



Chapter 4 - Another reformism is possible?

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Susan George

George has been a prominent critic of the IMF/WB since 1970s. Her big achievement has been "taking debt off the financial pages and onto the political agenda". She began to spotlight issues and causes in the 1970s that were later taken up by thousands of activists.

She makes many strong points in her work on debt which were to become axioms of the anti-capitalist movement:

- 1) Debt is "a mechanism by which the poor in the poor countries can be forced to finance the rich in the rich countries." But it is also a mechanism by which a handful of countries control the economic structure and development of the vast majority of other countries to make them adopt trade and production patterns that serve the big Transnational companies (TNCs).
- 2) Debt causes resources to be taken away from poverty reduction and health and education programmes, which has led to seven million extra children's deaths a year.
- 3) George understands the causes of debt to lie in the determination of private banks to foist loans on Third World governments in order to make profits - against development needs of the poor in those countries.
- 4) She has a clear understanding of the role played by the Third World's ruling class in facilitating this and themselves drawing immense wealth from it while causing misery for the population.
- 5) She shows how the IMF/World Bank policies have directly aided the big banks of the USA. "The IMF is a funnel for channelling public money to private banks," she writes.
- 6) George shows the way in which Third World debt rebounds back on the west in the form of drugs wars, mafia underworld violence and refugee smuggling.

She is also against partial solutions to the debt crisis, such as the like HIPC debt-relief scheme that has been in force since 1996, rightly seeing in this a device to help the commercial banks write off bad loans rather than help reduce poverty.

Recently George has turned to a more general critique of globalisation. In *The Lugano Report* (1999) she uses satire. George introduces a "report", supposedly written by a multidisciplinary working party appointed by world leaders and the multinational corporations. Its aim is to address the problems which will face capitalism in the 21st century.

Population growth, they decide, will lead to massive upheavals because capitalism will not be able either to stem this growth or satisfy the basic needs of all these people.

So they come to the view that what is needed is a massive population reduction programme. Fortunately, the methods and measures needed for this just happen to be precisely the results of globalisation itself such as the soaring death rates in countries subject to structural adjustment programmes. Susan George calls this "the war of a system against humanity".

At the end of the book she offers an alternative set of solutions. These are a crisp summation of the programme offered

by the radical wing of the NGOs - which is at the same time the reformist wing of the "anti-capitalist movement".

George is not an anti-capitalist and does not claim to support a vision of society in which non-market socialist or communitarian methods dominate. Instead she wants to reform and reforge the global institutions of finance.

Because of that, she has to appeal in two directions. She wants to see cross-class activist alliances of citizens and NGOs to pressure for change:

"The answer - the only answer - lies in the citizen's movement, also known as social movements, or NGOs, or civil society, which has a difficult but not impossible task. This movement is international and it is broadly based. The different national coalitions that make up the citizen's movement are workers and unions, small farmers and their organisations, consumers, environmentalists, students, women, the unemployed, indigenous people, religious believers."

But at the same time she appeals to the self-interest of the banking community. In the 1980s she had illusions in the ability of Third World leaders (such as Alan Garcia in Peru) to lead the fight against the banks by unilaterally capping debt payments or repudiating debt altogether. But the failure of Garcia and others to win led her to be wary of proposing unilateral debt repudiation by single governments. Since then, she has advocated a bargain between governments and the banks.

She outlines a three pronged approach - "the 3-D solution: debt, development and democracy." On debt she wants "creative reimbursement", by which the principal and interest is paid back to the banks over longer time in local currency and into a development fund in which local people have influence.

But George does not envisage a wholly different system. And there is no Plan B for what happens if the billionaires reject a new solution for the Third World? Because she sees the road of reform as open she sees protest as sufficient means to reach this goal.

Democracy will take care of it if enough people protest, she thinks. But if the corporations and the big banks are as powerful and as ruthless as George and the other anti-globalisation publicists describe then a heterogeneous "people's movement" will not prove powerful enough for this task.

But no amount of rational finger wagging at the major corporations or the IMF to make them see sense will make them change course. They will quite literally drag the world into the abyss, themselves included.

Debt is not divorced from other issues of exploitation and oppression. As a result the solution does not lie in an isolated strategy to solve the debt crisis alone but must embrace a programme that takes ownership of factories away from the MNCs, ousts the compliant and corrupt rulers.

Against her utopian vision, we argue that the very foundations of the system must be destroyed to bring down the structure of exploitation and oppression. This means mobilising the the urban and rural workers, on whose systemic exploitation global capitalism rests.

David C Korten

In *When Corporations Rule the World* Korten describes how the processes of corporate expansion, deregulation, and privatisation - unleashed by Reagan and Thatcher in the 1980s - led to a transfer of power from most of the world's national governments to global financial institutions and corporations.

The results, he predicted, would be an increasing social crisis where a tiny minority become wealthy beyond their wildest dreams whilst billions live in poverty and insecurity, and where the critical life support systems of the planet fail.

When Corporations Rule the World is divided into six sections. The first section, "Cowboys in a Spaceship", presents evidence that the present direction of world economy is "unsustainable". The basis of this is that there are in his view

severe environmental limits to growth.

The second section, "Contest for Sovereignty", chronicles the rise of corporate power in the United States at the expense of democracy. The third section, "Corporate Colonialism", explores the impact of this corporate power on the world with the exploitation and weakening of the countries of the global south.

The fourth section, "A Rogue Financial System", outlines the global "casino economy" of share and currency speculation. In the fifth section, "No Place for People", Korten looks at the human costs of corporate power.

The final section, "Reclaiming Our Power", presents his alternatives to the current system. Self-avowedly conservative, in his general outlook Korten attacks centralisation, whether in corporations or in the former Stalinist states. Korten has ultimate faith in the market as the co-ordinator of human activities, in its morality and equity with one proviso: that economic units must stay small and markets remain fundamentally local. He proposes abolishing the World Bank, International Monetary Fund and World Trade Organisation, but suggests replacing them by United Nations bodies such as UNCTAD.

Korten defines himself consciously as a populist which he defines thus;

"I believe it important to be clear about what it means to be a populist. True populism, as Ronnie Dugger reminds us, rejects both big government and big business. It is neither left nor right. It is at once both progressive and conservative. In other words, our natural constituency is the mainstream of the American electorate that believes in local control and a market economy and is suspicious of both big business and big government."

Korten's model of what society's economic basis should be is an idealised version of Adam Smith no less! He says the choice is between,

"a true market economy comprised of small local businesses as envisioned by Adam Smith and an economy centrally planned and controlled by distant, unaccountable megacorporations."

He goes on :

"Part of our task is to rebuild local economies and delink them from the dependent system of global finance and corporate control."

The methods Korten sees for doing this are "local banking and local currencies, through community organic agriculture initiatives, holistic health practices, cooperatives and worker-owned firms, buying local merchants, community forestry, living simply, recycling local waste, using renewable energy and promotion of pedestrian and bicycle transport."

The Post-Corporate World: Life After Capitalism, a sequel to When Corporations Rule the World describes this vision in great "indeed in utopian detail.

Korten's populism means that he has no time at all for a politics based on the class struggle. The unions, whose struggles he certainly does support, are simply to be a part of a broad popular alliance. He sees the struggle as between "the giant corporations" and "the people" or "civil society". Marxism he sees as an outmoded nineteenth and twentieth century phenomenon.

"Viewed through the lens of twentieth century leftist analysis the global democracy movement is a classic conflict between the working classes and the capitalist classes to be resolved through political struggle grounded in class consciousness. Yet the global democracy movement is more readily defined by shared values and world view than by class."

Who are the key players in the conflict for Korten?

"One is the force of corporate globalisation being advanced by an alliance between the world's largest corporations and most powerful governments . . . The second force is the global democracy movement advanced by a planetary citizen alliance known as global civil society."

What Korten ignores is the work of Marx who demonstrated and predicted the laws of capitalism that made the growth of monopolies inevitable. All attempts to stop or reverse this on the basis of the market and private property in the large-scale means of production have proved a total failure. This includes those promoted by the early US Populists in the 1890s and early 1900s ? trust-busting and cheap money schemes.

The reasons why ?one capitalist devours many? were explained by Marx in Capital. It lies not in faults in the market or in the credit system, in unfair competition, though that is how it appears to the bankrupted small businessman or woman.

The enormous scale and international scope of industries, commercial undertakings and banking is progressive in that it is a step to a planned world economy.

All the negative features ? amply described by Korten ? in capitalist monopoly are related not to sheer size or to global spread but to private ownership.

Yet Korten wants to save private ownership. He wants to create a tiger without teeth and claws. That is why his schema is a backward looking utopia. It is why his programme is petty bourgeois in the purest sense of the word.

Korten may not recognise the force of the Marxist analysis of class yet it can recognise him. Likewise his ?civil society? is made up of classes, all the classes ? minus the 474 billionaires in the world. Such an alliance ? which includes petty and not so petty exploiters in its ranks ? will prove completely incapable of taking on the megacorporations. The financiers and the CEOs do not exist suspended in mid-air.

They lead all the other smaller exploiters and a big proportion of the privileged middle classes too.

The only solid leader of an alternative alliance of the poor and exploited of cities, towns and countryside in the ?three worlds? is the wage earners ? the working class.

The working class can and does assemble around it, draw into its fighting ranks individual idealists of all classes, mass organisations of the rural and urban poor and the small working farmers.

This alliance is in a real sense ?the people". But to be effective it must exclude the bourgeoisie ? even the smaller and medium sized bourgeoisie.

If it does not, if it concedes to them the preservation of private property, (and without this concession it will not play ball) then the ?lower classes? are bound to be cheated, demoralised and defeated.

This is the lesson of the people's fronts ? generated by the Stalinists and the left social democrats between the 1930s (Spain) and the 1970s (Chile).

More usually however it simply leads to class collaboration where the workers and small farmers give their votes and the bourgeois politicians rule for the big corporations.

That is why Populism in the United States ultimately provided the votes for the Democrats.

Korten's populist programme ? if it were to dominate the US anticapitalist movement ? would simply repeat this story. What is needed is a class analysis and class independence.

