the recent banana dispute the US government, acting on *behalf* of US corporations who account for over 80% of banana imports into Europe, requested that the WTO force the European Union (EU) to revoke favourable terms granted to producers in former Caribbean colonies. Simultaneously the US imposed huge tariffs on a range of economically marginal products such as Scottish cashmere, whilst waiting for the WTO to carry out its role as adjudicator in trade disputes. The WTO panel decided that the EU's protectionism was a barrier to competition and imposed a fine. The British government, despite being the target of US sanctions seemed generally unconcerned (although it did make a show of 'defending' the insignificant parts of British industry that had been affected), pointing out that what was lost in some areas would be gained in others by using the process in reverse. The state will always protect the interests of capitalists, a function it will fulfil either democratically or dictatorially.

Too much of the time anti-globalisation amounts to an appeal to the state to take account of the wishes of some of its 'citizens' and return to the good old days of social democracy and national sovereignty when the nation state protected us against the worst excesses of the corporations. Aside from being a grotesque distortion of reality, these sort of calls and complaints are quite simply reactionary and should be challenged at all possible opportunities.<sup>34</sup> States and governments are complicit in the process of globalisation. We should be understand this and act accordingly.

## Corporate Rule?

Fifty-one of the hundred largest economies in the world are transnational corporations. The combined sales of Ford and General Motors are bigger than the combined GDP of all Sub-Saharan Africa.<sup>35</sup> Statistics such as these are said to 'prove' that *corporations* rule over us, as opposed to capital and the state. (Although it should be pointed out that liberals probably would not see the state as being against us but rather corporations as being against the state

which is supposed to represent us as free and equal citizens.) Corporations and capitalism do not amount to the same thing. Whilst it is undoubtedly true that corporations are capitalist, capitalism is not necessarily corporate.

Corporations are the dominant form in which capitalism exists at present, but capitalism is not a thing or a legal entity—it is a *social relation* between people, whereby the vast majority are forced to sell their labour-power in order to live. Small businesses are as capitalist as the largest transnational corporation. The fact that it would be strategically nonsensical to direct our efforts against small businesses which wield relatively little power and influence shouldn't mean that we see them as better or as an alternative to 'corporate power'. Capital always seeks to expand whatever form it is in. All large enterprises started off as small ones; Sainsbury's, for example, started out as a single grocer's shop.

Capitalist social relations impose themselves across the whole of society; there is no escape to be found in any activity *local* or global which reproduces wage labour and exchange value. The sad reality of local businesses is that they're not progressive 'alternatives' and in fact tend to be run by petty-minded shrivelled little tyrants, who think they're free because they're "their own boss", content with their island of illusory dictatorship, where power is reduced to short-changing the customers. Regardless of their longings for some fantasised former simplicity and local autonomy, regardless of the fact that they may call themselves anarchists and may certainly moan about central government and big business, they identify with their present means of survival and almost invariably call the cops when their niche within capitalist society is threatened, for example by looting .

As Gilles Dauvé has pointed out, the law of profit has nothing to with the action of a few big capitalists or multinationals and getting the world we want does not mean ridding ourselves of fat cigar smokers wearing top hats at horse races. What matters is not the individual profits made by capitalists, but the constraint, the orientation, imposed upon production and society by this system which dictates how to work and what to consume. The whole demagoguery about rich and poor and 'big' and 'small' merely confuses the issue.

The abolition of capitalism does not mean taking money from the rich, nor revolutionaries distributing it to the poor, but the suppression of the totality of monetary relations.<sup>36</sup>



## VI. The Present Situation



The supposed triumph of the ‘global economy’ seems to have turned out to be rather a hollow victory. It seems that struggle is once again resurgent after at least a decade of relative dormancy. Behind the talk of ‘monetary instability’, ‘bad loans and trading practices’ and warnings by financiers such as George Soros about the dangerous fragility of the financial system lies the reality that the ultimate source of the present crisis is not transgressions and mistakes by bankers and speculators but the reduction of profits by class struggle. The Zapatista uprising in 1994 that threw Mexico and NAFTA into crisis, the general strike in France in December 1995 which blocked planned social welfare cuts and austerity measures, and the South Korean workers’ season of general strikes from December 1996 to March 1997 that sparked off the Asian crisis and ended the myth of the ‘tiger economies’ and the boundless profits to be made in ‘emerging markets’ are just a few examples.

What does this all mean for the future? Has capitalism bitten off more than it can chew in its attempt to *fully* subjugate the vast majority of the world’s population to the rule of money?

The virtual collapse of the Russian economy and the financial meltdown in the Far East have shown how rapidly the system can plunge into crisis. If the latest resurgence in struggle in various forms turns into a concerted global offensive, then the abandonment of social democracy and the subsequent lack of any means to accommodate working class needs may prove to have been an error on the part of the ruling class. The contemporary weakness of the old social democratic forms of mediation such as the unions opens the possibility for struggle outside and against their malign influence. In this context it is possible to see a certain awareness amongst capitalists of a pos-

sible future need to re-incorporate elements of ‘social justice’ into the system in order to contain class struggle—a point alluded to by George Soros when he warned that “the uninhibited pursuit of self-interest [which is] not tempered by the recognition of common interest” will spell disaster for the system.<sup>37</sup>

Set against the background of a rising tide of nationalism and racism (some of which is directed against globalisation), our struggles have to be international and internationalist, recognising both national states and capital—in whatever form—as our enemy. After the next stock market crash, it is entirely possible that opportunist politicians will start coming out against globalisation and de-regulated markets, with the effect of co-opting and neutralising those radical movements which also situate themselves against it. What we are struggling for is not a return to some form of global social democratic consensus, a redistribution of wealth or a “sustainable and participatory civil society without borders.”<sup>38</sup> It is questionable whether permanent reforms are any longer possible—let alone desirable. The only option now left available to us is the complete abolition of capitalist social relations.

## Notes

1. The Russian revolution, despite being called ‘communist’, turned out to be anything but. Instead of developing in an anti-capitalist direction, it was defeated by the emergence of a new set of rulers who preserved all the essential aspects of capitalist society, e.g. wage labour, money and capital accumulation (in an inferior form) and ruthlessly crushed any attempts to do away with them. The Kronstadt mutineers for example were told by Trotsky that unless they resumed work immediately they would be “shot down like partridges.” They held out with sadly predictable consequences. The new state was based on a class compromise of guaranteed employment, not having to work too hard, but also little in the shops. It could be summed up as: ‘you pretend to pay us—we pretend to work.’
2. “The struggle of powers constituted for the management of the same socio-economic system is disseminated as the official contradiction, but it is in fact part of the real unity—on a world scale as well as within every nation.” Debord—*Society of the Spectacle* (London, Black and Red, 1983), thesis No. 56
3. Burnham—‘Capital, Crisis and the International State System’, in *Global Capital, National State and the Politics of Money*, Werner Bonefeld and John Holloway (Eds.) (London, 1996), p. 106
4. *Aufheben* No.7, p. 14
5. Burnham—*The Political Economy of Post-War Reconstruction* (London, 1990), p. 100. Quoting Gifford, advisor to the US Department of Commerce.
6. Bonefeld—Monetarism and Crisis, in Bonefeld/Holloway (1996), p. 35



7. See *Do or Die* No.6, p. 9-10
8. *Aufheben* No.7, p. 20
9. *Aufheben* No.4, p. 25
10. See: Address to Revolutionaries of Algeria and of All Countries (p. 148) and: The Class Struggles in Algeria (p.160) in *Situationist International Anthology*, edited by Ken Knabb (California, 1981). The SI's view of workers' self-management as revolutionary is questionable, but they are interesting and useful texts nonetheless.
11. See Jerry Mander and Edward Goldsmith (Eds.)—*The Case Against the Global Economy* (San Francisco, Sierra Club Books, 1996) or David Korten—*When Corporations Rule the World* (1995)
12. Holloway—The Rise and Fall of Keynesianism, in Bonefeld/Holloway (1996), p. 31
13. Gilles Dauvé and François Martin—*The Eclipse and Re-Emergence of the Communist Movement* (Antagonism Press, 1997), p. 10
14. Dauvé/Martin (1997), p. 10
15. Organisation of Petroleum Exporting Countries. This was essentially a cartel of the major oil producers, upon whom many industrialised countries were (and mostly still are) dependent, if they don't have domestic oil supplies.
16. *Aufheben* No.1, p. 22
17. Cleaver—Notes on the Origin of the Debt Crisis, in *Midnight Notes* No.10, p. 21
18. *Aufheben* No.1, p. 22
19. Bonefeld/Holloway—Conclusion, in Bonefeld/Holloway (1996)
20. This was first introduced in California in the mid-1990s. It means a person's third conviction of any sort carries a mandatory 25 year sentence! Jack Straw's next move?
21. See Susan George—*A Fate Worse Than Debt* (New York, 1988) for a leftist analysis.
22. For a brief but good analysis of Agenda 21 in relation to this see 'Agenda 21 Exposed', a pamphlet published in Brighton in 1995 (?)
23. Federici—The Debt Crisis, Africa and the New Enclosures, in *Midnight Notes* No.10, p. 10
24. *Midnight Notes* No.12, p. 3
25. Federici—*Midnight Notes* No.10, p. 17. See this article for further examples of resistance in the 1980s.
26. Dauvé/Martin (1997), p. 11
27. *Midnight Notes* No.12, p. 2
28. De Angelis—The Autonomy of the Economy and Globalisation, in *Common Sense* No.21 (1997), p. 43
29. *The Economist* (1987: 67), quoted in De Angelis (1997), p. 50
30. Burnham—Globalisation: states, markets and class relations, in *Historical Materialism* No.2, (London, 1997), p. 150
31. Burnham—Capital, Crisis and the International State System, in Bonefeld/Holloway (1996), p. 105
32. Burnham (1997), p. 151
33. This is a long standing strategy of nation states which can be seen as early as the 1920s with the return to the Gold Standard with its associated claims of 'automatic regulation'.
34. For examples see any issue of *Corporate Watch* or the 'Resist Corporate Rule!' pamphlet produced by A SEED or any number of SchNEWS issues (e.g. No.141, 161, 187 etc.)
35. 'Resist Corporate Rule!' (A SEED, 1998), p. 8-9
36. Dauvé/Martin (1997), p. 24-5
37. Quoted in *Midnight Notes* No.12, p. 1
38. See: Mexico is Not Only Chiapas, Nor is the Rebellion in Chiapas Merely a Mexican Affair, in *Common Sense* No.22, p. 33. This is also a good, if possibly controversial analysis of the situation in Mexico, including a useful historical background.
39. Leroy Thompson—*Ragged War: The Story of Unconventional and Counter-Revolutionary Warfare* (London, Arms and Armour, 1994), pp. 33-8, 101; Tariq Ali and Susan Watkins—*1968: Marching in the Streets* (London, Bloomsbury, 1998), p. 89; Nick Yapp—*Camera in Conflict* (Köln, Koenemann, 1996), p. 124, 148-150; 'Mau Mau will sue Britain for human rights abuses', *The Guardian*, Thursday April 29, 1999
40. Tariq Ali and Susan Watkins—*1968: Marching in the Streets* (London, Bloomsbury, 1998), pp. 70-71; 'Occupy, Resist, Produce' in *Do or Die* no. 7, pp. 88-96
41. *Aufheben* No.5 (1996)

