

# **The theory and practice of anti-capitalism**

(18 August 00)

## **Chris Harman**

The mass media discovered a new phrase in 1999 – ‘anti-capitalism’. It first entered British headlines with the protests against financial institutions of The City of London on 18 June. It flashed across the world, on a much bigger scale, with the protest against the World Trade Organisation in Seattle in 30 November.

They were painfully discovering something very real. Ten years after the supposed final triumph of market capitalism with the fall of the Berlin Wall and the collapse of the USSR, a growing number of people were rejecting their system.

The tens of thousands who demonstrated in Seattle, Paris, London, Washington and a score of other cities across the globe were the most visible expression of this feeling. But it was to be found on a much wider scale – among the tens of thousands of supporters for the ATTAC organisers in France and the near one-million who voted for the Trotskyist list there in the European election; among many of the supporters of Ken Livingstone in the London mayoral election, especially among the 15 per cent (check figure?) of people who voted left of Labour in the London Assembly election, in opinion polls which showed the word ‘capitalism’ had unfavourable associations for 58 percent of people in Poland, 63 percent in former East Germany, 51 percent in Italy; in long student strike in Mexico; and in the series of strikes and protests which have flared up in different parts of Latin

America. The anti-capitalism of the protesters is the tip of much bigger, half-submerged and 'half-conscious iceberg of discontent against the system.

It is this tip which the media have concentrated their efforts on— if only in an effort to denigrate it. But in doing so they have, as with the anti-Vietnam War and student protests of the late 1960s, provided a focus for larger numbers of people trying to articulate their own discontents.

The starting point of any account of the new anti-capitalism has to be the Seattle demonstration. There is no need here to describe the demonstration. This has been well done already in this journal and elsewhere<sup>1</sup>. Suffice to say that Seattle was the result of the coming together of a whole number of previous disparate groups of people. Each began to understand that gatherings like that of the World Trade Organisation represented a threat to the things they believed in.

Luis Hernandez Navarro , a journalist on the radical Mexican daily *La Jornada*, describes those present as:

'Ecologists, farmers from the first world, unionists, gay rights activists, NGOs supporting development, feminists, punks, human rights activists, representatives of indigenous peoples, the young and not so young, people from the United States, Canada, Europe, Latin America and Asia.'<sup>2</sup>

What united them, he tells, was rejection of 'the slogan "All power to the transnational corporations!" present on the free trade agenda'.

There was a large element of spontaneity to the protest. Many people simply heard about it and decided to get there. But more was involve than just spontaneity. Many protestors arrived as

members of local groups, who had been preparing for many months for the event. And the fact that the event was a focus at all was a result of the combined efforts of a core of activists who saw the WTO as the common enemy of the different campaigns. This had involved the best part of year of intensive organisation for the event, with groups getting in touch with each other through the internet. But behind that lay a longer process of propagandising. Noam Chomsky, supposedly an anarchist, is quite right to stress this element of organisation:

‘The highly successful demonstration at the World Trade Organisation provides impressive testimony the effectiveness of educating and organising efforts designed for the long term, carried out with dedication and persistence...’<sup>3</sup>

Paul Hawken talks about ‘thought leaders’ who motivated many of the protestors:

‘Martin Khor of the Third World Network in Malaysia, Vandana Shiva from India, Walden Bello of Focus on the Global South, Maude Barlow of the Council of Canadians, Tony Clarke of Polaris Institute, Jerry Mander of the International Forum on Globalisation (IFG), Susan George of the Transnational Institute, Daven Korten of the People-Centred Development Forum. John Cavanagh of the Institute for Policy Studies, Lori Wallach of Public Citizen, Mark Ritchie of the Institute for Agriculture and Trade Policy, Anuradha Mittal of the Institute for Food & Development Policy, Helena Norberg-Hodge of the International Society for Ecology and Culture, Owens Wiwa of the Movement for the Survival of the Ogoni People, Chakravarthi Raghavan of the Third World Network in Geneva, Debra Harry of the Indigenous Peoples Coalition Against Biopiracy, Jose Bove of

the Confederation Paysanne Europeenne, Tetteh Hormoku of the Third World Network in Africa.’<sup>4</sup>

Other names might be added to the list if it is cast wider than those directly involved in mobilising for Seattle. Noam Chomsky himself would be one. Other would include the group of writers in France associated with the periodical *Le Monde Diplomatique*, and, overlapping with it, the organisation Attak and the group of intellectuals *Raison d’agir* around the sociologist Pierre Bourdieu. In Britain you would add Guardian columnist George Mombiot, the organisation Jubilee 2000 and the college based People and Planet, in Belgium Eric Toussaint, Gerard de Sélys and Nico Hirtt, in Canada Naomi Klein, author of the best selling *No Logo*.

Some of the names are old time campaigners from the 1970s or even 1960s. This is true of Chomsky and Susan George. Others like Naomi Klein have come into prominence in the course of the 1990s. What they have in common is that, from different angle, they produced bitter critiques of the set of ideas that has determined government policies around the world in the 1990s – what is usually called today neo-liberalism (sometime, in continental Europe, simply liberalism, however confusing this may be in the Anglo-Saxon countries).

### ***Rejecting the neo-liberal barrage***

Neo-liberal doctrines first that found expression in Thatcherism and monetarism<sup>5</sup> in the 1980s. Today they run through the ‘third way’ notions embraced by European social democrat leaders like Tony Blair. They are the ideas embodied in the policies of the

main international agencies such as the IMF, the World Bank and the WTO. They underlie all the programmes for 'economic reform' and 'modernisation' pushed by politicians and mainstream economists, and what is presented as 'common sense' by newspaper columnists and television news presenters.

The fundamental idea preached by neo-liberalism is that the state should play no economic role in modern society. There has to be a return to the economic orthodoxy which prevailed before the slump of the 1930s - the 'laissez faire' doctrine preached by Adam Smith in 1776 (in reality more by popularisers and vulgarisers of his views like Jean-Baptiste Say). That orthodoxy was known as 'economic liberalism', its rebirth is 'neo-liberalism'. At the centre of this is the 'freedom' of the capitalist from 'interference'. It has come over the years to encompass reducing taxation on corporate profits and high personal incomes, privatisation of state owned industries and services, a bonfire of regulations on private firms, an end to controls on the flow of finance across frontiers, and the abolition of attempts to control imports through tariffs (taxes on imports) and quotas (physical restrictions on imports).

Attempts at state intervention from the late 1920s onwards, it is claimed, led only to inefficiency and waste. The economic collapse of the old eastern bloc and the stagnation and poverty of Latin America and Africa are testimony to the disasters state controls can bring. The way to overcome poverty and 'backwardness' is to follow an unremitting agenda of breaking down remaining controls, through the activities of the World Trade Organisation, the International Monetary Fund and the World Bank.

This ‘freeing’ of the ‘enterprise’ from ‘artificial’ control will, it is claimed, lead to a betterment in the lot of humanity as a whole. The free flow of capital to wherever it was wanted will lead to goods being produced where it is most efficient to do so. Accumulated wealth will no longer be tied down in ‘inefficient’ ‘rust belt’ industries. Privatisation and ‘internal markets’ will stop ‘bureaucratic’ controls or ‘trade union monopolies’ impeding ‘dynamic rises in productivity. Particular regions of the world will be able to specialise in what they are best at doing. In the process the rich might be getting richer. But this does not matter. Wealth will ‘trickle down’ to the poorest as an increase in world wide output benefits everyone.

‘Neo-liberal’ view are usually associated with ‘globalisation’ theories. These hold not only that the world should be organised according the free flows of capital, without any intervention of governments, but that this had already come about. We lived in the age of multinational (or sometimes, transitional) capital. States are archaic institutions, unable to stop firms moving production at will to wherever it could be done most efficiently. Governments *should not* try to stop this, for to do so would be to lead to ‘siege economies’ like that of North Korea or even Cambodia under Pol Pot in ‘year zero’; but in fact governments *cannot* because firms will always outwit them. All that governments that care about their people can do is to provide firms with the best possible environment for operating – low taxes, ‘flexible labour markets’, weak unions, minimal regulation – in the hope of luring investment from elsewhere.

Some neo-liberals of a supposedly social democrat persuasion like Tony Blair’s court sociologist Anthony Giddens accept that there

was a time when state intervention could play a beneficial role. But, they contend, the emergence of a global economy has changed all this. Whatever may have been the case in the past, the imposition of state controls today means inefficiency, and inefficiency leads to impoverishment. 'Globalisation' and 'neo-liberalism' become two closely connected concepts

In certain very influential versions of 'globalisation' theory, the ability of capital to move has become absolute. We live, they claim, in a world of 'weightless' production. Computer software and the internet are much more important than 'old fashioned metal bashing' industries, and firms can escape the control both of states and their workers by switching production over night from country to country. In the advanced countries are 'post-industrial' and the old working class is no longer a significant force since manufacturing industry is moving lock stock and barrel to Newly Industrialising and Third World countries. What remains is a two thirds-one third society, with on the one hand, a very large middle class with sufficient 'human capital' skills to continue to get premium incomes, and on the other a rump sub-proletariat of the 'socially excluded', who are best can get temporary, 'flexible' unskilled jobs at wages kept low by competition with Third World products.

Meanwhile, in the Third World and Newly Industrialising countries, it is claimed, people have no choice but to offer themselves at the best possible terms to the multinationals. The best that governments can do is to encourage people to embrace the world market. Agriculture has to be tailored to turning out the products multinationals can sell on world markets, workers have to toil to produce for the wages and under the conditions that suit,

taxes to pay for health, welfare and education have to kept to a minimum.

The critics of neo-liberalism and globalisation have exposed hole after hole in the alleged benefits of these doctrines.

They have shown that embracing markets does not usually lead to any improvement in Third World countries. For two decades most the peoples of Africa and Latin America have seen their conditions deteriorate, not improve. The turning over of vast tracts of land to the production of a single crops ('monoculture') for multinationals does not raise revenues (since world prices are driven down as the same crops are produced in the same way in several outer countries); the revenues that are earnt are eaten up by interest payments on loans, and ecological degradation all-too-often follows.

Those who migrate to the towns after leaving the land with the rise of capitalist agriculture live in the worst slums conditions and can at best get jobs toiling 10, 12 or even 16 hours a day in the most unhealthy conditions – and usually cannot even rely on keeping those jobs given the ups and downs of global markets. Meanwhile, workers in the advanced countries may have higher living standards, but hardly 'benefit' from a system which imposes in them longer, more unsociable working hours (the average American male works a full month a year longer than 25 years ago) and a stagnating or even falling real standard of living (only in the last couple of years have American real wages risen back anywhere near the figure they were at in the mid 1970s).

At the same time, the critics have shown how the refusal of governments to regulate firms means that ecological devastation



now threatens not only particular spots on the planet, but the global ecostructure as a whole.

The WTO, the IMF, the multinationals and the impact of Seattle  
The high priests of neo-liberalism demand the dismantling of all state economic activity, all barriers to the free movement of goods, finance and capital, and all obstacle to the exercise of property rights.

The World Trade Organisation sets out to enforce such demands. It threatens economic sanctions against any states that do not open up services like telecommunications to foreign investment and competition. It forbids them to ban products from other countries that threaten health or the environment. It prohibits as 'intellectual piracy' the production of things like pharmaceuticals and computer software without raising the price massively to the pay royalties to multinationals holding patents on them.

The International Monetary Fund goes even further with its Structural Adjustment Programmes, by dictating that national government reduce spending on health and education and privatising as much of the economy as possible.

Alongside compulsion, the proponents of neo-liberalism put great effort into persuasion. A proliferation of meetings, conferences and think tanks run by representatives of the multinationals draw up schemes for shaping government policies around their requirements, and then feed these into the discussions of the IMF, the World Bank, the WTO and intergovernmental organisations like the OECD and the European Commission. Typical was the way the European Round Table of industrialists has pushed these institutions to back 'reforms' in educational system<sup>6</sup> (including student fees), the way the World Water Council schemed to push

through privatisation of water supplies<sup>7</sup>, and the Transatlantic Business Dialogue, a working group of the west's 100 most powerful chief executives, which collaborates with representatives of the US and European Union to draw up World Trade Organisation agendas<sup>8</sup>. Such gatherings have been important in manipulating 'public opinion'. Through newspaper columns, news items, television commentaries, 'think tank' reports, academic sponsorship and university departments the latest neo-liberal schemes are propagandised on a massive scale.

This, of course, suits multinational corporations. They have used the propaganda against 'over-regulation', 'obstacle to trade' and 'protectionism' to battering against impediments to expanding into new, profitable areas of investment and marketing, whether these impediments come from trade unionists, rival nationally based capitalists, small producers, or environmental concerns. And, for the best part of a decade, it seemed that the neo-liberal propaganda was having thing all its own way. That was why Seattle was such a big set back for it..

The success of the Seattle protests was, in part, a result of sustained counter-propaganda by campaigners like those listed above. Through books, seminars, newspaper columns tucked away on the inner pages of otherwise neo-liberal papers, the occasional television documentary, academic counter-papers, they sought to expose the falsity of the neo-liberal claims. Their efforts paralleled those of us on the Marxist left. Like us they found themselves very much in the intellectual wilderness at the beginning of the 1990s, swimming against seemingly overwhelming currents which declared the collapse of the eastern bloc was the collapse of any alternative to free market capitalism.

But by the time the decade ended they had found a huge new audience for what they had to say. If our audience had doubled or quadrupled in size, theirs had grown ten or even one hundred-fold. This was not, of course, just a result of their own efforts. The 1990s failed utterly to live up to the promises of the neo-liberals. The 'new world order' collapsed into a war against Iraq at the beginning of the decade and wars against Serbia and Chechnya at the end, with dozens of civil wars in the Balkans, the Caucasus, central Asia and Africa in between. The 'economic miracle' neo-liberal advisors had promised the countries of the old soviet bloc turned into economic collapse on a scale in the former USSR and south east Europe unknown in the history of the capitalist system. The world's second economic power, Japan, could not find its way out of the recession that developed in 1991-92, and western Europe experienced continual unemployment of around 10 per cent. In the US most people were worse off after eight years of economic 'recovery' than they had been a quarter of a century before. In Africa, famine seemed as common as the civil wars which it helped fuel; in Latin America there was no recovery from the 'lost decade' of the 1980s. And then the one apparent success story for capitalism in the first half of the 1990s, east Asia, suddenly went into crisis in 1997, producing huge splits within the neo-liberal camp, with renowned financiers like George Soros and former doyens of the IMF like Jeffrey Sachs bitterly turning on those they blamed for the mess in east Asia and the former USSR.

On top of that, the Greenhouse effect, a threat to the world's climate and its ability to support human life grasped by only by a small minority of concerned scientists in the mid 1980s, was

recognised as a major problem by all major governments by the end of the 1990s – even if they were not prepared to take adequate measures to deal with it.

The importance of the ‘thought leaders’ mentioned by Paul Hawken lay in presenting critiques of effects of neo-liberal practice, in showing it was a front for corporate greed, to many different groups of people disillusioned by its impact.

They were able to do so because they were usually not just involved in the theoretical critiques, but also in the practical work of building the oppositional movements. In this way they played a part similar, for instance, to that played by the historian Edward Thompson in the building of the anti-missile movement in Britain in the early 1980s. But whereas the anti-missile campaign was concerned with one single issue, the question of confronting neo-liberalism tended to united different one-issue campaigns into a multi-faceted challenge to something people began to see as a single system. Seattle was important because it was the culmination of this trend, the point at which the many began to be seen as one, in which quantitative addition became something qualitatively new.

But in doing so, it also began to raise important questions, which those who played such an important role in building the new movement are having debate.. These questions concern the alternatives to be posed, the forces that can bring them about, the tactics needed to mobilise them, and, underlying these issues, the relationship of neo-liberalism and globalisation to the wider system

**he debates at Seattle and after: reform or abolition**

The issue that arose inevitably in the various teach-ins and discussions at Seattle itself was whether people should fight to reform or to abolish the World Trade Organisation.

The mainstream view inside the American trade union federation, the AFL-CIO was to propose ‘a social clause’, which would incorporate in future trade agreements core labour standards, including prohibitions against child labour and prison labour, against discrimination, and against violations of the right of workers to organise unions and bargain. The WTO’s enforcement powers, now used to protect the ability of transnational corporations to move investments and production freely across borders, could then be used to protect workers’ rights as well’<sup>9</sup>.

Steven Shrybman, put a similar argument from an environmentalist standpoint: the aim should be to transform the WTO so that it is ‘as concerned about climate change as it is about the growth of transnational drug companies’<sup>10</sup>. Some activists even suggested that the World Bank and the IMF could be reformed, through an ‘alternative visions’ that ‘calls for more opening and accountability by institutions such as the World Bank and transnational corporations’<sup>11</sup>.

By contrast, people like third world economist Walden Bello insisted, ‘reforming the WTO is wrong’<sup>12</sup>. This did not necessarily involve calling for its abolition, but for ‘a combination of active and passive measures to radically reduce its power and make it simply another international institution coexisting with and being checked by other institutions’<sup>13</sup>. The call for abolition grew in response to the WTO’s dismissal of the concerns of Seattle protestors.

Similar arguments arose during the great French protest at Millau in June 2000. Speakers who stood for ‘dismantling’ of institutions like the WTO were accused by the proponents of limited reform not only of ‘utopianism’ but also, in practice, of ‘lining up’ with free traders who wanted no regulations whatsoever.<sup>14</sup>

The argument over reform or abolition is related to another argument –over what would be the aim of any alternative to the present trade regime.

Social clauses, child labour and union rights

The aim of the US unions, as we have seen, is to get ‘social clauses’ into trade agreements. These, it is argued, would prevent workers in third world countries being driven into conditions of near-slavery and, at the same time, deter multinational from moving production overseas merely to cut labour costs and worsen working conditions. As journalist William Greider puts it, ‘Trade reform can reward and nurture those nations struggling to break free from the “race to the bottom”’.<sup>15</sup> People like Greider address themselves to getting trade reform through governments, but some of the same arguments arise in the ‘NO Sweats’ and ‘Fair Trade’ movements that have swept through many American campuses in the last couple of years. The movement is motivated by moral outrage at the conditions facing Third World workers producing for firms like Nike and Starbucks<sup>16</sup> and aims through consumer boycotts to force them to ban child labour and ‘pay a fair wage’<sup>17</sup>.

This approach is being criticised by various other activists on two different grounds. First, that it underestimates the ability of the

multinationals to find a way round both government regulations and consumer protests. David Bacon, for instance, points out: 'The Clinton administration, which at first was unwilling to discuss any labour protection, has not seen a certain reality: addressing the worse of the abuses in foreign factories (whether in real or just PR terms) is a way of deflecting domestic pressures. But the White House has no interests in addressing the fundamentals of poverty, and the role US policy plays in perpetuating that. In fact if anything, Clinton's new found interest in labour standards is a way of enabling the implementation of those same policies. So the Labor Department proposes a garment code of conduct which prohibits enforced and unpaid overtime after 60 hours, or the labour of kids under that age of 14, in Central American sweatshops.. The corporations which violate the code are demonised, and the ones that don't are considered okay. 'The proposals for standards and codes of conduct leave unasked a basic question: Where does the poverty come from which forces workers through the factory door? What policies are pursued by the US government which perpetuate that policy'<sup>18</sup>.

Naomi Klein is not so outspoken in her criticism of 'social clause' and 'fair trade' demands as David Bacon. She sees that focussing on the behaviour of certain firms like Nike or Starbucks can make people put 'the entire system...under the microscope'. But she warns, that 'when one logo get all the attention, others are unquestionably let off the hook...Chevron has been awarded contracts that Shell lost, and Adidas has enjoyed a massive market comeback by imitating Nike's labour and marketing strategies, while side-stepping the controversy'<sup>19</sup>. Further, she writes, ' Even when the codes fail to stamp out abuses, what they do manage to

do, rather effectively, is obscure the fact that multinationals and citizens do not actually share the same goals when it comes to deciding how to regulate against labour and environmental abuses....Beneath the talk of ethics and partnerships, the two parties are still engaged in a classic class struggle.’<sup>20</sup>

But the debate is not only over the *effectiveness* of social clauses. There is also a wider argument –about whether they are in principle right. Some activists are their only impact can be to help keep poor countries poor. David Bacon, for instance, claims:

‘The social clauses the AFL-CIO proposes reflect the institutional needs of unions in a wealthy industrial country. Unions and labour in other countries see other needs as well, especially the need for economic development.

‘Peasants of farmworking families in the Philippines and Mexico, for instance, overwhelmingly agree that they would prefer that their kids had the opportunity to go to school rather than work. But simply prohibiting child labour doesn’t provide that opportunity. It just cuts the income the family depends on to survive’<sup>21</sup>.

Bacon, as we have seen, suggests that the real cause of poverty lies in the global policies of imperialism, rather than just in the existence of child labour and restrictions on workers rights. But his argument still comes close at points to that used by the likes of New Labour minister Clare Short, who have embraced neo-liberal doctrines with the untrammelled enthusiasm of the recent convert ; restricting the conditions under which firm exploits people, they claim, destroys jobs and makes thing worse for them.



Bacon also seems to imply that activists in the advanced countries should identify with governments and government-run unions of the Third World countries rather than their workers:

‘While labour rights are important, there’s a bigger struggle going on over who controls the economies of developing countries...US unions need to negotiate a common agenda with labour in developing countries, and recognise and respect difference of perspective and opinion. Saying, for instance, that the All China Confederation of Trade Unions is not a legitimate ‘union body because it doesn’t agree with the AFL-CIO’s trade agenda is a form of national chauvinism...’<sup>22</sup>.

So, on the one side there are calls for clauses in trade agreements which at best are likely to be ineffective; at worst they can cover up for most multinationals and be used by western politicians for their own foreign policy agendas (as when some right wing Republicans in the US calls for trade sanctions against China). On the other, there are arguments remarkably like those used against limiting child labour in Britain a century and a half ago by the free market economists Senior– that doing so slows down the growth of industry and increases poverty.<sup>23</sup> The fact that people like Bacon are talking about ‘economic development’ in the hands of third world, and not first world, ruling classes and states does not alter anything fundamental.

One position leaves decision making with the governments of the advanced countries which dominate the WTO and would use any ‘social clause’ as a tool to advance the schemes of their own multinationals; the other easily ends up justifying exploitation by third world firms and governments of their own workers as the only way to achieve ‘development’.

The way each side can mount plausible arguments against the other suggests that neither is looking to root causes of the problem they are trying to address – a root cause that goes deeper than either trade or the attempt at industrial development in third world countries.

### **Are debt campaigns enough?**

There are similar argument within debt campaigns, such as Jubilee 2000. The campaigns have done wonders in highlighting the obscenity of the people of the poorest countries in the world pouring money into the coffers of the wealthiest banks. But their very success has raised a series of questions: Do they put forward ‘moderate’ demands in order to try to influence governments, or do they stand for all-out debt cancellation? And do they stick with the single issue of debt, or do they expand their agenda to deal with issues of the wider system?

Susan George, who has probably done more than any other single person to highlight the burden of indebtedness on the world’s poor, explains the problems:

‘Many good people demand cancellation of all debt as the only way to go: I fear this solution would be trap...If Southern debtors can unite to declare partial or total repudiation, I applaud. But I fear such action unlikely...

‘If joint action from the South is not forthcoming, should we then organise campaigns in the North calling for unilateral debt cancellation by our own governments?...Debt cancellation would, however, work to the advantage of the very system now spreading unprecedented hunger and poverty throughout the Third World. How?

‘First, it risks rewarding the worst and most profligate governments...

‘Second, cancellation would turn recipient countries into financial pariahs for the foreseeable future...Cancellation would make forgiven debtor countries somewhat more flush at the beginning. Soon afterwards, however, in the absence of massive new aid...they would be pushed into autarchy, unable to import basic necessities, their credit worthiness zero.

‘Third, cancellation, if less than 100 per cent, would be a mirage or downright damaging to Third World majorities’.<sup>24</sup> Many countries are unable to pay back much of their debt already. Partial cancellation would simply mean them paying back 100 per cent of, say, half the existing debts, instead of, as present 50 per cent of 100 per cent of it.

She does not make these points in order to discourage criticisms of what the banks are doing. Rather, she tries to broaden the agenda, to include the issue of ‘total resource’ flow to third world countries, and the behaviour of their ‘elites’ as well as of the First World banks and multinationals. She shows very persuasively that *simply* focussing on debt does not provide the solutions people are looking for.

The strength of her argument demonstrated in practice by the experience of Jubilee 2000. Its very success in highlighting the crippling effect of debt of third world peoples is leading to discussion among its activists. Some of its leading figures had believed they had to pursue a ‘moderate’ approach if they were to ‘win’ governments to their point of view. They looked to backing from the likes of former IMF hatchet man Jeffrey Sachs (although he still endorses the neo-liberal policies pursued, for instance, by

the president of Ecuador, Jamil Mahaud, who was driven from office by a near-uprising of indigenous peoples in January 2000<sup>25</sup>). They also congratulated the Cologne 1999 G8 summit of the leaders of the major industrial countries for promising debt relief. But the failure of governments to deliver is causing much rethinking. As one activist tells, 'I regret we gave the G8 credit or what they promised...But it has been wonderful working for J2000. The campaign has made people question the roots of poverty'<sup>26</sup>.

### **Poverty, development and ecological destruction**

Intertwined with the arguments over trade and debt there is a third argument – over exactly what development should take place in the poorer countries of the world.

Many of the leading Seattle activists concerned with 'third world' issues have no doubt about what is needed. The countries of the third world, they say, should be able to industrialise so as to 'catch up' with the advanced countries. This is the rationale behind the position of David Bacon. It is also accepted by William Greider, who writes favourably of 'industrial development in low wage economies'<sup>27</sup>, by Juliette Beck & Kevin Danaher, who want to 'protect young, domestic industries until they are internationally competitive'<sup>28</sup>. Danaher goes so far as to see South Korea as a possible role model, because 'During the 1960s, 1970s and 1980s,...despite many years of government repression, the country did very well economically...' <sup>29</sup> Walden Bello accepts very much the same position, identifying with the strategy of industrialisation for third world countries based upon control on

imports and associated with the United Nations agency UNCTAD and its long time leader Raul Prebisch -- although he does suggest its 'model of integration into the world economy...must be questioned.'<sup>30</sup>

Other activists, however, want to question the whole industrialisation approach, looking for 'viable alternatives to the dominant economic growth, export-oriented development model'<sup>31</sup>. This is particularly true of those defending the rights of indigenous peoples or from environmental campaigns, such as the Indian activist Vandana Shiva.

Such challenges to the dominant notions of 'development' originate in a recognition that the industrialisation in the Third World -- and for that matter in the First World and the former Communist countries -- has brought with it innumerable evils, destroying people's old patterns of life, impoverishing many, and polluting the environment. As Susan George correctly notes when calling for a search a new economic model, the 'ruling paradigm' of development means that 'many are losing their land, having to leave their villages, watching their children waste away, working 14-hour days for next to nothing or not working at all, drinking polluted water, suffering from hunger and avoidable disease, being imprisoned or tortured or murdered if they speak out or try to change their lot.'<sup>32</sup>

But those rightly challenging the old 'paradigm' rarely go on to provide convincing alternatives of their own. The geneticist Mae-Wan Ho, for instance, combines with her devastating scientific critique of the techniques used to obtain Genetically Modified Organisms, a call for a return to 'traditional forms of agriculture'. Vandana Shiva shows the destructive effect on people's lives of

the agricultural approach encouraged by the giant multinationals, but fails to recognise that ‘traditional’ methods of peasant agriculture themselves rested on terrible oppression of huge numbers of peasants and landless labourers, of the low caste and of most women. There were Indian intellectuals who identified with the peasant masses sufficiently in an earlier generation to recognise these things – notably the writer Premchand whose stories and novels never shy away from the realities of class, caste and religious bigotry<sup>33</sup>. By contrast, Vandana Shiva extols ‘women working in the fields conserving biodiversity, producing our food, cooking the food’<sup>34</sup>.

‘Traditional methods’ by themselves could not possibly have produced the food needed to keep abreast of the rising Indian population over the last three decades. Vandana Shiva’s response to a question about feeding such a growing population after her recent Reith lecture was to simply to talk of ‘non-sustainable population growth’ and to blame in on ‘non-sustainable development’.

‘You look at the data. Indian population had stability until 1800. Colonisation, dispossession of land started to make our population grow. Highest growth rates of population in England is after the enclosures of the commons. ..Population growth is a result of non-sustainable development’.<sup>35</sup>

In fact, poverty was a widespread features of the Indian countryside long before the British arrived: the Indian economic historian Irfan Habib has documented the impoverishment of much of the rural population in Mogal times, when, and ‘famines initiated wholesale movements of the population.’<sup>36</sup>. And in England there were certainly periods of bitter hunger long before

the enclosures – for instance in the first decades of the 14<sup>th</sup> Century. Nostalgia for the past is nostalgia for what were class societies in places even if not capitalist class societies, in which life for the mass of people was one of near-endless toil, accompanied all too often by hunger, and every few years by famine<sup>37</sup>.

More to the point, ‘traditional agriculture’ cannot provide an answer to how to feed a world population that is generally expected to double over the next three decades. However much they have relied on fertilisers and pesticides, however much they have been accompanied by the spread of capitalist relations in agriculture (and therefore the driving of many small peasants from the land) and however great the long term damage to environmental sustainability, the methods associated with the ‘green revolution’ in India over the last three decades have produced an increase in output sufficient for the country to provide a minimal diet to the population without reliance on imports. Grain production did increase by 3.2 percent a year in the 1980s (faster than the growth rate of the population) as against 1.8 percent a year in the 1970s (less than the population growth)<sup>38</sup>. Even Vandana Shiva has to recognise, in passing, ‘the narrow gains of the Green Revolution’<sup>39</sup>. If the mass of the population have gained little or nothing from these (some statistics suggest a small improvement in median calorific intake and a small decline in poverty, others no change in either) it is because of the unequal, class based, distribution of increased supplies of food, with the benefits going to the richer sections of the population (either directly as more food for themselves or indirectly as a source of income for buying luxury imports from abroad).

A sustainable model of development has to at least match the increase food output achieved in recent decades as well as ensure its equitable distribution – indeed more than match it, if the majority of the population are ever to rise above the minimum of 2000 or so calories a day they get at present. That cannot be done by relying on ‘traditional’ methods. It requires the application of scientific research and the investment of capital –although in a different way than at present. Indeed, one criticism of the pattern of development in India at present must be that there is a *decline* in the share of total investment going to food production and insufficient scientific research into ways of achieving sustainable increases in food supplies. .

Those who rightly attacks the existing models of ‘development’ often imply that there has to be a massive move to ‘local production’ or ‘local’ use. But reliance on local production of food can have effects as bad in its own way as reliance on production for a fluctuating world market. For local production has always, historically, been accompanied by local famines when weather conditions or plagues of insect pests have damaged local harvests. The movement of foodstuffs internationally which is possible with modern technologies means that famines in any part of the world could be a distant memory. If they are prevalent in much of Africa, it is not because its wrong for people in one part of the world to consume foods produced elsewhere, but because the international distribution of foods is carried out for considerations of profit, not human need.

There are whole countries whose economies have become dependent over decades, or even over centuries, on the production of food crops for distant markets – for instance, Cuban sugar or



central American and Caribbean bananas. The people of these countries would go hungry if the rest of us were to refuse, overnight, to buy their products. We live in a world system that has developed not just in the last couple of decades, but at least from the 16<sup>th</sup> century onwards. The answer to the horrific faults of the system is not to cut individual countries or localities off from the rest of the world, but to put the struggle to use the wealth that exists on an international scale for all of the planet's people. Finally, those who attack the capitalist model of development often use a very bad argument. They claim that what is wrong with it is not that it makes people toil endlessly, but that it is not 'labour intensive' enough. So for instance the Environment Research Foundation list as one of the faults of present agricultural methods that 'jobs are lost as machines replace human labour and draft animals'<sup>40</sup> This is to accept that somehow human drudgery is a good thing and that people suffer because somehow there is not enough labour to go round. But that is to see things completely upside down. In a sane society, the more machinery there was, the easier it would be for everyone to get a livelihood without excessive toil. If existing society is not like this, it is because there is something fundamentally askew with it.. It does not mean that methods that require more work are better than those that require less. As Brendan Behan once commented, 'if work is such a good thing, why don't the rich grab its all for themselves'.

### ***Neo-liberalism, globalisation and capitalism***

Underlying all the other debates is an issue which many activists fudge over and others have not yet come to terms with. What are

they fighting against? Is it a long established economic system? Or is it just a series of institutional and ideological changes that have occurred in the last decade or so and which go under the names 'globalisation' and 'neo-liberalism'?

Sometimes these phrases are simply code words for a wider system. The attack on globalisation and neo-liberalism is then a way of opening up an attack on capitalism as a system and the various ideologies used to defend it. 'Corporate greed' is used as synonym for the profit system, 'the transnationals' for the capitalist firm, 'globalisation' for the way international capitalism crushes the hopes of ordinary people. They focus on the way multinational corporations threaten to ruins people lives as they move production from country in the search for cheap labour, on their exploitation of child labour in the third world, on their tearing down of the rain forests or their buying up of water supplies. All this then serves to open people's eyes to the wider inhumanity of capitalism.

But often, critics of globalisation and neo-liberalism present them as forces in their own right, without reference to any wider system.

So, for instance, Ignacio Ramonet writes in *Le Monde Diplomatique*, 'Enough of accepting globalisation as an inevitable fate...People are calling for a new generation of rights – collective rights – in the face of the damage done by globalisation'<sup>41</sup>.

Vandana Shiva argued in a BBC Reith lecture that it was 'globalisation' and 'the new 'global economy' that were having a terrible effect on the lives of ordinary people and producing 'disasters' in countries like India, 'especially in food and agriculture'<sup>42</sup>. For Pierre Bourdieu 'globalisation' and 'neo-

liberalism' are the enemy . 'The main issue', he says, 'is neo-liberalism and the retreat of the state. In France neo-liberal philosophy has become embedded in all the social practices and policies of the state..' <sup>43</sup> Some leaders of ATTAC in France go as far as to say their movement is not 'anti-capitalist' but merely wants to stop short term financial flows disrupting national economies <sup>44</sup> .

Susan George's latest book, *The Lugano report* does refer to capitalism in its full title <sup>45</sup> . Yet she wrote after Seattle of people mobilising against 'the harmful consequences of globalisation', as if this were something separate from, and intrinsically worse than, capitalism. At points Viviane Forrester's best seller, *The economic horror*, sees things like unemployment not as products of capitalism, with a long history, but as 'secondary effects' of 'globalisation' <sup>46</sup> –and therefore, presumably, a product of the last decade or so:

'A genuine revolution was and is at stake and has managed to establish the neo-liberal system, to embody it, to activate it and make it able to invalidate any logic other than its own....Without any spectacular or even visible upheaval a new regime has taken over.' <sup>47</sup>

From this, it is easy to draw the conclusion that 'neo-liberalism' and 'globalisation' are negative features imposed on what would otherwise be a tolerable system. This Eric Toussaint, for instance, does by contrasting a previous stage in capitalism's history with that which exists now:

'Although the Fordist social consensus in the North, the developmentalist consensus in the South and bureaucratic control in the East did not do away with the use of force by those in

positions of power –far from it – each of these paths gave rise to genuine social progress’<sup>48</sup>.

Cassen, the director of *Le Monde Diplomatique* accepts a somewhat similar case when he pushes for a return to a ‘protectionist’ model of a national economy organised along capitalist lines. So does Colin Hines, when he preaches reliance on ‘local production’ carried out by ‘local’ business people and firms.<sup>49</sup>

The impression is that a workable and at least partially humane model of capitalism has been subverted by neo-liberals at the behest of multinational corporations. But their efforts alone cannot be sufficient to explain the horrors so graphically described in the writings of the critics of globalisation and neo-liberalism.

Most of these horrors are as old as capitalism itself and not simply a product of the last couple of decades. The reduction of people to commodities, the reliance of the most hyped products on sweatshop labour, the long hours of work that destroy the lives of women, men and children, the destruction of people’s livelihoods as peasants are driven from the land and workers suddenly thrown out of jobs, the desolation of the environment, none of these are phenomenon that have just arisen in the last 20 or 30 years. You can read about them all in writings 100, 150 or even 200 years old – in the journalism of Cobbett, in the Charles Dickens’ *Hard Times*, Mrs Gaskell’s *North and south*, Emil Zola’s *Germinal*, Upton Sinclair’s *The Jungle*, in Engels’ *Condition of the working class in England*, and in the chapter ‘the general law of capitalist accumulation’ in Karl Marx’s *Capital*. They are characteristic effects of capitalism throughout its history.

What is so impressive about best of the writing of today's critics of globalisation is precisely what it shares with so many of these earlier writings – a damning, emotionally moving, onslaught on the dehumanisation of the system, of the subordination of people's lives to blind forces beyond their control, of the wrecking of the environment in which they have to live. They show that beneath the fine phrases of the neo-liberal 'modernisers' lie the grim realities of broken lives and of ecological destruction that threatens the very survival of humanity.

Neo-liberalism and globalisation theories: seeing the world upside down

Yet there is an important respect in which most of the critics of neo-liberalism and globalisation theory do not go far enough. For they accept many of these theories' own contentions about the way where the global system is going.

These theories do not merely proscribe absolutely disastrous remedies to the problems facing the great majority of the world's people. They also rest on a completely superficial understanding of the world system.

Marx long ago pointed out in that the way capitalism functions all-too-easily hides from people what is really happening. Those who buy and sell on markets see only the interplay of goods on those markets, not the human activity that lies behind this interplay. Those whose incomes from from dividends and interest, or playing on the money markets, believe money itself seems to have a magical ability to grow which has nothing to do with the toil of people in factories, fields, mines and offices. Capitalists who *live off* the labour of workers believe they *provide work* to them. Unemployment is seen a resulting from some shortage of the total

work that needs doing, rather than from the absurdity of a system driven by the blind competition between rival owners of the means of making a livelihood.

Marx called this upside-down view of the world encouraged by capitalism ‘the fetishism of commodities’ – comparing it with the religious notion that God created humans, not humans God. Its world is one in which toil, sweat and exploitation involved in the creation of new wealth hardly exists.

Neo-liberal and globalisation theories carry this upside-down view of the world to its extremes. Like the mainstream ‘neo-classical’ or ‘marginalist’ version of economics to which they are related, they see things from standpoint of the financial and trading capitalists. It is a standpoint which virtually ignores what is happening in the real world of production and exploitation.

This is most clearly the case when it comes to describing what has really been happening to the structure of the world economy over the last quarter of a century. Transactions cutting across state boundaries have played an increasing role. But this has been many times more marked in the case of financial transactions than with the material organisation of production. I have provided a lot of empirical evidence for this in two other articles I have written<sup>50</sup>.

Here I will only summarise a few points.

While international financiers move trillions of dollars a day across national borders, multinational corporation continue to do most of their production in one, or a few cases two, countries. The directing personnel of the major multinationals similarly almost invariably show a ‘national bias’. Far from being indifferent to what the state does, each multinational relies on ‘its’ state for fight for its interests when it comes to influencing interest rates and

currency levels, and in international economic and financial negotiations. And, if it comes to the crunch, the multinationals based in a particular country will even want that country's government to intervene to nationalise any big company whose bankruptcy threatens their common interests (this happened with the American S&Ls under Reagan and Bush, with Scandinavian and Japanese banks in the course of the 1990s, and recently with the Korean giant Daewoo).

The multinationals are also far from 'weightless'. They cannot simply move huge productive facilities from one country to another at the drop of a hat. 'Metal bashing' is still central to nearly all of them. Cars, trucks, steel for girders, bridges and vehicle bodies, refrigerators, washing machines, pharmaceuticals, even computers and microchips still have to be manufactured in very expensive plants which cannot be moved at the stroke of pen from one place to another. The industries that can be moved easily – in particular clothing manufacture using cheap sewing machines – are the exception, not the rule. In 90 per cent of industry, any shift in production takes place over years not days (Ford, for instance, intends to spend at least two years shifting production from Dagenham to Germany). And when shifts occur it is overwhelmingly from one advanced country to another. In the early 1990s, three quarters of world-wide overseas investment was concentrated in these countries, with another 16.5 per cent going to the ten most important Newly Industrialising Countries. This left the Third World with only 8.5 per cent of the total. A recent set of figures showing the relative size of the Latin American economies and those of individual US states are revealing about where the core of world productive system lies. If

the economy of the whole Western Hemisphere is 100 per cent, then the US as a whole accounts for 76 percent of this. By contrast, the biggest of the Latin American countries, Brazil is only 8 per cent (less than California at 10 per cent); Canada is only 6 per cent (only the same as New York state); Mexico is only 4 per cent (the same as Illinois and less than Texas, at 5 per cent); Argentina only 3 per cent (the same as Ohio and less than Florida at 4 per cent). Chile, Peru, Ecuador, Colombia, Guatemala, Uruguay and Venezuela together only add up to 3 per cent<sup>51</sup>.

Poverty exists in vast areas of Latin America, Africa and Asia, not only because capital pays low wages when it invests there, but also because investing there at all rarely fits in with its demand for endless profits.

If firms cannot dispense with geographically rooted production facilities, they cannot dispense with workers either. Despite all the hype about 'globalisation' the number of manufacturing workers in the advanced industrial countries is much higher than half a century ago and has barely fallen the last decade. The number of industrial workers in the 24 leading economies was 51.7 million in 1900, 88 million in 1950, 120 million in 1971, 112.8 million in 1998. In the US the number was 8.8 million in 1900, 20.6 million in 1950, 26 million in 1971, 31 million in 1998.<sup>52</sup>

The manufacturing figures are only part of the story. Very large numbers of 'service' sector jobs are indistinguishable in terms of the conditions of their workers from 'industrial' jobs. This always applied to groups like dockers and refuse workers. It applies to transport workers and delivery workers – groups which will become more important, not less so, if e-commerce takes off (since they are required to deliver goods even for the most



‘weightless’ company). And the growth of fast food chains and of call centres is adding by the day to the numbers employed in factory-like conditions.

None of these groups are intrinsically powerless if it comes to confronting the multinationals. Ford Britain stopped all of Ford Europe when it last struck in 1988; single General Motors plants have had the same effect across North America. More recently postal workers and security guards have shown their potential power in France.

Regretfully, critics of neo-liberalism all-too-often fail to understand such fallacies of globalisation theory. So Viviane Forrester writes: ‘The world where work and the economy merged, and where the many were indispensable to the decision makers, has been as if blotted out....The brand-new world dominated by cybernetics, automation and revolutionary technologies....has no real links with “the world of work” for which it has no more use...’<sup>53</sup>

Naomi Klein’s tone is often similar, as when she writes that many multinationals base themselves on ‘a system of foot loose factories employing footloose workers’, with a ‘failure to live up to their traditional role as mass employers’<sup>54</sup>. She writes of General Motors ‘moving production to the maquilodoras [the manufacturing belt along the south of the US-Mexico border] and their clones around the globe.’<sup>55</sup> This gives the impression that there is a huge haemorrhage of jobs from the US to Mexico. But, Klein elsewhere gives the maquilodora workforce as 900,000<sup>56</sup> -- less than one twenty fifth of that of the US. GM’s workforce in the US remains 200,000, many times greater than the number working for it in Mexico.

David Bacon, who often employs Marxist terminology, makes the same mistake seeing the movement of capital to third world countries as being the major cause of job losses in the US:

‘The difference in the standard of living between the wealthy and poor countries...is the cause of US job losses as corporations relocate production’.<sup>57</sup>

In fact, the major cause of job losses in all advanced industrial countries is restructuring to force up productivity within existing industrial complexes, not movement overseas. Where there has been relocation of industry, it has usually been relocation within the US, not across national borders. The biggest defeats suffered by British workers – that of the miners in 1985 and of the print workers in 1987 – were not a result of production moving abroad. These are not minor weaknesses in the argument of Forrester, Klein or Bacon. One of the functions of neo-liberal and globalisation theories is to give the impression that the system is not merely out of control but beyond any possible challenge from those who work within it. The argument that firms can move at will is an excuse for governments bowing down to their dictates and for unions leaders refusing to sanction strikes against them. Their argument is: ‘we can’t beat them, so we have to join them’. It is a mistake for opponents of neo-liberalism to fall for that claim.

### **Globalisation, neo-liberalism and war**

There is a final feature of the modern world about which neo-liberalism and globalisation theories have nothing to say, yet which should be of enormous concern for their critics. This is the propensity to war.

The logic of globalisation theories is to suggest that firms do not care in which state they operate and or how powerful that state is. Free trade and the free movement of capital, they claim, means the end of war. Or, as they have claimed, 'No two countries with McDonalds in have ever gone to war'.

The reality of the world in recent decades has belied such claims. Wars have erupted with horrific regularity, suddenly throwing into confusion the internal life of whole regions of the globe – the war of the west against Iraq, the succession of wars and civil wars in Africa, the wars in former Yugoslavia, the war of the West against Serbia, the wars of Russia against Chechnya. On top of that there has been the mini wars or threats of war between India and Pakistan, Greece and Turkey, China and Taiwan, Ecuador and Peru. Many of these countries have indeed contained McDonalds – Croatia and Serbia, the India and Pakistan, Ecuador and Peru, Greece and Turkey, the NATO powers and rump Yugoslavia. Such clashes between armed states are as much part of the present system as structural adjustment programmes and negotiations over free trade. This is because the destiny of particular capitalists is still to a high degree tied to the power and influence of particular states. Firms like Boeing, Monsanto, Microsoft, Texaco and General Motors would not be where they are if they had long ties with the US state in general and the US military in particular. But the power and influence of a state depends on its potential for sloggging it out military with other states --- or at least joining a system of alliances which can do this.

The beginning of the 90s saw the US-led coalition blast Baghdad in order to safeguard its influence over Kuwait's oil supplies. At the end of the 90s another US-led coalition blasted Belgrade in

order preserve the 'credibility' of NATO – that is, to assert strategic control by a US-dominated alliance over the south-eastern flank of Europe and access to the oil rich regions of the middle east and Caspian. Whatever the excuses used in the propaganda barrages that accompanied the wars, the rationale in the US state department for such action was that they showed the US to be force capable of enforcing its power anywhere in the world. They asserted a hegemony which would prevent third world governments doing damage to the interest of US capitalists, and which ensure than the European states and Japan bowed to American leadership in trade, investment and debt negotiations. Thomas Friedman, a journalist close to the US State Department, summed up the relation of big business to military power:

"The hidden hand of the market will never work without the hidden fist.

"McDonald's cannot flourish without McDonnell Douglas. The hidden fist that keeps the world safe for Silicon Valley's technologies to flourish is called the US Army, Air Force, Navy and Marine Corps." in 1990'.<sup>58</sup>

Most of the time, governments and neo-liberal apologists try to conceal such connections., and try to give the impression that when they go to war it for some concern over human rights. It is not a pretence opponents of the neo-liberalism should fall for. The IMF, the World Bank, the World Trade Organisation, the Pentagon and NATO are only different aspects of the same system. You cannot fight against one and support the others. Where neo-liberation comes from

Neo-liberalism and globalisation theories are ideologies which conceal the real workings of the world we live in, including the

real relations between firms and states, and between industry and finance. An effective critique of them cannot remain simply at the level of showing their inhumanity, It also has to locate the degree to which they conceal the contradictions in their own system and the possibilities of fighting back against it.

*This is connected with one other point –the question as to why neo-liberalism has been able to become so powerful. Many of its opponents tend to see this as resulting from multinational conspiracies and ideological sleight of hands. The conspiracies are real enough – if by a conspiracy you mean a secret meeting of interested parties to manipulate things to their own advantage. Capitalists always have done this and always will. As Adam Smith noted more than 200 year ago, ‘whoever imagines that masters rarely combine is as ignorant of the world as of the subject’<sup>59</sup>. But that is not in itself sufficient to explain the hold of neo-liberalism today, when only 30 years ago quite different doctrines had equal force in ruling circles. No better are explanations in terms of the sheer hold of its ideas, as when Pierre Bourdieu talks of, ‘the effect of a shared belief...The work of the “new intellectuals” , which has created a climate favourable to the withdrawal of the state and so submission to the values of the economy’<sup>60</sup>.*

### ***Marx and anti-capitalism***

There is no choice if you really want to understand these things than to return to Marx. Many critics of capitalism are put off Marx at first by the distorted account of his thought that prevailed during the height of Stalinism and then, in certain intellectual circles, by the convoluted academic Marxism of the 1970s. Yet Marx laid the

groundwork for an analysis of the system which provides a key for understanding – and fighting back against – all the dehumanised features emphasised by the critics of globalisation and neo-liberalism today.

The young Marx began as a liberal-democrat opponent of the half-feudal oppression that characterised continental Europe in the late 1830s and early 1840s. But he soon came to realise that the new capitalist way of organising society that was emerging alongside the old, and which had already triumphed across the North Sea in England, was characterised by forms of exploitation and oppression of its own. He began to grope with understanding how this new, emerging system functioned and how to fight it, much as Seattle's 'thought leaders' are groping with same problems as posed by the world wide system of multinational capitalism today.

His starting point was the phenomenon he called 'alienation'. What he was beginning to discover about the functioning of this then-new system led him to undertake a critical reading of its most eminent proponents – political economists like Adam Smith and David Ricardo. His conclusion was that although the system vastly increased the amount of wealth humans could produce, it also denied the majority of them the benefits of this wealth: 'The more the worker produces, the less he has to consume. The more values he creates, the more valueless, the more unworthy he becomes.' The system, 'replaces labour by machines, but it throws one section of workers back to a barbarous type of labour, and it turns the other section into a machine...It produces intelligence -- but for the worker, stupidity....It is true that labour produces wonderful things for the rich –but for the worker it produces

privation. It produces palaces -- but for the worker, hovels. It produces beauty -- but for the worker, deformity...The worker only feels himself outside his work, and in his work feels outside himself. He feels at home when he is not working, when he is working he does not feel at home.'

'The worker works in order to live. He does not even reckon labour as part of his life, but rather a sacrifice of his life...What he produces for himself is not the silk that he weaves, not the gold that he draws from the mine, not the palace that he builds. What he produces for himself are wages, and the silk, gold and palace resolve themselves for him into a definite quantity of the means of subsistence, perhaps into a cotton jacket, some copper coins and a lodging in a cellar. And the worker who for 12 hours weaves, spins, drills, turns, builds, shovels, breaks stones, carries loads, etc -- does he consider this 12 hours weaving, spinning, drilling, turning, building, shovelling, stone-breaking as a manifestation of his life, as life? On the contrary, life begins for him when this activity ceases, at the table, in the public house, in bed.'

It is not difficult to see how Marx's words apply to the young women clothing workers of Indonesia or Central America described in Naomi Klein's writings, sewing expensive designer clothes they will never be able to afford to wear for a dollar a day, or the people in India losing their land as it is turned over to agro-industry producing crops they will never get a share of, or to US steel workers thrown out of their jobs because 'too much' steel is produced world-wide.

But Marx did not simply record this state of affairs. Others had done so before him, and many were to continue to do so long after he was dead. He also set out, through a quarter of a century of

grinding intellectual labour, to try to understand how the system had come into being and how it created forces opposed to itself. He located its origin in the monopolising by a minority class of 'the means of production' – of those products of past labour such as tools and equipment that people need access to if they are to make an adequate livelihood. This left the majority with no choice but to hawk their labour (or more accurately, their capacity to labour, their 'labour power') to the members of the minority, to be workers. The alternative was to starve. But this put the members of the wealth-owning minority in a position to pay less for the labour than the value of the goods the workers could turn out. They got a portion of the workers' labour for free. Out of this 'surplus value' arose profit, dividends, interest and rent.

At the same time, the firms owned by the members of the minority were in competition with each other. This led each to try to expand more rapidly than its rivals. It could only do so by continually maximising the amount of surplus value in its possession by driving its workers as hard as it could get away with.

The result was the absurdity of economic growth which has nothing to do with improving the economic well being of the great mass of people. As Marx put it in *Capital* :

'Accumulate, accumulation! That is Moses and the prophets!! Save, save, ie convert the greatest possible portion of surplus value or surplus product into capital. Accumulation for accumulation's sake, production for production sake: by this formula classical political economy expressed the historical mission of the bourgeoisie'.<sup>61</sup>



In this way a whole system arises which imprisons the mass people:

'The rule of the capitalist over the worker is the rule of the object over the human, of dead labour over living, of the product over the producer, since in fact the commodities which become of the means of domination over the worker are....the products of the production process....It is the alienation process of his own social labour.'<sup>62</sup>

The individual capitalists are the human agent who enforces this process on the mass of people. But they have no choice if they are to remain capitalists. If they do not make profits comparable to those made by rival capitalists they will be driven out of business or be bought up by their rivals. To this degree the capitalists are as much prisoners of the system as the workers –except they are hugely privileged prisoners. So while 'the worker, as its victim, stands from the beginning in a relation of rebellion towards it and perceives the process as enslavement', the capitalist 'is rooted in the alienation process and finds in it his highest satisfaction...'<sup>63</sup>

These capitalists preside over a whole world of 'alienated labour', a world in which the products of human activity takes on a life of their own and dominates them. This is a world of endless pressure to work and periodic unemployment, of overproduction and starvation, of the driving of people from the countryside into cities and of a denial of jobs to them when they get there.

There is no end to this process. The more powerful capital becomes, the more people become dependent on labouring for it if they are to get a livelihood. Every time they sell to capital their ability to labour it extracts more labour out of them and becomes more powerful still. Even if they are in an advantageous position

and manage to force up their wages for a time, this process does not stop.

‘If capital is growing rapidly, wages may rise; the profit of capital rises incomparably more rapidly. The material position of the worker has improved, but at the cost of his social position’. Wage labour is still ‘forging for itself the golden chains by which the bourgeoisie drags it in its train.’<sup>64</sup>

In a famous passage in the Communist Manifesto, Marx and Engels describe how the system spread out from its original bases in western Europe to encompass the world:

‘The need of a constantly expanding market for its products chases the bourgeoisie over the whole surface of the globe. It must nestle everywhere, settle everywhere, establish connections everywhere.

‘The bourgeoisie has through its exploitation of the world market given a cosmopolitan character to production and consumption in every country. To the great chagrin of Reactionists, it has drawn from under the feet of industry the national ground on which it stood. All old-established national industries have been destroyed or are daily being destroyed. They are dislodged by new industries... that no longer work up indigenous raw material, but raw material drawn from the remotest zones; industries whose products are consumed, not only at home, but in every quarter of the globe..

‘In place of the old local and national seclusion and self-sufficiency, we have intercourse in every direction, universal interdependence of nations.

‘The bourgeoisie, by the rapid improvement of all instruments of

Production... compels all nations, on pain of extinction, to adopt the bourgeois mode of production; it compels them to introduce what it calls civilisation into their midst, ie, to become bourgeois themselves. In one word, it creates a world after its own image.’<sup>65</sup>

While this was happening, something else also occurred in Marx’s picture. Big capitalists drove small capitalists out of business or took them over, leading to what he called the ‘concentration and centralisation of capital’. This was a long drawn out process, and new small capitalists were continually emerging, especially in new sectors of production neglected by old, entrenched firms. But over time the trend was clear. Despite the way pro-capitalist economists continually harked on about the role of small business, the system was increasingly dominated by a declining number of large firms. This led to never ending uncertainty for workers. However secure their livelihoods might seem to be, there was never any guarantee that the capitalist who employed them would not find it profitable to sack them and move his business elsewhere – or at least claim he would do that unless they agreed to put up with harsher working conditions or wage cuts. Nor was there any ultimate certainty that the firm would not be driven out of business by a rival that had started up elsewhere with more modern equipment or workers prepared to accept lower wages.

It was not only existing workers who suffered. As capital grew stronger, it gained the power to subvert all areas of production not previously subject to it. Marx described in *Capital* how the rise of capitalism at each stage led to the transformation of relationships in the countryside. The old peasantry was destroyed to be replaced, on the one hand by a small minority of capitalist farmer, on the other by a vast number of people whose only way of

making a livelihood was to labour for others. He quoted extensively from contemporary witnesses to what was happening on the land in England, Scotland and Ireland. The accounts of the depopulation of villages, the destruction of houses and the impoverishment of the remaining population<sup>66</sup> could come from Third World countries today. So, for instance, he describes how the incorporation of the Scottish highlands into the wider capitalist economy involved a two-fold process changing the very appearance of the land: first, the driving out of the peasant crofters to turn the land into sheep-runs, and then the replacement of sheep by deer, as forests were allowed to expand on what had previously been productive land.<sup>67</sup>

Along with the horror, however, Marx also points to something else. The world of alienated labour is not static. The continual accumulation of past labour and the continual expansion of production means that more wealth is produced than ever before in human history:

‘The bourgeoisie, during its rule of scarce one hundred years, has created more massive and more colossal productive forces than have all preceding generations together. Subjection of Nature's forces to man, machinery, application of chemistry to industry and agriculture, steam-navigation, railways, electric telegraphs, clearing of whole continents for cultivation, canalisation of rivers, whole populations conjured out of the ground -- what earlier century had even a presentiment that such productive forces slumbered in the lap of social labour?’<sup>68</sup>

At present, every such increase in wealth serves further to oppress those whose labour creates it. As Marx put it, ‘human progress’

resembles 'that hideous pagan idol who would not drink the nectar but from the skulls of the slain'<sup>69</sup>.

But the potential is there to seize control of this wealth and to reorganise production so as to satisfy people's needs in a way only dreamt of in the past. Capitalist accumulation is the supreme expression of human alienation, But it also prepares the ground for a revolutionary overthrow of alienation, for the creation of a society does away with the want and toil which have been the lot of most of humanity since at least the New Stone Age.

## **Marxism and the 20 Century**

Marx died in the early 1880s. He therefore had little chance to see how the trends he described, basing himself mainly on the development of British capitalism, worked themselves as time went by. But the generation of Marxists who wrote in the first third of the 20<sup>th</sup> century were able to do so. The Austrian Rudolf Hilferding described the increasing role played by financial institutions like banks and by stockmarkets, and how with this emerged a growing connection between firms inside each country and the state to give rise to 'Finance capital'<sup>70</sup>. Rosa Luxemburg described how the capitalists of Europe and the US scoured the rest of the world for markets and raw materials, reducing other countries to colonies and vassals, and in the process impoverishing their peoples<sup>71</sup>. Nicolai Bukharin and Vladimir Lenin analysed the rise of 'state monopoly capitalism'. They pointed to the growing merger of the capitalisms in each country with the state so as to carve out empires as a way of supplement the profits to be obtained through 'peaceful competition – and the inevitable

outcome of this, wars between the great powers to repartition the world. Leon Trotsky showed how, faced with great economic crises and threats from the workers' movements, ruling classes were prepared to turn to the leaders of mass fascist movements of the middle class as a tool to maintain their position, even if the result was barbarism on a previously undreamed of scale.

The world analysed by Hilferding, Luxemburg, Bukharin, Lenin and Trotsky was very different in a number of respects to that described by Marx. The state and war, hardly mentioned in Marx's economic writings, played an enormous role. So did the rigging of prices by monopolies, trade bargaining between national states, the machinations of financiers on money and commodity markets.

What is more, the system which had been in Marx's time overwhelmingly based in Europe and North America was now expanding out to bind the whole world into its networks of buying, selling, and, increasingly, production.

But there was one great element of continuity. The driving force of the system as a whole remained the pumping of labour out of workers and its transformation into capital, 'dead labour', whose circuits on world scale laid down limits within which the great bulk of the world's population had to lead their lives. It was the competitive drive between those who controlled these great accumulations of dead labour that led to the First World War and the great slump of the early 1930s.

### **The high point of state intervention**

The great trend noted by Hilferding, Luxemburg, Lenin and the others, the growing integration of industrial management and the state, continued with an accelerating pace before, during and after

the Second World War. Faced with wars and conditions of economic crisis, states intervened to merge the national firms and to co-ordinate their functioning with that of the state bureaucracies. Fascist Italy, Nazi Germany, and then, as war erupted, Britain and the US followed this path. So did weaker capitalist classes elsewhere, feeling that only by using the state to mobilise resources for them could they stand up against their international rivals: countries as varied as the right wing regime in Poland, the populist regime in Brazil, the Peronist government in Argentina, all embraced nationalisation and often some degree of 'planning'. Many newly independent third world countries followed the same path in the post-war decades. And even in countries like Britain and France, important chunks of productive industry as well as transport, water, and electricity generation were state run. It was Chamberlain's conservative government that nationalised Britain's airlines, and it was de Gaulle's government that nationalised Renault in France.

This context enables us to understand one other important feature of the world in these decades – Stalinism. It used to be habitual on the left to regard Stalinism as a form of socialism, albeit distorted to some degree or other. Now is almost fashionable to regard it as a form of society radically different to capitalism, but worse. Stalinism is, however, better seen, as one extreme on a continuum of increasing statification of economies subordinated, like the old fashioned capitalism of Marx's time, to the pressure of competitive accumulation. It was the most thoroughgoing form of state capitalism.

The Stalinist economy arose not in the early 1920s, in the immediate aftermath of Russia's revolution, but in the late 1920s

as a new exploiting class arose on the backs of that revolution. Such a class could only maintain its position in a world dominated by great existing capitalist classes if it tried to industrialise so as to catch up with them. Stalin did so by imitating within Russia many of the means used a century and more before in the Britain's industry revolution – the driving of peasants from the land, the forcing down of real wages, the use of child labour, the establishing of a huge slave system of gulags. And along with all these things went, as in so many other industrially undeveloped countries, reliance on the state to carry out a task which private industrialists would not or could not do.

The state was central to the productive core of capitalism virtually everywhere all the way through from the early 1930s to the mid-1970s. The doctrines justifying this role varied from one part of the world to another. In the West, the main one was Keynesianism, after the mainstream economist JM Keynes who felt that state intervention was the only way to keep capitalism afloat after the great crisis of the early 1930s. In the Russian bloc – and among those who admired its methods in the west and the third world – the Stalinist doctrine prevailed, although it was given different names after 1956. In the third world, 'developmentalist' notions prevailed, which sought to achieve industrialisation by reliance on the state to cut out foreign competition and to build up new industries.

Regardless of the doctrines used, there was a common thread to policies pursued each country. Firms relied upon states to provide some stability to their markets, while states relied on firms to build up their national industrial strength, expecting – at least in larger countries – to contain within national boundaries the full



range of industries needed provide for the needs of a modern economy.

In this period, all those who wanted to reform capitalism while avoiding thoroughgoing revolution looked to the intervention by the state to achieve their aims. In the advanced countries

Keynesians said that such reform could save capitalism from itself and social democrats said it could do away with the need for any sharp change to socialism. In the third world, Communists, social democrats, populist politicians and middle class intellectuals alike saw such intervention as enabling the local exploiting class, the workers and peasants to ally together to break the economic hold of the imperialist powers and achieve economic growth. Only when this had been done should the workers fight for power themselves. Those of today's activists who hold that the central problem is erosion of the power of the state with 'globalisation' of the economy are hankering for a return to such conceptions.

Yet this identification with the state as a benevolent agency for managing capitalism rested on a very short sighted notion of what that state is. It is based around 'armed bodies of men' whose job is killing. The era of state direction of industry was not one of benign treatment of the people. It was the phase in which the abiding image of the life of the worker was that of the appendage to the machine presented in Charlie Chaplin's modern times or Diego Rivera's Detroit Murals. The phase included the Nazi regime in Germany and the ultimate horror of the holocaust, the starvation of some four million people in British ruled Bengal in the early 1940s, the French colonial wars in Indochina and Algeria and the US war against Vietnam. It also included the horrors associated with Stalinist forced industrialisation in the

former USSR. It was the period in which Latin America tended to be dominated by military dictatorships, like that which ran Brazil in the late 1960s, and on which the 'Great Leap Forward' attempt at instant industrialisation in China in 1958-60 led to many millions of deaths from starvation.

Capitalism ruled the world through this phase, just as it had before and would after. And with it rule went horrors to parallel any known in the previous history of humanity. Anyone who looks back on that period of capitalism with nostalgia is allowing the horrors that exist today to block out memories of the horrors of just a few decades ago.

It is true that for a 30 year period after the second world war, the system was able to experience considerable economic expansion, and that during these years some of the world's people were able to force their rulers to concede improvement in living standards. Even then, however, the motor for expansion was not the benevolence or rationality of rulers. Rather it was a cold-war driven world-wide level of arms expenditure unprecedented in peacetime<sup>72</sup>. At the high point of the cold war in the early 1950s something like one fifth of the wealth produced in the world's wealthiest country, the US, went directly or indirectly to the military budget, and possibly twice that proportion in its poorer military competitor, the USSR.

Meanwhile, the old logic of capitalism continued to work itself out. Big firms continued to take over small firms or drive them out of business until a few 'oligopolies' dominated the major sectors of the economy of most countries: in Britain, for instance, some 200 firms, run by perhaps 600 or 800 directors altogether, produced more than half total output. And in the countryside of

most of the world, agriculture increasingly moved towards the pattern pioneered in Britain, with massive migration to the cities as capitalist farming employing waged labour displaced peasant toiling on their own plots.

The process went furthest in Europe and North America, with the number of people engaged in agriculture falling from over 30-40 per cent of the population in countries like France, Italy, Ireland or Spain in the early 1950s to well under 20 per cent by the mid 1970s. But it was also underway in many ex-colonial countries long before anyone talked of 'globalisation'. In India, for instance, the most fertile land in regions like the Punjab was increasingly in the hands of medium sized capitalist farmers employing wage labour – and able to afford the new seed types, the tube well and the fertilisers associated with the 'green revolution' in Algeria, a newly created middle class of capitalist farmers, not the rural poor, were the main beneficiaries of the land reform carried out after the end of French rule. Everywhere, capitalism was reshaping society in its own image.

### **The birth of neo-liberalism**

The stage of rapid economic expansion came to a sudden end in the mid 1970s. What economic historians sometimes refer to as 'the golden age of capitalism' gave way to a 'leaden age'. Country after country experienced a succession of traumatic economic crises. And each of the doctrines associated with the previous age – Keynesianism, Stalinism and developmentalism ---fell apart. It was then that ruling classes and their attendant intellectuals underwent sudden, mass conversions to the doctrine at first generally known

as monetarism, then as ‘Thatcherism’ or ‘Reaganism’, and now as neo-liberalism.

Such conversions did not result, as people like Bourdieu seem to imply, simply from the insidious propagandising of the apostle of neo-liberalism. Rather they reflected the desperate attempts of the various groups who presided over and benefited from the workings of economies in the previous period to enforce their interests on the rest of society in the face of successive crises. The first such group were the heads of the world’s biggest firms. After decades of near effortless growth of markets, they were suddenly faced with the need to restructure their operations and to find new sources of profit.

Restructuring meant both ‘rationalising’ production – sacking workers and closing plants – and reaching out beyond established national bases. Usually this meant a stress on increasing their penetration of foreign markets and, at a slower speed, beginning to organise production across international boundaries (although not always: rationalisation for Chrysler and British Leyland, for instance, meant divesting themselves of overseas operations).

New sources for profits could only be obtained by finding sources of surplus value not tapped before. One such source lay in industries and services built up by the state in the past because private capital was not up to the job, even though they were directly or indirectly necessary to its operations. Taking over what now had become viable concerns was a lucrative addition to profits – especially when they were monopoly concerns which enabled private capital, in effect, to levy a tax on those consuming their products. Another source lay in prising resource out of the economies of the world’s weaker states, relying on the power of

the world's biggest states, especially the US to achieve this in the course of trade and debt negotiations. Finally, after-tax profits could be raised everywhere by shifting the burden of taxation from profits to wages and consumer goods.

Although neo-liberalism as an ideology opposes state intervention, the practical implementation of these policies always depended on the state – or at least bargaining between the world's most powerful states. This is why its implementation thorough international trade and business meetings has been far from smooth. The *Financial Times* can still worry that something as apparently trivial as the row between Europe and the US over banana imports 'could be escalating transatlantic retaliation that would bring the already enfeebled WTO to its knees.'<sup>73</sup> There are similarly intractable dispute over what preparations the IMF should make for intervention in any further international financial crisis like that which hit Asia in 1997<sup>74</sup>. The 'theorists' of neo-liberalism do not themselves have any easy answers to these conflicts. For although their creed preaches non-intervention by the state, it has by and large been as ideology reflecting the needs of the state-industrial complexes of the US, the European powers and Japan in its collisions with each other and the world's smaller states.

The second group to convert wholesale to neo-liberalism were those running states. During the full employment of the long boom they had been forced to placate workers by granting various welfare benefits and services. The 'welfare state' had developed as an annexe to the main state institutions based on armed bodies of men, weapons of mass destruction, prisons, courts and so on. So long as economic expansion led to growing profits, capitalist

interests had been prepared to tolerate the welfare system as an unfortunate necessity. But once profits began to be squeezed, they applied every sort of pressure to cut it back. Those running the state were caught. They dare not resist this pressure – attempts to do so led to balance of payments crises, massive movements of currency across national borders, even threat of national bankruptcy. Neither could they easily just dismantle the welfare system, for this risked provoking immense social turmoil. What they could do was use competitive mechanisms to set both producers and consumers of these services against each other. In this way could to cut the bills they paid for wages and for the ‘social wage’.

This sometimes involved privatisation and a complete ‘retreat of the state’ from the provision of certain services. But often the same goals were pursued by other means: imposing cash limits on government departments, cutting the budgets of local authorities or educational institutions while increasing the amount they had to do, introducing ‘internal’ market mechanisms in state run structures (such as Britain’s NHS and schools system). In these cases the state did not ‘retreat’: it did, however, aim to improve the profitability of the capitalists operating within its territories by increasing the pressure on people to satisfy their needs for minimal remuneration.

Privatisation had a further benefit for those running the state. They could use it much as states in the past had used the contracting out of tax collection to private individuals (‘tax farmers’). The state could pay for the current provision of certain services by selling to private firms the right to collect revenues for the provision of future services (Most recently this has occurred with the ‘auctioning’ of

mobile phone rights: the British government has collected some £20 million and the German government some £30 million by giving private companies the right to levy monopoly prices – effectively taxes - on those who use the phones in the future)..

The third group to convert to neo-liberalism were ruling classes outside the advanced industrial countries. From the 1940 to the 1970s many had tried to build up industry under their own control by a greater or lesser degree of state capitalism. This was hard going, even during the years of world boom, and their populations often paid a very heavy price for it. The end of the world boom and the successive economic crises of the mid-70, early 80s and early 90s doomed such efforts. Rulers previously committed to state capitalist ‘planning’ switched sooner or later to attempts to integrate into the world market. This began happening in Egypt, Poland, Hungary and Yugoslavia in the mid 1970s, in various Latin American countries and India in the 1980s, throughout the former Soviet bloc and much of Africa by the 1990s. Effectively those in charge of state-protected or run industrial complexes agreed, together with their friends in the state bureaucracy, to abandon near-monopoly domination of the local economy for the greater personal rewards of becoming junior partners to one or other section of multinational capital.

It was Sadat, who as a member of the ‘free officers’ group had gone along with Nasser’s nationalisations in the 1950s and 1960s, who opened Egypt up to the market in the mid-1970s. In India, the same Congress Party which preached state control in the 1960s began dismantling that control in the late 1980s. In China, Deng Xiao Ping who had helped establish the monolithic state capitalist economy of the early 1950s took the initiative in turning

to the market, and then to the western multinationals, in the late 1970s and 1980s.

Susan George has noted that Third World ruling classes have been very happy to go along with IMF-World Bank structural adjustment programmes:

‘Wealthy and influential people in the debtor countries are not necessarily displeased with the way this crisis has been handled. Structural adjustment has forced down workers’ wages, and laws – such as they are – concerning working conditions, health, safety and the environment can easily be flouted... Having largely escaped debt fall-out, their concern is to belong to the increasingly globalised elite to play on the same courts as their counterparts in New York, Paris or London.’<sup>75</sup>

In countries like India or Mexico, the last 20 years has seen certain firms that built themselves up during the period of protected markets now begin to transform themselves into multinationals in their own right. They might not be as big as General Motors, Microsoft or Monsanto, but their aspirations lie in the same direction.

The final group to adopt the neo-liberal doctrines were many of the same intellectuals who had previously put their faith in state-directed reform within national economies. In Britain, many members of the current government, so eagerly pushing privatisation, were just as enthusiastic for an ‘alternative economic policy’ based upon state intervention and control of imports in the late 1970s and early 1980s. Just as enthusiastic at the time were the *Marxism Today* group of intellectuals around the Communist Party who by their embrace of designer fashions and the market prepared the ideological ground for Blairism a few years later.



James Petras and M Morley have told how very large number of Latin American intellectuals made the switch from the statist ‘developmentalism’ of the 1970s to the neo-liberalism of the 1990s, pointing to:

‘A visible right turn of many of the left wing (social democrat, populist, socialist) parties and their intellectual ideologues – the latter primarily ex-Marxist intellectuals of the 1960s.’<sup>76</sup>

In parts of the world the switchover of intellectuals and once-radical politicians is still taking place. In South Africa, the ANC in government has embraced big business and privatisation. A Sudanese Communist recently showed me a statement from one of his party’s leaders arguing that the only way to achieve ‘development’ was through export-oriented free market policies. On this issue, Vandana Shiva is absolutely correct, ‘The powerful in the world –in government, politics, the media and business –are emerging as a global alliance, transcending North-South divides’<sup>77</sup>

Two or three generations of middle class intellectuals had looked to the state to reform capitalism in a way which would enable there to be economic growth based on a ‘national consensus’ between the different classes (even if, in the third world, this was said to include only part but not all the bourgeoisie). When it became clear that this programme would no longer work, most turned, like the ruling classes, to a different model based on the market and opening up to international capital flows. They were not victims of the conspiracies of the multinationals, but enthusiastic participants in them – just as some had previously been enthusiasts for the horrors resulting from the attempts to build industry in isolation in economically backward countries.

Such intellectuals performed a valuable function for the classes which benefit from neo-liberalism in the 1980s and early 1990s. They provided a justification not just for the latest stage in the trend, as old as capitalism itself, for the system to spread out beyond national frontiers. They also provided rallying cries for attacks on the gains in wages, working conditions and welfare that those who laboured for capital had been able to make during its 'golden age' from the 1940s to the mid 1970s.

The importance of the new wave of critics of neo-liberalism comes from the way they have refuted one by one the fallacious arguments put across by such intellectuals. It their great merit that they can see what is so wrong with neo-liberalism, even if they are not clear where it comes from and what it represents. They recognise that behind the hype about 'globalisation' lies the reality of a system that wreaks havoc across the whole world. However, their failure to locate its roots leads to the contradictory standpoints they take when it comes to posing alternatives.

### **Limitations and contradictions**

The organisation of trade, the flows of finance or the burden of debt are particular aspects of the much wider system. Attempts to deal with any one of them in isolation can often be easily evaded by those who run that system – or even merely deflect the its horrors system from one set of victims to another.

This is shown by the arguments over 'fair trade' and child labour. To tolerate low wages and child labour in third world countries (or first world countries, for that matter) is to . allow employers, big and small, to ruin people's lives as they push exploitation to its

extreme limits. But simply to fight over these issues does leave untouched the conditions that drive poor people into the hands of such employers. The poverty of much of Africa, Latin America, Asia and the former eastern bloc will continue, whether or not there is child labour and low wages. It cannot be tackled by struggles which limit themselves to these issues. Small victories over them only make sense if they are stepping stone to bigger struggles and bigger victories.

The same goes for struggles to stop employers closing plants and shifting production to places where they can pay lower wages. Not to wage such struggles is to give a free hand to sections of capital to follow a global slash-and-burn strategy, destroying peoples lives in one part of the world after another in the endless pursuit of profit. But to restrict oneself to such struggles is, at best, to win a temporary respite, and at worst to end up, as so many union and community leaders have, begging the state to bribe firms not to move. Meanwhile, the poverty which forces people elsewhere to contemplate working for lower wages does not go away. Only a strategy that challenges the power of capital globally, rather than simply trying to restrict its ability to move, can deal with that problem.

The argument arising within the debt campaigns have a very similar source. Not to challenge the burden of debt is to collude on the robbing of the world's poorest people by the biggest banks. To restrict oneself to that challenge alone is to leave all the other causes of third world poverty unresolved. In particular, it is to leave in the hands of the great corporations and the ruling classes of the advanced countries the resources that are needed to begin to overcome such problems in a way that does not inflict immense

pain on third world workers, peasants and indigenous peoples and cause enormous damage to third world environments.

One demand that is raised by many activists is that for the 'Tobin Tax' on the financial transactions across national frontiers. . It is the central demand of ATTAC in France.

The idea originated some 22 years ago with the mainstream US economist James Tobin. He argued that a tax as low as perhaps half of one per cent on such transaction would deter financiers from speculating against weak currencies and so strengthen the ability of government to stabilise national economies. The argument is respectable enough to have appealed even to Tony Blair's court sociologist Anthony Giddens, and to have split the social democrat group in the European parliament down the middle. At the same time, a lot of activists see it as providing a radical solution to the problems they identify with globalisation. The Canadian, Robin Round, argues:

'The world of international finance has become a global casino where investors seeking quick profits bet huge sums around the clock. Unlike investors in goods and services, speculators make money from money alone. No jobs are created, no services provided, nor factories built...The game has far-reaching impacts on the losers...as the Mexican, south east Asian, Russian and Brazilian financial crises illustrated...

'By making crises less likely, the tax would help avoid the devastation that occurs in the wake of a financial crisis. It would also be a significant source of global revenue...Conservative estimates show the tax could yield from \$150-300 billion annually. The UN estimates that the cost of wiping out other

worst forms of poverty and environmental destruction globally would be around \$225 billion per year'<sup>78</sup>.

Any effort to force governments to shift the burden of taxation from the poor to the rich is to be welcomed, and that is what is positive in organisations like ATTAC. They open up arguments about challenging the vast wealth in private hands. But the idea that the tax by itself is the anywhere to humanity's problems at the beginning of the 21<sup>st</sup> century is gravely mistaken.

First, financial flows are only one source of crisis among others. More important is the way in which the blind competition of industrial and commercial firms leads them to seek to raise profits by holding back living standards at the same time as expanding capacity at maximum speed. Global crises of overproduction are the inevitable result. The villains behind these are as much 'productive' firms like General Motors, Toyota, Monsanto, IBM or Shell as 'speculative' financial institutions.

Second, the Tobin tax simply is not a powerful enough mechanism to stop even the activities of the financial speculators. As the Keynesian economist P Davidson has shown, the levels suggested for it are nowhere near high enough to stop them moving funds abroad when they expect currency devaluations on the scale of those in the Mexican, Southeast Asian, Russian and Brazilian crises. 'Grains of sand in the wheels of international finance' are not sufficient, he writes, 'to do the job when boulders are required'.<sup>79</sup> Even Robin Round admits, 'Tobin's proposed tax would not have stopped the crisis in Southeast Asia'<sup>80</sup>.

There is, in fact, a central contradiction in the view of the tax as the great panacea for dealing with the effects of globalisation. If it is effective in reducing speculative transactions, then it is not going

to raise anything like the sums suggested, since the flows to be taxed would be much smaller than at present. If it can raise such sums, then it can only be because it does not stop the flows and their destructive effects on national economies.

What is true is that any attempt to impose the tax would meet with immense resistance from the world's rich. They would use every weapons at their disposal against governments that took the idea seriously- ideological, political and economic. And to be effective, the tax would have to be imposed simultaneously by all major governments. This means the tax could not be introduced without enormous struggles. It certainly does not meet the claims of many of its proponents of offering a pain free way of dealing even with financial speculation, let alone all the other horrors of the system.. Like the issues of 'fair trade', child labour, debt and moving production, it can lead people to challenge aspects of the system. But also like them, the challenge it makes can only be effective by moving on to further, more radical challenges.

The argument between 'developmentalists' and 'traditionalists' has similar roots in looking at only partial elements of a total situation. The poverty of much of the third world has its origins in the way the development of capitalism over the last five centuries has concentrated the wealth of the world – the product of previous generations of human toil world-wide – in the hand of the ruling classes of a handful of western countries.

'Developmentalism' came from attempts by third world rulers, with the enthusiastic support of many intellectuals, to compensate for that poverty by enforcing on their peoples forms of industrialisation and agrarian change similar to those which the west has experienced; but because they started so late in the game,

the 'sacrifices' they imposed on their own people and the devastation they inflicted on the environment was even greater than that suffered during the west's industrial revolutions. Yet even then, industrialisation was rarely successful. Returning to that path is no alternative for the great majority of their workers and peasants to the terrible devastation that follows from Structural Adjustment Programmes and opening up to the multinationals. But neither is embracing 'traditional' methods. That is to substitute a romantic image of the past for a real challenge to the world system that is behind the devastation of the present..

Karl Marx had to deal with similar arguments a century and a half ago. Some of the most pungent criticisms of what capitalism was doing to people were made by Romantic critics of the industrial revolution who could see how it was dehumanising people but looked to the past for an alternative. Marx wrote of them:

'It is as ridiculous to yearn for a return to that original fullness as it is to believe that with this complete emptiness history has come to a standstill. The bourgeois view has never advanced beyond this antithesis between itself and this romantic standpoint, and therefore the latter will accompany it as its legitimate antithesis up to its blessed end.'<sup>81</sup>

The way to deal with the inhumanity of the present system is not to try to go backwards, to a world of traditional peasant agriculture and local production. It is, rather, to work out ways of seizing the huge productive resources created by capitalist exploitation and to subject them to satisfying real human needs. The sums spent on the US arms budget alone could transform the life of worker and peasant in the third world. Add to that the waste on advertising and sales promotion and the luxury consumption of the two or

three hundred billionaires with wealth equal to the incomes of half the world's population, and you have enough to overcome third world poverty and provide workers in the advanced countries with the better life they want as well. There is no need to retreat into localism or traditionalism. And such a retreat cannot work. The accumulation of capital has taken place on a global scale. You cannot deal with its effects by localism, either of the developmentalist or traditionalist sense. There is no room in the modern world for that, any more than there was half a century ago for 'socialism in one country'. But the whole point about the mood of Seattle was that it showed there is global opposition to the global system.

Particular struggles against particular effects of the system as of immense importance. They can delay the advance of the capitalist juggernaut, occasionally even halt it in its tracks. They can make life a little more bearable for at least some of those who toil within the system. But their real importance is in adding to the momentum of the wider movement against the system, of encouraging people everywhere under its embrace to fight against it.

### **The question of agency**

This still leaves unresolved the question of who is going to do the fighting, of what forces can be mobilised and of what forces have the power to bring about change.

On this there are as many views among the critics of neo-liberalism and globalisation as there on the question of alternatives to them.



For many activists at Seattle the way forward was still seen as one of putting pressure on existing governments. So William Greider puts a lot of emphasis on legal reforms to make multinationals more accountable and argues for 'reform legislation, both at state and national level'. 'Congress' should require 'companies to provide hard, precise data on environmental damage to the foreign communities and citizens who are usually kept in the dark about it'.<sup>82</sup> Steven Shryber looks on the pressure of public opinion to force governments to reform the WTO.<sup>83</sup>

Other activists see the difficulty of persuading the great powers to change their ways. Instead they look to the Third World governments to somehow take on the great powers. Walden Bello speaks of 'the efforts of communities and nations to regain control of their fate' and sees the key mechanism as being through the United Nations Conference on Trade and Development, in which Third World governments have a majority, 'taking an active role in reducing the powers of the WTO and the IMF'.<sup>84</sup>

Such an approach runs away from an honest assessment of the Third World governments. They are nearly all dominated by local elites who see their future through integration into global capitalism, even if they haggle over the terms of that integration. The few exceptions are dictatorships like those of Iraq or rump Yugoslavia whose ruling classes are as remote from the mass of the population as any in the west, and which usually combine residual elements of state capitalism with enormous levels of corruption. To see such governments as the agency for transforming the world in a positive direction is to display enormous naivety. And it is just as naïve to imagine that when

these governments meet together in international bodies their motives are somehow changed for the better. If the IMF, the WTO and the World Bank are thieves' kitchens, so is UNCTAD, even if the thieves are not so successful.

The clear difficulty of convincing governments leads many activists to talk in terms of side-stepping the state and the multinationals by 'going local'. Susan George tells how: 'Myriad activities are taking place at a local level as people fight here a toxic waste dumps, there an intrusive, unnecessary highway, elsewhere a plant closing. Some of these initiatives can be linked, for example, through the promising Sustainable and Self-reliant Communities Movement. The more economic activities that can be recaptured and withdrawn from the transnational orbit, the better.

'Dozens of towns of different sizes are already experimenting with locally held joint stock companies to supply goods and services satisfying local needs'<sup>85</sup>

But the economic resources such local activities can deploy are minuscule compared with those at the disposal of multinationals and states. They cannot begin to meet the great majority of people's needs – unless people are prepared to live at subsistence level, in conditions barely better than those of medieval anchorites. They can be at best small enclaves which leave untouched the ravages of the world system.

### **Susan George herself recognises this:**

'Unless we can make sure the state retains its prerogatives, I can't see who will stand between the person on the ground and

organisational tyranny. Without the state – though not necessarily the one we have now – it will soon be McSchools, McHealth and McTransport’.<sup>86</sup>

This fits in with her earlier, absolute correct, observation that ‘We have to find ways to stop people who will stop at nothing. Transnational capitalism can’t stop. With TNCs and uninhibited financial flows it has reached a kind of malignant stage and will keep on devouring and eliminating human and natural resources even as it undermines the very body –the planet itself – upon which it depends.’<sup>87</sup>

But despite the hint that we need a different state, it is to pressure on the existing ones that she returns after making this point. She looks to the Tobin Tax and ‘a trifling purchase/sales tax on stocks, bonds, options and their fancy derivative cousins’ to ‘put money in the coffers of the UN and the agencies’<sup>88</sup>.

The pressure on governments is to be exerted by ‘alliances’. She writes, in *The Debt Boomerang* of:

‘...Building bridges in the North between environmentalists, trade unionists, people concerned about drugs, activists for immigrants’ rights, members of third world solidarity groups or non-governmental organisations (NGOs) and that broadest category of all –taxpayers. We hope that each of these constituencies will see the need to work together for alternative policies, and, simultaneously, the need to work effectively with their counterparts in the South’<sup>89</sup>.

Many activists saw Seattle as the example of what how such alliance could be built, bringing together, as it did, representatives of third world peasants, French small farmers, ecological organisations, NGOs, third world workers, indigenous groups

and, most amazingly to many participants, the American trade unions. Yet in lumping all these components together, activists often fail to see the differences between them.

Some are organisations of activist minorities, whose power is restricted by that fact. Others are organisation attempting to represent much larger numbers of people. But these too vary from each other. Peasant organisations, for instance, rarely represent a homogenous group of people, for as capitalism has drawn countries into its orbit, it has encouraged a differentiation within the peasantry, with the better peasants aspiring to be capitalist farmers, intent on buying up the land of poorer peasants and employing some as wage labour. When Luis Hernandez Navarro writes of 'rural producers in Europe and Japan, who form the backbone of new mobilisation.'<sup>90</sup> he is failing to see degree to which farming has become a capitalist industry, and a very lucrative one, in the advanced countries, with very few genuine peasants remaining. And even in third world countries like India, it is all-too-often big farmers who dominate peasant organisations, since they have the time and resources to do so.

They might mobilise alongside poorer peasants for certain immediate objective (like holding down the price of fertilisers), but they still have a fundamental difference of interest.

The situation with community groups among poor people in third world countries like Mexico or Brazil can show certain similarities to that with the peasants. They often arise from the shared needs for certain resources, like clean drinking water or electricity. This can lead to very militant struggles. But all-too-often these are co-opted by corrupt political machines, who buy allegiance using a limited provision of these services as patronage and so build up

their own agents in each community. Hence the ability of corrupt authoritarian regimes to undermine oppositional alliances and establish their own networks among the peasantry and poor urban dwellers.

Some people see the NGOs as themselves an agency for achieving change. Hernandez Navarro claims that ‘modern computer networks, the proliferation of hundreds of NGOs and the ease of moving about the world have made possible the formation of pockets of resistance that transcend national boundaries’<sup>91</sup>. Many activists make great play of the ability of NGOs to use internet technology to communicate with each other, forming decentralised, but well informed networks able to mobilise around strategic objectives at short notice. But simply to exult the NGOs in this way, to see them as the agency of change, it to forget one basic thing. The NGOs are themselves minority organisations that must find ways to mobilise broader layers of people if they are to go beyond lobbying and pressure group politics to force policies on states and multinationals. They cannot by themselves fulfill Susan George’s goals of ‘stopping’ multinational capitalism. They can achieve a lesser goal, which is not to be sneered at – publicising what multinational capitalism is up to. But stopping it requires some other agency to be mobilised by them. That is precisely why some NGOs have moved on from simply lobbying to activist agitation in recent years.

Supporters of a strategy centred on the NGOs often point to the example of Mexico, where a mobilisation of NGOs made it difficult for Mexican government to crush the Zapatista movement among the Mayas of the Chiapas in 1994-95. What they forget to add, was the NGOs were not able to prevent the state continuing

to harass that movement. It remained confined to a region far from the country's major industrial and agrarian regions, and Mexican capitalism was soon able to shrug off the rebellion. In the election of July 2000 it was the neo-liberal candidate, Fox, who gained from the weakening of the old authoritarianism, not the forces opposed to neo-liberalism.

It should also be added that the concern of most NGOs with single issues means that they sometimes be co-opted by supporters of the existing system. This is the point Susan George made about debt campaigns: faced with the offers of concessions by governments, they have sometimes ended up backing schemes which in reality do nothing for Third World poverty. The same has happened at times to human rights organisations. During the Gulf War of 1991 and the Balkan War of 1999 some were to be found supporting the US-led alliances, on the grounds of the appalling human rights record of their opponents. Indeed, US governments have long used talk of human rights as a cover for their aim of US global hegemony. Some human rights organisations have seen through this pretence; others have not. The point is that so long as they concern themselves with single issues, rather than opposition to the global system, they can be pulled this way and that as events unfold. That is why a recent study of the Zapatista movement in Mexico from the US state department's Rand Corporation suggests a strategy of trying to use NGOs to defend western capitalist interests<sup>92</sup>.

Susan George seems see the limitations of existing alliances, when she urges a further broadening of them. In the *Lugano Report* she writes:

‘Shifts in the balance of power require assessing one’s numbers, forces and capacity for making alliances....The alliances... must be trans-generational, trans-sectoral, trans-boundary and sometimes making of the strangest of bedfellows.’<sup>93</sup>.

At points she suggests broadening the alliances even to include right wing politicians opposed to specific multinational schemes, like those Republicans in the US who joined with some Democrats to defeat Clinton’s ‘fast track’ authority to sign free trade agreements, and ‘sometimes the allies may even be...transnationals’ like the insurance industry.’<sup>94</sup>.

The trouble is bedfellows like that are not going to do anything to halt the destructive dynamic of the system Susan George has described so well, even if they are willing to curtail certain ‘excesses’. For that dynamic originates in the blind drive to accumulate, which they embody as much as any other capitalist politicians or any other multinationals. To achieve that goal they will override all humane or ecological considerations for the very reasons Susan George explains – even if they are prepared to put up certain obstacles to certain activities of rival politicians or multinationals. To really strengthen the movements against the global system we have to look elsewhere.

### **Workers and anti-capitalism**

One important factor at Seattle was that many activists for the first time saw workers as potential agents of change. The experience of American protest movements, going right back to the Vietnam War, had been of the organised working class being indifferent or even hostile to their demands. And even among European

activists, with more experience of sections of trade unionists joining protests, there has been a strong tendency to see workers in the advanced countries as 'labour aristocrats' living off the back of the third world. Yet in Seattle, US unions led their members to support and strengthen the protests. Suddenly, it seemed to many people that the fight for jobs and against flexibility in the advanced countries could be part of the fights against Third World poverty and environmental destruction.

Yet most of the writings of the post-Seattle activists lack any grasp of why workers could get involved in the movement, and tend to see them still as just one more ally alongside others in trying to counter the machinations of the multinationals. This is because there is not a full understanding that world capitalism is as more than just a conspiracy of a few corporate bosses. The world system is not seen as a system of accumulated surplus value, with the great bulk of surplus value at the beginning of the 21<sup>st</sup> century coming from the exploitation of wage labour. Missing is a sense that the system is driven forward by the attempt to squeeze out ever more surplus value, so that nowhere in the system can workers have the security of knowing their conditions tomorrow will be the same as today.

There is still a tendency to treat workers in advanced countries as privileged collaborators with the system. The fact that they usually have rather higher living standards than the great majority of the third world's people seems to confirm this view. It nevertheless rests on a failure to analyse how the system works. Capitalist firms are driven by the drive to accumulate surplus value, and so they invest where they can most profitably exploit people. At the beginning of the 21<sup>st</sup> century that investment is concentrated in the



advanced countries and a handful of ‘newly industrialising countries’. It is here that capitalists find they can most easily tap surplus value. This is because labour in the advanced countries is more productive than elsewhere, and therefore more productive of surplus value, for a whole variety of historical reasons – the established accumulations of capital in these countries, their transport, energy and water infrastructures, the big pools of literate and numerate labour resulting from four or five generations of compulsory education.

Often under capitalism, those who are poorest are not those who are most exploited, but those who have been cast aside by development of the system. This is true of the long term unemployed, whose poverty comes from the fact that capitalism does not find it profitable to employ and exploit them. It is also true of very large numbers of the poor in the giant cities of the third world, who suffer because capitalism does not allow them to have more than intermittent access to the means of making a livelihood for themselves and profits for it. Their pitiable existence is a massive indictment of the system, but the well springs that keep the system going lie, in the main, elsewhere, among the workers it employs. And its drive to increase competitiveness and raise profits necessarily leads to repeated clashes with them. If most investment is in the advanced countries, then capital has to apply pressure on the wages and working conditions of workers. Hence the continual pressure for more ‘flexibility’, the efforts to make workers compete with each other for jobs, the ‘reforms’ which cut back on sickness, old age and unemployment provision. This is having a long term effect on the social psychology of American and European workers. In the 1960s and

1970s workers in the US or Germany looked back three or four decades and felt how much better off they had become. Today workers look back three or four decades and feel how much more overworked they are and how much more insecure they are. This, for instance, is the feeling the pervades the scores of interviews carried out by Pierre Bourdieu and his colleagues in France in the early 1990s and published as *The weight of the world*<sup>95</sup>.

Meanwhile, the rulers of third world and former communist countries concur with the IMF and the World Bank in squeezing their workers and peasants even more than workers in the advanced countries are squeezed. Hence the succession of structural adjustment programme, the savaging of welfare budgets, the privatisation of health and education, the ending of subsidies for food and transport.

Neo-liberalism is intent upon making people's lives worse in the interests of capitalism. But people rarely just sit back and allow this to happen to them. They try to defend their conditions in one way or another. Often their reaction is localised and defensive. In any local newspaper virtually anywhere in the world you will find a scattering of reports of such reactions – protests at a hospital closure, at the lack of medicines in a health clinic, at increased bus fares, at the removal of food subsidies, at the imposition of fees for education, at new water charges, at the slashing of jobs in a factory or government office. Often people do not make the connection between their localised process and the big picture of the world system. They see their problems as arising simply from corrupt politicians, a particularly nasty employer, an inept local council, an authoritarian regime. This narrowness of vision can

make it difficult for different protests to generalise into a general onslaught on the real source of their problems.

But the bitterness can also produce generalised responses that open people's eyes to aspects of the system as a whole. This happened to some degree with the first defensive struggles in the 1980s against what was then called Thatcherism and would now be called neo-liberalism – for instance, with the year long strike of Britain's miners in 1984-85 and of News international printers in 1986-87. It happened again with the explosion of angry protests and strikes that shook France in November-December 1995.

The first half of 2000 has seen the temporary overthrow of the Ecuadorian government by surge of protests from workers and indigenous peoples, general strikes in Argentina, South Africa, Nigeria, , huge landless protests in Brazil, riots over fare rises in Guatemala, threats of public sectors strikes in Norway and Germany. These have been as much a reaction to the dynamics of global capitalism as were the street protests in London, Seattle, Washington and elsewhere.

But workers have a power to challenge the system that street demonstrators do not. They are concentrated together in workplaces and conurbations on a permanent basis. And it is their labour that produces the value and surplus value that drives the system forward. If they do not exercise this power it is because they lack the confidence and understanding to do so.

Serious anti-capitalist activists have to move on from simply demonstrating in opposition to the system to find ways to tap this power. As the Polish-German revolutionary Rosa Luxemburg wrote shortly before her murder in January 1919, 'where the chains of capitalism are forged, there must they be broken'.

## **The dynamic of protest**

*Every successful protest movement goes through two phases. The first is when it busts upon the world, taking its opponents by surprise and bringing joy to those who agree with its aims. The longer the time since the last great movement of protest, the greater the joy. And it seems that the sheer momentum of the movement is bound to carry it forward from strength to strength. This draws its adherents together, they play down old differences of opinion and old arguments on tactics.*

But those against whom the protests are directed do not simply give up. Once the initial shock is over, they strengthen their own defences, seek to ensure they are not taken by surprise again, and try to stall the movement's forward motion.

At this point, arguments over tactics necessarily arise within the movement, even among people who have sworn to forget old disputes in the interests of consensus.

This happened, for instance, with the movement against nuclear weapons in Britain in the late 1950s. The euphoria of unexpected success gave way after three years to bitter arguments over tactics between those who looked to changing Labour Party policy and those who put their faith in mass non-violent direct action. Similar arguments erupted a decade later in the US in the movement against the Vietnam War: was the way forward to try to pressurise the government, or was it to try to find the forces that could revolutionise society?

Failure to resolve these arguments can all too easily lead to movements beginning to fragment and fall apart just as they reach

their peak. As Tony Cliff used to put it, they rise like a rocket and then fall like its stick.

The movement which burst on the world at Seattle has still some way to go before peaking. But there are already incipient signs of debate and polarisation as questions are raised which, if not resolved could lead to fragmentation and decline.

The debates have been most bitter among the various forces involved in the in London's 1 May demonstration.

Minor damage to bits of property – the breaking of windows in a MacDonalds, the painting of a statue of Winston Churchill, a few scrawling on the Cenotaph war memorial – caused a predictable outcry in the media. Less predictably it produced an anguished debate on the website of the organising focus for 1 May, Reclaim the Streets, and a bitter attack on the behaviour of the protestors from the movement's most prominent journalistic sympathiser, George Monbiot of the Guardian:

'The movement ...has lost the plot,' he wrote. 'It has turned into an association of incoherent vigilantes, simultaneously frivolous and menacing...The nutters in the crowd smashed up shops and defaced the cenotaph.'<sup>96</sup>

he arguments that arose after 1 May were not, whoever, *completely* new. They had begun to raise their heads in the aftermath of Seattle.

Medea Benjamin, a leading figures in Global Exchange, which played an important role in organising for Seattle, wrote afterwards:

'The mass, non-violent protests in Seattle represented the culmination of a months-long process of coalition-building by organisations...' But, 'a small number of protestors took it upon

themselves to break the sense of solidarity and collective cohesion....in the most sectarian manner ‘ by ‘breaking windows, overturning trash bins and looting; roughing up WTO delegates, store employees and customers; and blanketing downtown Seattle with graffiti’ This was ‘negative in the eyes of the general public’.<sup>97</sup>

Medea Benjamin lay the responsibility for this on groups of anarchists – although she was quick to add she does not mean all anarchists. George Monbiot was quick to lay blame as well, but went further. Not only were the anarchists groups who attacked property to blame, but so too Reclaim the Streets organisers, despite wanting a peaceful protest. Their mistake was not to understand the limits of what any action could achieve:

‘Non-violent direct action is a misnomer. It is not a direct attempt to change the world through physical action, but a graphic and symbolic means of drawing attention to neglected issues, capturing hearts and minds through political theatre’.

This might sometimes achieve limited objectives, like slowing down ‘the building of a road or airport’, but to do more its has to be ‘part of a wider democratic assault on the policies which gave rise to them. ‘. Reclaim the Streets ‘might have been able to sustain an attack on global capitalism if it had identified a workable alternative. But without clear proposals for political change, the protests on both 18 June last year and on Day this year were unmitigated disasters’. The movement ended up ‘floundering in huge and sticky issues, aping the language and actions of revolutionaries but without a revolutionary programme...

‘The problems are compounded by the myth of consensus. The direct action movement insists that it is non-hierarchical – but this has never been true. Some people, inevitably, work harder than others, making things happen whether or not everyone else in the movement agrees....But in convincing themselves that there is no hierarchy, that the protests they start are spontaneous uprisings of the people, the organisers shed responsibility for their actions.’. This lack of foresight and responsibility opened the way for the behaviour of the anarchists, he went on to argue:

‘Digging up Parliament Square to stop global capitalist is so futile and so utterly frustrating and disempowering that the more hot-headed protestors could almost be excused for wanting to do something spectacular’.<sup>98</sup>

Monbiot’s logic is impeccable up to a certain point.

Demonstrations and non-violent blockades are only symbols, even if they can be very important in providing a focus for peoples anger and aspirations. Seattle certainly did this – and so, despite Monbiot’s claims, did the anti-capitalist protests in the City of London in June 1999. What is more, violent actions by small groups are just as symbolic, despite seeming to display more serious intent. For they cannot in any way stop the system in its tracks, bring to an end the production and circulation of surplus value, with all the horrors that follow from it. A whole world of alienated labour cannot be brought to a halt by breaking windows any more than sitting passively in the street.

But Monbiot and many others go askew when it comes to defining their own alternative to simply relying on symbolic actions. Monbiot counterposed to the Westminster Square protest the London local elections, claiming that the protest ‘managed

to jeopardise the best electoral chances radical politics has had in Britain for 15 years.’<sup>99</sup> Medea Benjamin’s boast is that campaigns that are ‘positive, inclusive and democratic’ are ‘forcing corporations to change some of their most abusive policies’<sup>100</sup>.

However, winning a few council seats or stopping a few of the worst forms of corporate behaviour will not, in themselves, stop or even slow down the mad delirium of the global system. Correct criticism of the behaviour of the anarchists should not lead people to believe there is some easy, non-forceful way of taking on the multinationals and their front people in the IMF, the World Bank, the WTO and national governments.

We can learn something from the fate of the anti-system movements that existed in a whole number of countries the anti-system movements in the 1970s. They mostly went in two directions in the 1980s. On the one hand, many activists trod the parliamentary road, boasting that new, peace and environment oriented non-hierarchical parties would transform the nature of parliament; by the end of the 1990s their ‘Green’ parties were in the governments of Germany, France and Italy, supporting NATO wars and scrapping plans to dismantle nuclear plants, while operating internally on the same hierarchic principles as the other mainstream parties.

On the other hand, small groups reacted to the parliamentarianism by adopting for ‘autonomist’ politics, trying to live in their own enclaves on the margins of capitalist society ; every so often they would take to the streets, their faces covered in masks, for ritualised attacks on property and clashes with the police.

Smokebombs or even petrol bombs would be thrown, the police would counterattack, gleefully firing tear gas and percussion



grenades at everyone in sight, disorder would feature prominently in television news broadcasts, and then....everything would return normal. All that changed was that the movements from which they had once sprung grew ever smaller, those who had taken the electoral road ever more parliamentary —and the police ever stronger.

The parliamentary and the anarchist-autonomist approach both fail because of what they have in common – an inability to see that the forces exist to confront the system and a lack of effort to mobilise them. And any movement without the power to fight genuinely against the system it opposes is under enormous pressure to find some way of coming to terms with that system. Peaceful coexistence with, or even acquiescence to, the system replaces systematic opposition to it.

To sustain such opposition, what is needed is a perspective that see the need to connects the initiative, energy and idealism of the anti-capitalist minorities that take to the streets with the day-to-day struggles against capitalist globalisation that occur everywhere in the system where people are exploited and oppressed.

In making such connections, violent actions by vanguard minorities are of little help. They provide a ready excuse for defenders of the to use a much greater level of official violence against their opponents. Often, non-violent action by a disciplined mass movement can serve to bring home to people the essentially violent nature of the multinationals and the state. But that does not mean that non-violence alone will ever break the system. Again and again in the history of capitalism, ruling classes have launched the most appalling levels of violence to destroy movements that boasted of their own non-violence, This happened

to the Paris commune in 1871, to the German labour movement in 1933, most recently to the Allende government in Chile in 1973.

If the answer to the violence of the system does not lie in the violence of vanguard minorities, it does not lie in the principle of non-violence. Rather, it lies in the development of mass movements that understand the need to use every means necessary to counter the violence of the other side. As the chartist Bronterre O'Brien wrote in the 1830s:

'The rich are now what they have ever been...merciless and irreclaimable...Against such an enemy it's a farce to talk of moral force. It is the overwhelming fear of an overwhelming force which will alone ever conquer them to humanity'.

### **The question of organisation**

Whenever a new mass movement emerges, its most impressive aspect is the way in which people spontaneously take initiatives, engage in imaginative actions and display immense creativity. All the mental energy they previously frittered away on a thousand and one minor pastimes are now directed to taking the movement forward and solving its problems.

This often leads people to believe that it has gone way beyond old questions of organisation and ideological direction.

So, for instance, Naomi Klein sees the movement that took the streets at Seattle and Washington as transcending old organisational forms:

'The anticorporate protest movement that came to world attention on the streets of Seattle last November is not united by a political party or a national net work with a head office, annual elections and subordinate cells and locals. It is shaped by the ideas of

individual organisers and intellectuals, but doesn't defer to any of them as leaders.

‘These mass convergences were activist hubs, made up of hundreds, possibly thousands, of autonomous spokes

‘The fact that these campaigns are so decentralised is not a source of incoherence and fragmentation. Rather, it is a reasonable, even ingenious adaptation both to pre-existing fragmentation within progressive networks and to changes in the broader culture.

‘One of the great strengths of this model of laissez-faire organising is that it has proven extraordinarily difficult to control, largely because it is so different from the organising principles of the institutions and corporations it targets. It responds to corporate concentration with a maze of fragmentation, to globalisation with its own kind of localisation, to power consolidation with radical power dispersal.

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She quotes Joshua Karliner of the Transnational Resource and Action Center in describing this method of organising as ‘an unintentionally brilliant response to globalisation,’ and Maude Barlow of the Council of Canadians in claiming, ‘We are up against a boulder. We can't remove it so we try to go underneath it, to go around it and over it.’

The decentralised movement is a 'swarm', capable of suddenly coming together and disrupting the institutions of globalisation in a way that no centralised movement could.

'When critics say that the protesters lack vision, what they are really saying is that they lack an overarching revolutionary philosophy--like Marxism, democratic socialism, deep ecology or social anarchy--on which they all agree. That is absolutely true, and for this we should be extraordinarily thankful.

'It is to this young movement's credit that it has as yet fended off all of these agendas and has rejected everyone's generously donated manifesto... Perhaps its true challenge is not finding a vision but rather resisting the urge to settle on one too quickly.'<sup>101</sup>

Yet in the same article, Naomi Klein is forced to recognise that the 'decentralised', 'swarm' method of organising raised problems:

'Of course, this multiheaded system has its weaknesses too, and they were on full display on the streets of Washington during the anti- World Bank/IMF protests. At around noon on April 16, the day of the largest protest, a spokescouncil meeting was convened for the affinity groups that were in the midst of blocking all the street intersections surrounding the headquarters of the World Bank and the IMF. The intersections had been blocked since 6 am, but the meeting delegates, the protesters had just learned, had slipped inside the police barricades before 5 am. Given this new information, most of the spokes people felt it was time to give up the intersections and join the official march at the Ellipse. The problem was that not everyone agreed: A handful of affinity groups wanted to see if they could block the delegates on their way out of their meetings.

‘The compromise the council came up with was telling. "OK, everybody listen up," Kevin Danaher shouted into a megaphone. "Each intersection has autonomy. If the intersection wants to stay locked down, that's cool. If it wants to come to the Ellipse, that's cool too. It's up to you."

‘This was impeccably fair and democratic, but there was just one problem--it made absolutely no sense. Sealing off the access points had been a co-ordinated action. If some intersections now opened up and other, rebel-camp intersections stayed occupied, delegates on their way out of the meeting could just hang a right instead of a left, and they would be home free. Which, of course, is precisely what happened.

‘As I watched clusters of protesters get up and wander off while others stayed seated, defiantly guarding, well, nothing, it struck me as an apt metaphor for the strengths and weaknesses of this nascent activist network.’

But if there are ‘weaknesses’ as well as ‘strengths’ in the movement, there needs to be discussion on how to deal with them. Otherwise the weaknesses will recur, providing opportunities for those who want to crush the movement to do so. The lesson of Washington – and even more so of 1 May in London – is that it is not good enough for everyone to do their own thing. There has to be some willingness to engage in the democratic formulation of decisions that are binding on everyone involved. Otherwise any minority, if it is determined enough, can undertake actions that have consequences for a majority that does not agree with them. The decentralised, ‘network’ style of operating of the NGOs is not in fact something historically novel. This was exactly how the activists operated, for instance, at the end of the 18<sup>th</sup> century –

through the corresponding societies in Britain or even the Jacobin clubs in the earlier stages of the French revolution.—using the most advanced means of communications at the time, letter writing. But when people wanted to move from decentralised propaganda and agitation to any sort of serious struggle to break the existing concentrations of power, they had to look to more centralised forms of organisation – the Jacobins in 1792-4, the United Irishmen, Babeuf's 'Conspiracy of Equals'<sup>102</sup>. This was precisely because the decentralised model did not allow the movement to decide in a united way when it was to concentrate its forces to move in one direction or another, but left it open to minorities to wreck any action by moving too soon or from standing back when everyone else moved.

The institutions of global capitalism may be like 'boulders' it is difficult to break apart. But simply trying to walk round them leaves the initiative in their hands to suddenly turn on you and destroy you. In fact, every day they destroy thousands of people through their structural adjustment programme, their debt collection, the cuts back in welfare, their environmental destruction, their wars. We cannot simply 'walk round' this.

Nor is it good enough to say there are lots of ideas in the movement and to leave it at that. Of course there are vast number of ideas in the movement. Hundreds of thousands, perhaps millions of people are beginning, for the first time, to challenge the global system. They come from a vast range of backgrounds and experiences and bring with them the differing ideas that have developed there. No one can dictate what they think and how their ideas develop. But that does not mean there are not arguments over ideas, or that any of us should abstain from those

arguments. In fact, the movement will not be able to develop beyond a certain point unless such arguments are resolved. It is no good, when faced with an important argument about what to do next, simply to say, 'Isn't it wonderful we're having this argument?' You have to engage in the argument, not simply comment on it. And if you think that experience shows that 'democratic socialism', or 'social anarchy' has failed dismally in the past, you have to say so as effectively as you can.

This is particularly important if the new generation of anti-capitalists are to succeed in making the connection with the millions of workers and poor people who are engaged everyday in acts of resistance, big or small, to neo-liberalism and capitalist globalisation. In such struggles, their whole livelihoods, and sometimes their lives, are at stake. They need to be able work out a coherent direction, ways of getting solidarity from their fellows, ways of countering vicious attacks from the other side. Clarity of ideas is not a luxury in such case, it is a necessity if terrible defeats are to be avoided. The only way to gain such clarity for the different points of view in the movement is to engage in fraternal debate at the same time as unite in struggle.

The heads of the giant multinationals and the world's states were right to be worried about Seattle. It crystallised a new mood of opposition to what their system is doing to people. It focussed the aspirations of a substantial minority of people in every continent and every country. And in the bare ten months since that mood has been growing. Even while I've been writing this article there have been further mass protests in Millau in southern France, against the G8 meeting in Okinawa Japan, outside the Democratic Party Convention in Los Angeles and planning is

underway to challenge the World Economic Forum in Melbourne and the IMF and World Bank in Prague.

Only a minority of those who have built these actions see themselves as Marxists. Many, particularly in the United States, do not yet even see themselves as socialists. Yet in building movements against the system they are treading the same path that Karl Marx and Frederick Engels set out on nearly 160 years ago. In the process, they will be forced to face up to many of the issues that confronted Marx and Engels and others who've followed the same path since. It up to all of us to help build the new movement – and to help it to learn to deal with these issues .

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<sup>1</sup> See, for instance, :John Charlton, 'Talking Seattle', *IS86*; Charlie Kimber, *Socialist Worker*, 12 November 1999; Jeffrey St Clair, 'Seattle Diary', *New Left Review* 238, Nov-Dec 1999; the section, 'What happened in Seattle', in K Danaher & R Burbach, *Globalize (sic – for sub) this*, Monroe, Maine, 2000.

<sup>2</sup> In Danaher & Burbach, as above, p41

<sup>3</sup> ON cover of Danaher & Burbach, as above.

<sup>4</sup> Paul Hawken, in Danaher & Burbach, as above, p27. See also the account by Susan George in *Le Monde diplomatique*, January 2000

<sup>5</sup> There are theological divergences within the neo-liberal camp between monetarists and some other neo-liberal economists. For an account of some of these, see my the Crisis of Economics in IS???

<sup>6</sup> For details, see G de Selys & Nico Hirtt, *Tableau noir, resister a la privatisation de l'enseignement*, Brussels, 1998 pp24-56



<sup>7</sup> See, for instance, 'Blue gold of the 21<sup>st</sup> century', *Le Monde diplomatique*, March 2000

<sup>8</sup> For details, see Gregory Palast, 'Tony rushes in where Bill fears to tread', *Observer*, 21 May 2000, Business section, p6.

<sup>9</sup> This summary of the AFL-CIO position is provided by David Bacon, who disagrees with the approach, *Globalise This!*, p124

<sup>10</sup> In *Globalize This!*, p161, 162

<sup>11</sup> Kevin Danaher, *Globalise This!*, p201

<sup>12</sup> in *Globalize This!*, p104

<sup>13</sup> Bello, in *Globalize This!*, p118

<sup>14</sup> According to Paul McGarr, who reported on Millau for *Socialist Worker*

<sup>15</sup> In *Globalise This!*, p144

<sup>16</sup> For an account of the conditions the workers face and to the growth of the No Seats and Fair Trade campaigns, see, Naomi Klein, *No Logo*, pp206-221, 325-379 397-419

<sup>17</sup> Deborah James formulates this as 'pay a fair wage in the local context', in *Globalize this!*, p189

<sup>18</sup> David Bacon, in *Globalize This!*, p127

<sup>19</sup> Naomi Klein, *No Logo*, pp421-422

<sup>20</sup> Naomi Klein, *No Logo*, p435

<sup>21</sup> David :Bacon, in *Globalise This!*, p125

<sup>22</sup> David Bacon in *Globalise This!*, p126

<sup>23</sup> See Karl Marx's account of Senior's arguments – and his devastating refutations of them, in *Capital vol 1*, in Karl Marx and Frederick Engels, *Collected Works*, vol 35, London 1996, pp233-243

<sup>24</sup> Susan George, *A fate worse than debt* Penguin books, 1994, pp239-240

<sup>25</sup> See the interview with Jamil Mahaud in *Hoy* (Quito) 21 July 2000

<sup>26</sup> Interview by Sam Ashman, in *Socialist Worker*, London, 19 August 2000, p8

<sup>27</sup> Grieder, in *Globalize This!*, p144

<sup>28</sup> In *Globalize This!*, p101

<sup>29</sup> Kevin Danaher, in *Globalize This!*, as above p198

<sup>30</sup> Walden Bello, in *Globalize This!*, p164-170

<sup>31</sup> 'Indigenous people's Seattle declaration, reproduced in *Globalize This!*, p90

<sup>32</sup> Susan George, *A fate worse than debt*, Penguin books, 1994, 270

<sup>33</sup> for instance, Premchand *The gift of a cow*, London 1987; *The Temple and the Mosque*, New Delhi, 1992, *Deliverance and other stories*, New Delhi 1990. *Deliverance* was made into an excellent film by the Indian director Satyajit Ray. A more recent attempt to depict the miserably reality of 'traditonal' rural life in India is Shrilal Shukla's novel *Raag Darbari*, first published in Hindi in 1968, translated into English under the same title, new Delhi 1992..

<sup>34</sup> The quotes are from Shiva's Reith lecture of 12 May 2000, to be found on

[http://news.bbc.co.uk/english/static/events/reith\\_2000/lecture5.stm](http://news.bbc.co.uk/english/static/events/reith_2000/lecture5.stm). For Ho's vies see her often very informative *Genetic engineering, dream or nightmare?* Dublin 1999, p143-145.

<sup>35</sup> Reith lecture of 12 May 2000, as above, p8

<sup>36</sup> Irfan Habib, *The agrarian system of Mughal India*, London 1963, p328

<sup>37</sup> In Vandana Shiva's case the notalgia is, perhaps inadvertantly, narrowly religiously and caste based.. Her book *Stolen Harvest* is sprinkled with quotes from Hindu religious texts, asserts that India is a

‘predominantly vegetarian society’ and backs bans on cow slaughter. In fact strict vegetarianism is confined to the minority of the population who are upper caste Hindus or Jains, while middle { ‘backward’] ,lower [‘scheduled’] caste and ‘tribal’ Hindus, as well as Christians and the 100 million or more Muslims all eat meat when they can afford it. And state-enforced bans on cow slaughter in India are invariably discriminatory measures directed by Hindu communalists against the Muslims and Christian minorities.

<sup>38</sup> The figures are contained in the World Bank, *Trends in developing economies 1992*, p226

<sup>39</sup> Vandana Shiva, *Stolen Harvest*, Cambridge Mass. , 2000, p103

<sup>40</sup> Statement in *Globalize this!*, p138

<sup>41</sup> *Le Monde diplomatique*, January 2000

<sup>42</sup> Vandana Shiva, ‘Poverty and globalisation’, available on [http://news.bbc.uk/hi/english/static/events/reith\\_2000/lecture5.stm](http://news.bbc.uk/hi/english/static/events/reith_2000/lecture5.stm)

<sup>43</sup> Interview in *Socialist Review*, June 2000., p18

<sup>44</sup> Peirre Tatatowsky, speaking at a fringe meeting at the National Union of Students conference in Blackpool, April 2000

<sup>45</sup> Susan George, *The Lugano report, preserving capitalism in the 21<sup>st</sup> Century*, London 1999

<sup>46</sup> Viviane Forrester, *The economic horror*, London 1999, p38

<sup>47</sup> Viviane Forrester, *The economic horror*, London 1999, p38

<sup>48</sup> Eric Toussaint, *your money or your life: the tyranny of global finance*, London 1999, p254

<sup>49</sup> This is his argument in Colin Hines, *Localisation:a global manifesto.*, London 2000

- <sup>50</sup> 'The state and capital', in *IS 51*, Summer 1991, pp3-57, and  
'Globalisation: a critique of a new orthodoxy', in *IS 73*, Winter 1996
- <sup>51</sup> The figures are contained in the IMF report on the US economy, June 1999 – available from the IMF Website.
- <sup>52</sup> CHFeinstein, 'Structural change in the developed countries in the 20<sup>th</sup> Century', *Oxford Review of Economics*, 2000, no 1 p53
- <sup>53</sup> Viviane Forrester, *The economic horror*, London 1999, pp 18-19
- <sup>54</sup> Naomi Klein, *No Logo*, London 2000, p223.
- <sup>55</sup> Klein, as above, p223
- <sup>56</sup> Klein, as above, p205
- <sup>57</sup> David Bacon, in *Globalize This*, as above p126
- <sup>58</sup> Quoted in 'introduction', Anthony Aranoave (ed), *Iraq under siege*, London 2000, p11
- <sup>59</sup> Adam Smith, *The wealth of nations*, Penguin, London 1986, p 169
- <sup>60</sup> Pierre Bourdieu, *Acts of Resistance*, Cambridge 1998, pp6-7
- <sup>61</sup> Karl Marx, *Capital, vol 1*, Moscow 1986, p558
- <sup>62</sup> ?? notebooks for capital – source??
- <sup>63</sup> Find source in Marx-Engels collected works ???
- <sup>64</sup> Karl Marx, *Wage Labour and Capital*, London 1996, p44
- <sup>65</sup> Karl Marx and Friedrich Engels, *The Communist Manifesto*, Phoenix edition, London 1996, pp8-9
- <sup>66</sup> Karl Marx, *Capital*, Moscow 1986, pp630-652
- <sup>67</sup> Karl Marx, *Capital*, as above pp681-684
- <sup>68</sup> Karl Marx and Friedrich Engels, *The Communist Manifesto*, as above, p11
- <sup>69</sup> Karl Marx, 'The future results of British rule in India', in Karl Marx & Frederick Engels, *Collected Works vol 12*, London 1979, p222
- <sup>70</sup> Rudolf Hilferding, *Finance Capital* ????

<sup>71</sup> Rosa Luxemburg, *The accumulation of capital*, ???

<sup>72</sup> For elaborations of this point, see my *Explaining the crisis* (London 1999), and *The economics of the madhouse* (London 1985??).

<sup>73</sup> *Financial Times*, 15 May 2000

<sup>74</sup> See, for instance, Ed Crooks & Alan Beattle, 'Global warning', *Financial Times*, 17 May 2000

<sup>A</sup> Susan George, *A fate worse than debt*, p xiii

<sup>76</sup> J Petras and M Morley, *Latin America in the time of cholera*, New York 1992, p27. See also their chapter, 'The retreat of the intellectuals'.

<sup>77</sup> In *Globalize This*, as above, p121-122

<sup>78</sup> R Round, 'Time for a Tobin tax', in *Globalize Now!*, pp174-177

<sup>79</sup> P Davidson, 'Are grains of sand sufficient to do the job when boulders are required?' *Economic Journal* May 1997, p639-662

<sup>80</sup> as above, p177

<sup>81</sup> Karl Marx, *Grundrisse*, Penguin, Harmondsworth 1973, 162

<sup>82</sup> Greider, in *Globalise this!* P150

<sup>83</sup> Shrybman in *Globalise This!*

<sup>84</sup> Bello, in *Globalise This!*, p174

<sup>85</sup> Susan George, *The Lugano Report*, p185

<sup>86</sup> Susan George, *The Lugano Report*, p185

<sup>87</sup> Susan George, *The Lugano Report*, p183

<sup>88</sup> Susan George, *The Lugano Report*, p187

<sup>89</sup> Susan George, *The Debt Boomerang*, pxx

<sup>90</sup> Luis Hernandez Navarro, in *Globalize This!* P42

<sup>91</sup> Luis Hernandez Navarro, in *Globalize This!* P42

<sup>92</sup> Source – article from web

<sup>93</sup> Susan George, *The Lugano Report*, p184

<sup>94</sup> Susan George, *The Lugano Report*, p184

<sup>95</sup> Pierre Bourdieu and others, *The weight of the world*, London 1999

<sup>96</sup> George Monbiot, 'Streets of shame', the *Guardian*, 10 May 2000

<sup>97</sup> Medea Benjamin, in *Globalize This!* P?

<sup>98</sup> George Monbiot, as above, 10 May 2000

<sup>99</sup> George Monbiot, as above, 10 May 2000

<sup>100</sup> Benjamin, as above, p72

<sup>101</sup> Naomi Klein, article in the *Nation*, June 2000...

<sup>102</sup> On the way in which Babeuf tried to construct a party-type organisation, see Ian Birchall ???