The politics of globalisation

Sat, 01/10/2005 - 17:00

Globalisation didn’t just happen. People made it happen: chief executives of major corporations and banks, leaders of multilateral organisations like the World Bank and IMF and key politicians.

Among the latter in the 1980s were Margaret Thatcher and Ronald Reagan, architects of neo-liberalism who made a bonfire of any regulations that restricted the scope and movement of capital, who attacked trade union organisation so as to ‘liberate’ employers from the need to pay decent wages or respect employment contracts.

While their contribution to the cause of globalisation expired as the 1980s came to an end, their policies helped create the collapse of Stalinism and the end of the USSR. With this the scene was set for a rapid expansion of capitalism into parts of the world from which it had been excluded for 40 or 70 years.

The USA’s victory in the second cold war reinforced the new phase of the imperialist epoch – globalisation. Neo-liberal policies had been in operation for over a decade in the advanced capitalist countries and in some of the semi-colonial countries of the ?Third World?. Henceforth they were to be unleashed on the entire planet.

It was not long before a new generation of pro-globalisation pundits came to dominate the think tanks, academic institutes and the columns of leading magazines.

The old era Kremlinologists and foreign policy ‘realists’ were pensioned off in the 1990s to make way for the ‘globalists’ whose job was simple: to celebrate the victory of the market over state intervention into the economy.

Thomas Friedman, Jeffrey Gerten, Daniel Yergin and a raft of others littered the bookshop shelves with purple prose in praise of US leadership, US values and above all the USA’s right – indeed duty – to export these to the rest of the world.

George Bush senior proclaimed a ‘new world order’ and in a rush of enthusiasm the pundits suggested that conflict between nation states was over – at least as a defining framework for foreign policy.

The USA could use its power to promote ‘democracy’ across the globe, they said. But they had a funny idea of democracy: it meant locking every country into a global economy with clear rules that would, over time, bypass governments and establish clear bonds between citizens and corporations. Fukuyama’s famous theory that we’d reached the ‘end of history’ was the highpoint of this line of thinking.

But the wars in Iraq and Somalia in the early 1990s were a rude awakening. The vision narrowed and shifted: no longer could the US be expected to impose the rule of law and respect for human rights upon a lawless, chaotic and ungrateful world.

But nor could the US afford to disengage and withdraw to its tent. Rather, selective military engagement
alongside the open promotion of US corporations became the new rationale of American diplomacy.

Clinton’s Trade Secretary Ron Brown summarised his brief as “commercial diplomacy” – the intersection of foreign policy, government power and business deals. In the absence of a military rival “business is the natural basis of foreign policy”.

The new prevailing orthodoxy insists that the USA is so powerful, has such a superior “way of life” that it has the duty to press its interests on other nations and actively intervene in conflicts to secure its national interest.

It was now time to fight for the American way as the only way of doing business, said the gurus of globalisation.

The Bush and Clinton administrations of the 1990s took full advantage of their triumph over the USSR. They provided the route map for fast-track capitalist restoration in the ex-USSR and Central Europe; they pushed through new rules for world trade; subjected the United Nations to a make-over that put it totally in the hands of the Pentagon, and gained a windfall in economic assets after the Asian meltdown in the latter part of the 1990s.

The USA used unprecedented and unrestrained force to intimidate Third World states that refused to play ball. It overcame its hesitation and imposed repeated settlements in the Balkan conflicts by deploying US armed force.

So globalisation is not just a spontaneous tendency, driven by technology and economics. It is also about boosting the economic, political and cultural dominance of the world’s only hyperpower, the most powerful imperialist capitalist nation on the planet.

The major corporations that bankrolled Clinton into office were handsomely rewarded: they increased their wealth and power during the 1990s more rapidly than at any time since the 1950s.

The Clinton regime represented the triumph of Wall St over Main St – and with this the agents of the financial markets and investment banks came to prominence inside the two Democrat administrations.

By 1995, stocks of foreign assets held by US companies topped $600bn, around three times their level of a decade before. Exports climbed from 9 to 13 per cent of GDP. As the Financial Times put it:

?US companies that once saw the world market as a place to channel their excess domestic production are now waking up to find that a third, or even a half, of their sales will soon come from abroad.?

And with this global reach came a determination to fashion a more interventionist foreign policy designed to protect their assets.

Wall Street gained in the 1990s in an unprecedented manner from speculation on convertible currencies, on fees from managing privatisation programmes of state-owned enterprises and overseeing an unprecedented wave of mergers and acquisitions.

The Rubin-Clinton bail out of Mexico in 1994-5 to the tune of $38 bn – bypassing Congress in the process – was a gift to the Wall St bond holders who stood to lose massively if the Mexican government defaulted.

Clinton’s free-market policies went even further than previous administrations. Traditional IMF sponsored structural adjustment programmes were aimed at countries in balance of payments crisis.
But Clinton bowed to corporate pressure to go further and apply ‘market discipline’ to even the poorest countries in the world in the attempt to open up their resources and cheap labour to US companies.

The weapon this time was not denying them emergency loans to stabilise a currency or debt payment crisis but taking a knife to official aid programmes.

In a visit to Africa in 1998, Clinton proclaimed ‘trade not aid’ would be Uncle Sam’s contribution to eliminating the continent’s poverty. In fact, official aid to Africa had declined from $32 a head in 1991 to less than $19 by the time Clinton visited the continent.

The shortfall in aid would be made up by US corporate investments providing of course that African governments privatised their state industries, reduced tariffs and taxes. Clinton even refused to donate public money to help combat Africa’s AIDS crisis, urging these countries to turn towards corporate saviours.

Clinton also boosed economic globalisation by overseeing the transformation of two key pillars of the post-war order: the GATT and United Nations, into more naked instruments of US global policy.

From GATT to WTO: In 1944 the USA prevented the creation of an international trading body with real power, preferring to leave General Agreement on Tariffs and Trade as a looser body. Through GATT, the USA could negotiate trade liberalisation but maintain powerful protection and subsidies for farmers in the USA and other developed countries.

But in the 1990s the USA wanted to scale back protection for agriculture. The Uruguay Round of GATT trade negotiations began in 1986 and aimed to massively reduce barriers to trade.

It also agreed to transform the GATT into the World Trade Organisation, realised in 1995. The Uruguay Round, and the formation of the WTO were a major step in advancing US corporate interests in trade.

Restrictions on investment have been reduced virtually everywhere in the 1990s. Across the globe there have been 570 rule changes governing foreign direct investment since 1991 all of them removing barriers to the profit-mongers. By 2002, 2,265 bilateral investment treaties, involving 180 countries, were in place: five times as many as in 1992.

The WTO is a secretive executive body under the dominance of the G8 powers in which corporations can lobby to overturn national laws that seek to protect workers or the environment against the uncontrolled actions of big business.

And perhaps Clinton?s biggest legacy was, by bribes and bullying, to bring the vast new markets of China to the point of joining the WTO.

Globalisation also meant redefining USA’s attitude to Third World agencies. The US had agreed to the formation of UNCTAD in the 1960s a Third World development agency that sponsored national industrialisation policies as a lesser evil to these countries falling under the influence of the USSR.

But in the 1990s the USSR was history. Now, bodies like UNCTAD were obstacles to further US corporate dominance. UNCTAD has been gutted of much of its power.

With the United Nations, change came slower due to the spinelessness of Gorbachev and Yeltsin. They bent over backwards to help the USA get UN backing for its imperialist adventures in the 1990s. In return the USA bankrolled capitalist restoration and saw that the personal bank accounts of the Russian autocrats did not go empty.
For a time it seemed that Clinton might advance US interests mainly behind the facade of a pliant United Nations. But the disastrous intervention into Somalia changed all that. After Somalia naked US power and interest came to the fore.

The USA vetoed the renewed appointment of Boutros-Gali to head the UN in 1996: he was too critical of American policy. And Clinton crippled the UN’s ability to intervene after the Bosnian war by refusing to pay $1.6 bn in debts.

NATO, by contrast, was transformed into the real world policeman? only it was a policeman paid for by the main criminals.

NATO was a creation of the Cold War, supposedly a defensive alliance to deter Russian aggression in Europe. But while the Cold War ended, NATO got stronger. The US administration argued for an enlarged and more global role for NATO. NATO enlargement was pushed for in order to ?put pressure on communist backsliders? in East Europe, in Secretary of State Madeleine Albright?s words.

In 1998 NATO claimed a new right: to launch attacks first, including nuclear attack, ?out of theatre?, that is outside Europe, wherever the US detected ?rogue states? resisting its power.

Marginalising the UN and enhancing NATO expresses the new post-Cold War freedom and power of the USA to act, ?first and without restraint on the world stage.

By the end of the 1990s, with an economic boom in full swing, the USA seemed unchallengeable. The message was that military power and economic affluence gave it the right to impose its ?successful? model on the rest of us.

The 21st century opened with a new US President ? George W Bush, having been given the office by the Supreme Court rather than the people?s votes. For the first eight months he pursued a foreign policy that suggested a degree of disengagement from the active diplomacy of the Clinton administration, a caution born of scepticism that it was the USA?s mission to shape the world in the USA?s image.

Then came 9/11. And in its wake the Bush administration did an abrupt about turn, now embracing an active global diplomacy but one that rejected all pretense at multilateralism, that is to say, a diplomacy that seeks to work through the United Nations, established international law or even through consultation and compromise with the wishes of the USA?s imperialist allies.

The ?Bush Doctrine? asserts the ?right? of the USA to launch ?pre-emptive action? against its enemies, declares its citizens immune from international laws and its government not bound by multilateral treaties. Its president casually informs ?sovereign? states and peoples whom they should choose as their leaders. He judges which of them have ?failed? and which must undergo ?regime change?. He decrees the means to accomplish this: economic sanctions, aerial bombardment or ground invasion.

The United States, aided by the UK, has launched a permanent state of war under the pretext of responding to September 11 and waging a ?war against terror?. This war is an ideal cover for forcibly expanding its influence and spheres of interest in the Middle East, central Asia, south and south-east Asia and even Latin America.

When ?rogue states? have been brought to heel, ?nation building? is instituted under the supervision of the USA and its European allies ? a process that can last for years or even decades. Despite the fact that all these states remain technically independent they are in reality merely colonies, dependencies or protectorates of the USA and its allies.
If the US succeeds in stabilising its occupation of Iraq, other countries are already on its list: Iran, North Korea, Syria and Libya. In short, the ?war against terrorism? is the military expression and continuation of globalisation ?by other means?.

But every step of the way the USA and its allies meet resistance. The 20 million who took to the world?s streets in February 2003 to protest against the Bush-Blair invasion plans for Iraq, are just one component of a multi-millioned anticapitalist and anti-war movement that has exploded onto the scene over the last ten years.

The future of our planet depends on how quickly this movement, the insurgency against imperialism in Iraq and Palestine and the labour movements of Europe, Asia and the Americas can forge a united front of resistance.

Source URL: https://fifthinternational.org/content/politics-globalisation