

<https://www.internationalviewpoint.org/spip.php?article738>



Globalisation

The IMF, the World Bank, the WTO... and us?

- IV Online magazine - 2000 - IV325 - November 2000 -

Publication date: Friday 10 November 2000

Copyright © International Viewpoint - online socialist magazine - All rights reserved

The big demonstration in Seattle in late November/early December marked a turning point in the social situation. Capitalist neo-liberal globalisation appeared irresistible until this demonstration which set up the bases of a new internationalism.

The economic context of crisis had favoured this mobilisation. It involved significant movements in both the developed countries and the countries of the third world. Revolts against neo-liberal globalisation existed, as shown in the victorious struggle against the MAI, [1] but they had no international character. Henceforth these mobilisations are international.

Is the world being led? And by who? This question is being asked in every country, in all the mobilisations. A conspiracy theory dominates, based on a simplistic explanation of the laws of functioning of the capitalist mode of production. Nation states have disappeared and the multinationals impose their law. It simply isn't true. Not that the power of the transnationals is non-existent, but nation-states still possess weapons. The governments are responsible for this globalisation.

They have decided to deregulate, to privatise... They cannot shelter behind globalisation itself to justify it. To attack neo-liberalism is also to attack the laws of the economic system itself.

An absurd world

Susan George, in her book *The Lugano Report*, [2] describes the decision-making process driving this absurd world. On the basis of existing reports - by the IMF, the World Bank, the WTO, the OECD she exposes a neo-liberal logic that makes the flesh crawl.

Other solutions are possible, which take account of citizens' demands. On the condition that neo-liberalism is broken with. This rupture is even more necessary in that the policies of neo-liberal inspiration - whether austerity policies or structural adjustment - lead to a strengthening of inequalities and a dispossession of the (weak) power of citizens. In a recent edition of *Business Week* [3] two thirds of Americans surveyed (August 31, 2000) believed that prosperity owed a lot to the companies and that the big companies make good products and are competitive in the world economy. However, nearly three out of four thought that business had too much power over very many aspects of their life.

Al Gore understood this sentiment when he said at the Democratic convention that Americans should say no to "Big Tobacco, Big Oil, the big polluters, the pharmaceutical companies..", [4] adopting thus a more populist discourse. Undoubtedly one of the effects of the recent mobilisations. And 74% of those questioned agree with him! Again, 66% thought that higher profits are more important for the big companies than developing security or concern with the quality of products for the consumer... No doubt this is one of the explanations for the success of the recent book and film by Michael Moore, who denounces the policies of US transnationals and their responsibility for mass unemployment and the degradation of working conditions and jobs. [5]

The defeat of the policies of neo-liberal inspiration

Neo-liberalism is so omnipresent that its setbacks can pass unperceived. All the more so because often sociologists confuse economy and neo-liberalism. In fact economic science - insofar as it can be defined - is first and foremost

political. It includes the conscious intervention of states, of citizens. No determinism. On the contrary, the field of possibilities is largely open. One of the big lessons Marx taught is to take into account the liberty of human beings. People make their own history but not in circumstances of their own choosing - in other words, the past is not a tabula rasa, but at the same time it is possible to change the course of history.

Neo-liberal policies have been catastrophic in every area. It is impossible to emerge from poverty through structural adjustment policies. It would be necessary rather to begin by cancelling the debt to allow countries - sub-Saharan Africa in particular - to begin to develop in an autonomous manner, while implementing a protectionism which could be regional, to avoid submission to the law of the world market and the movements of capital.

The losers are still the same, the weakest. Christa Wichterich, [6] in her survey on the place of women in the world, demonstrates that it is women who are the first victims of poverty and cuts in the social budgets - because they are the first beneficiaries of social aid, but also because poor public services mean, for them, more free domestic work - bad conditions of work, unemployment, and overexploitation. She cites the example of workers in shoe enterprises - like Nike or others - who begin work very young and are worn out prematurely, thrown out by the boss who employs new recruits, without redundancy pay or social security. Everywhere women suffer most from the denial of rights. They are the first to be dismissed, they represent the majority of part-time and temporary workers. The workers' movement, whether trade union or political, has not taken up the defence of the rights of women and has thus permitted the enlargement of the flexibility of work and the degradation of the conditions of work for all. The defence and enlargement of women's rights is an integral part of the mobilisations against poverty and violence.

Neo-liberalism has suffered defeat again in terms of the conditions of economic upturn. That which has taken place in France is of the Keynesian type [7] and growth is based principally on the increase in consumption of households. The same is true of the US growth.

Suddenly, the IMF and the World Bank are interested - just like the WTO - in the social sphere. They now wish to be defenders of social rights, while conserving their neo-liberal orientation on the economic level. Their discourse is transformed as a result both of the setbacks outlined above and the mobilisations. The IMF is under fire. Its interventions during the financial crises are contested everywhere.

Again on the financial crisis of 1997-98

The financial and economic crisis in the countries of northern and eastern Asia, like that in Russia, had shown the perverse consequences of pell-mell 'liberalisation', whether in relation to commodities, services or financial markets. The emphasis on exports had destroyed the indigenous food producing cultures leaving the semi-industrialised countries in the situation of importing basic foodstuffs. The internationalisation of the financial markets, the total liberty allowed to capital movements have fragilised the accumulation and growth of the economies of the countries of the so-called Third World, in different forms in the countries of Asia and those of central and Latin America. A crisis of profitability for Thailand and South Korea leading to a lower rate of increase of exports, a crisis of indebtedness for Mexico, Brazil and Argentina. The growth of GDP in these latter countries was dependent on inflows of capital, obliging them to raise still higher the rate of surplus value [8] to ensure a sufficient return to this speculative capital. Their currencies are anchored to the dollar, provoking the accentuation of austerity policies.

Increased poverty is accompanied by the growth of inequality and the widening of flexibility. The regimes of accumulation - the particular modalities of creation of wealth - have shown their fragility in the crisis. [9] The crisis itself is translated by industrial and banking restructurings. One can only subscribe to the conclusion of Pierre Salama, [10] "the financial crises are inscribed in the logic of a brutal and uncontrolled liberalisation of the

semi-industrialised economies affecting not only the financial investors. [They] have recessionary effects on production and exchange. The financial crises have a high social cost." The crises that the capitalist world has just lived through are the evidence. The governments, contrary to received wisdom, are not powerless. They could determine the conditions of a different regime of accumulation, ethically more just and economically more efficient.

We should note a return to ethical concerns. [11] Social justice cannot be ignored. It forms part of the dimensions of the economy. The neo-liberal economists - so-called neo-classical - forget a little too easily that the market does not exist without the state. Not only because the state structures the law of supply and demand [12] but also because it is intrinsically linked to the accumulation of Capital. The capitalism cannot function without the state. The crisis of the Russian Federation in August 1998 has shown it. At the same time we must rehabilitate politics. The capacity to take decisions which affect the future of all, informing citizens so they can participate in collective choices.

The fall of the euro (in September 2000) results both from the rise of the dollar, the only real international and reserve currency, and from the absence of credibility and legitimacy of European construction. It does not exist: there is a lack of supra-national institutions, a lack of coherence and co-ordination. All the discussions on the institutions have foundered on the resurgence of national interests. There is a lack also of the capacity to define a common project based on the construction of a social Europe.

The lessons of the crisis

One of the lessons drawn from this crisis by the international institutions is the necessity of the state, and a discourse on social justice. Alan Greenspan, president of the F.E.D., had declared that this financial and economic crisis was the most important experienced by the capitalist world since the end of the Second World War. Catastrophe had been avoided by floods of credit and the direct intervention of the US in favour of the Russian Federation and the countries like Mexico, Brazil or Argentina. At the end of 1998, around 40% of the world's countries were mired in recession. As is customary, the dominant country, in the event the United States, benefited from this crisis. Speculative capital chose security and flooded to the United States. This allowed them to finance a record trade deficit to feed growth and the accumulation of capital. This allows us to understand the pursuit of the cycle of growth without needing any reference to the "New economy", ideological moonshine serving to justify the policies of neo-liberal inspiration. The kernel of truth is found in the definition of new fields of activity for the commodity on the one hand - the commodification of all activities, including education - and on the other a beginning of the enlargement of the third industrial revolution (that of computing and electronics) to the interior of companies. For the moment, no revolution in the organisation of work is on the horizon. Taylorism remains the model of reference. [13] It allows increased productivity of labour through increasing the intensity of labour. This is why the 'old' and 'new' economy differentiation has no meaning.

The IMF had been totally bypassed by this crisis which it was unable to analyse or predict. [14] This catastrophic balance sheet is the only common point shared by neo-liberals and those opposed to capitalist globalisation. Suddenly, there are proposals to reform the institution created at Bretton-Woods in July 1944. Michel Aglietta [15] proposes that the IMF should become the world central bank. It would thus become lender of last resort, playing the same role as national central banks but on an international level. Nobody believes that the financial crisis of 1997/98 is the last. Most forecasters expect a stock market crash - nobody risks predicting the date but it appears unavoidable. The solution they advocate is illusory enough. The US must agree to share their power! They are neither wise enough nor foolish enough. It would be necessary for Europe, speaking with a single voice, to impose its will... we are a long way from that.

Neoliberal globalization: the winners

The transnational firms have gained enormously from the liberalisation of the markets, whether of commodities, services or capital. They have experienced a growth of their power. [16] In an apparently concomitant manner, the nation states have seen their capacity to regulate the economy diminish, but they continue to exist and structure both the accumulation of capital and the market, allowing the expression of the capitalist class. The crisis of the nation state is a reality, as is that of the social state. It amounts to the destruction of a form of state born after the second world war as a result both of the conditions of the Liberation and the social struggles which followed. Today, in accord with the imperative of the maximal valorization of capital, these social gains must disappear. This attack stems from political choices made by all the governments. Deregulation has taken place on all terrains, first and foremost in the areas of the right to work and social security - a challenge to the indirect, socialised wage - and in the financial sphere, to leave the field free to market 'liberalisations', whether commodities, services or capital. Capitalist and neo-liberal globalisation seems to proceed without restraint. These firms implement their international strategy, without taking account of general interests, believing that what is good for them is good for the country and the world economy. The logic of the firm imposes itself.

The imperative of 'competitiveness' becomes a categorical imperative, involving the lowering of the cost of labour to lower the price of sale. Thus productivity gains are monopolised by profits. In the United States, the state continues to play its role as strategist and organiser for the whole national capitalist class, as well as capital that finds refuge there, to ensure the triumph of US imperialism over the rest of the world.

The monetary consequence of this domination is found in the role of the dollar, henceforth currency of reference for an international monetary system still in crisis and lacking an understanding between the big developed capitalist countries. The 'dollarisation' of Ecuador demonstrates this new given. The dollar has dethroned the sucre, the national currency. The central bank of Ecuador can disappear, it serves no purpose. Monetary policy will be decided by the US Federal Reserve Bank. Inequality and poverty can only worsen.

Deciding our future

Mobilisations against the policies of 'liberalisation' continue. At each IMF, WTO and World Bank meeting demonstrations involving participants from all over the world take place. They throw up the bases of a new international movement. The transnational firms have not yet grasped the dimensions of it, despite the warnings of Business Week. International trade union co-ordinations are needed. The stakes are vital. Our future is being sketched out here. To leave the transnationals as masters of the world is to take inconsidered risks with every aspect of our lives. Nothing is fatal nor ineluctable.

A militant new generation is becoming conscious of the necessity of action. We can give it the memory to enrich the struggles today.

[1] The Multilateral Accord on Investment, discussed in great secrecy inside the OECD, an organisation comprising the 29 richest states in the world.

[2] Fayard, 2000, 120 francs.

[3] International edition, September 2000.

[4] Quoted by Business Week.

[5] See *Downsize this!*, a necessary antidote to all the nonsense we can read everywhere about the US miracle that we must follow at any price. The film, "The Big One" tells of Moore's tour promote his book.

[6] 'La femme mondialisée', Solin/Actes Sud, 1999, 139 francs.

[7] The upturn in France is due to increased consumption of households, itself fed by the creation of jobs and by the increase in wage mass, even if young people and women are still massively victims of temporary work and the wage increases granted are largely productivity related.

[8] For Marx, this is the rate of exploitation of the workers (ratio surplus-value/variable capital). Total surplus value is equal to total profit. It is of two kinds. Relative surplus value when it depends on the implementation of a new technique or technology, absolute surplus value when it depends on the intensification of labour in all its forms. This last form essentially accounts for the recent increase in the profits of the big companies.

[9] See the contribution of Pierre Salama in 'Les pièges de la finance internationale', Syros, 2000, 98 francs, " Amérique latine et Asie: une même logique de crise, mais des responsabilités nationales spécifiques ".

[10] Op cit, page 156.

[11] See *15 of the "Revue du Mauss" (first quarter 2000), "Ethique et Economie" sous-titrée "L'impossible (re)mariage?". See also 'Ethique économique et sociale', by Christian Arnsperger et Philippe Van Parijs, Collection Repères, La Découverte, Paris, 2000, 49 francs.

[12] As Pierre Bourdieu has shown, once again, in *Les structures sociales de l'économie*, collection Liber, Le Seuil, Paris, 2000, 130 francs.

[13] Guillaume Duval in *L'entreprise efficace à l'heure de Swatch et de McDonald's*, Syros, nouvelle édition 2000, 89 francs, rehearses this demonstration in a concrete and convincing manner.

[14] George Soros put his confidence in the IMF and lost a lot of money in the fall of the rouble in August 1999.

[15] In 'Le FMI, de l'ordre monétaire aux désordres financiers', en collaboration avec Sandra Moatti, *Economica*, 2000, 98 francs. The interest of this book lies in its summary of the specific conditions which allowed the Bretton-Woods accords. An imperialism in decline - that of Britain - met a rising imperialism - that of the US following prior discussions during the war. The authors think that these conditions will no longer be met and that it is not then possible to create another international monetary system to take over from that of Bretton-Woods. Perhaps. But their will to make the euro a direct competitor to the dollar belongs to a fantasy world. For the euro to take this role, it would first be necessary for the EU to take on a much more concrete existence.

[16] See the balance sheet by Pierre Conso, 'Les stratégies des firmes multinationales' in *Les mutations de l'économie mondiale*, ed. Christian de Boissieu, *Economica*.