Global capitalism, the anti-globalisation movement and the Third World

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This paper identifies three defining features of globalisation that have been habitually misrepresented by the anti-globalisation movement. First, that globalisation entails a universal shift towards economic liberalisation, rather than a selective liberalisation with particular disadvantage to the Third World. The movement also bewails the erosion of traditional economic functions in Northern governments, thus diminishing their agency in globalisation and largely absolving them of responsibility for it. Instead, the focus of protest should shift from international financial institutions (IFIs) to the state-IFI interface. Finally, the movement fails to engage with the ever-changing nature of capitalism's structural search for expanding profits.

Introduction

Only seven years ago, it would have been hard to imagine that something as stuffy as the sixth ministerial conference of the World Trade Organisation (WTO), held in Hong Kong in December 2005, would have caused so much excitement. But thanks to the anti-globalisation movement, 'formerly uneventful meetings of obscure technocrats discussing mundane subjects such as concessional loans and trade quotas have now become the scene of raging street battles and huge demonstrations' (Stiglitz, 2002: 3). Annual meetings of the World Economic Forum, the G8 governments, EU finance ministers, the World Bank and International Monetary Fund (IMF), and biennial meetings of the WTO, offer the international media an enticing mix of popular protest, police brutality and a deeper ideological battleground, which these often violent conflicts symbolise.

But media coverage of the economic issues at the heart of the conflict between the international financial institutions (IFIs)—primarily the World Bank and IMF—and 'anti-globalisation' protesters is typically confused, as are the official reactions of most politicians. Sadly, confusion also haunts the anti-globalisation movement itself, and its ideological muddle severely compromises the effectiveness of resistance to the world's economic and environmental crisis. It will be the thesis of this paper that a general discourse of globalisation has emerged, the central tenets of which are often contradictory, and sometimes simply wrong.

In order to develop this argument, it is necessary first to understand how it may be possible to attribute ideas and ideology to such an apparently nebulous entity as the anti-globalisation movement. It is possible primarily because the recent organisational dynamics of the movement have increased coordination between its component parts; and while this has limited its theoretical diversity, it has also opened a permanent space for debate, and crystallised the conception of such a movement.

Arguably, this process began in 1997, initially due to an appeal made by Ignacio Ramonet, editor of *Le Monde Diplomatique*, for the creation of a popular network of protest, which he named 'Association pour la Taxe Tobin pour l'Aide aux Citoyens' (ATTAC), and which rapidly developed into an international organisation, ATTAC Europe (Cassen, 2003). Then, in 2000, an idea of *Le Monde Diplomatique*'s Bernard Cassen and two Brazilian activists led to ATTAC's decision to organise a counterpart to the World Economic Forum, held annually at Davos. They called it the World Social Forum (WSF), and its purpose would be to explore alternatives to neoliberalism and to provide a political space for the emergence of a global civil society (Ponniah & Fisher, 2003). The WSF subsequently met at Porto Alegre in Brazil in 2001, and at various venues every year since. And while the first WSF attracted about 20,000 people, its appeal has mushroomed so that more than 100,000 now attend each event (Buckman, 2005).

The creation of this 'political space' has made it more plausible to attribute and assign ideas to the anti-globalisation movement (henceforth 'AGM'), and even more so as it becomes increasingly dominated by NGOs, many of which are already concerned, through practical projects or campaigning, with Third World development (Buckman, 2005). Further, the views of these NGOs are becoming increasingly identifiable through their publications, and increasingly economically articulate, as development specialists join their ranks.

Despite this increasing coherence and sophistication, the emerging AGM remains confused in several of its analyses. In this paper, three misconceptions of the movement will be examined. First, globalisation in its economic manifestation is frequently presented as a broad trend towards national free-market economies, each with perfect competition, embedded in a global economy which is itself being liberalised through the agency of the IFIs and the WTO.

Proponents of this line of argument normally imply that there is a trend towards the liberalisation of factor markets, which is occurring more slowly in 'more developed countries' (MDCs) than in 'less developed countries' (LDCs), and oppositional campaigning seeks to reverse this imbalance. It is important to question this approach, however, since the success of such a strategy would have the perverse effect of moving the world in the direction of a liberalised domestic and international trading system, with unknowable but potentially destabilising consequences for all countries, and especially for the Third World.

Second, governments under globalisation are considered to be 'in retreat', and powerless to prevent the relentless erosion of their traditional functions. Consequently, there is simply no alternative to a progressive accommodation to the 'globalisation project'. This perceived impotence broadly denies the agency of Northern governments in globalisation, and it will be argued here that as a result, the AGM mistakenly tends to absolve them of responsibility for it.

Third, the AGM is ritually depicted as anticapitalist in nature, and as fundamentally opposed to free-market economics. It will be argued here that this dominant perception of the anti-globalisation discourse is untenable; that capitalism is the driving force behind neoliberal globalisation; and that its neglect by the core of the movement in terms of theory ensures that it could never do more than tinker with the broad direction of inevitable change.

But I must start by outlining two methodological issues that necessarily arise in what follows. Throughout this essay, I contend that the misconceptions I seek to explore are widespread within the AGM, representing 'dominant' positions within it. This raises the first difficulty: that of identifying these dominant positions. There is inevitably a degree of subjectivity in this, and no attempt will be made to 'prove' that anti-globalisation-movement organisations (AGMOs) represent particular collective ideas, since it is doubtful whether such an undertaking could succeed. Neither can this be resolved by defining 'dominant ideas' as those held by the major or dominant development NGOs. There is no convincing basis for such a view.

Furthermore, the misconceptions to which I refer are by no means universal within AGMOs. The AGM is diverse, not homogeneous; and it has no manifesto, except perhaps through its association with the WSF. This diversity will become clear through some of the illustrations of AGMO positions that follow.

A second problem, or rather, source of potential confusion, is that in order to critically assess the views of the AGM I have drawn on material, including critiques, from within the AGMOs themselves or from AGM activists or intellectuals (henceforth AGMAs). This has been hard to avoid, since such critiques are likely to derive from radical ideological positions unsympathetic to neoliberal globalisation, and therefore, belong almost by definition to an AGMO or AGMA. These two issues will be raised again in the context of the discussion of each of the three misconceptions in turn.

Globalisation and the free market

Since the 1980s, nearly all Third World governments have fallen deeper into international debt. In order to prevent widespread sovereign default, the IFIs have agreed to reschedule these debts—but only as part of a broader process of national economic 'restructuring', in which Third World countries are expected to adopt so-called 'neoliberal' economic policies or 'structural adjustment programmes' (Chossudovsky, 1998; Dasgupta, 1998). This much is agreed by all parties to these ongoing, complex negotiations. But the understanding of what this restructuring implies for global economic processes is widely contested.

Such contestation is compounded by the very language used to describe it. In many intellectual contexts, the term 'neoliberalism' is used to refer to free-market economic policies in their pure theoretical form. In this vein, the academic and political activist Susan George (1999) states that the central value of *neoliberalism* is 'competition between nations, regions, firms … and individuals', and that as such, it is 'supposed to allocate all resources, whether physical, natural, human or financial with the greatest possible efficiency'. On the other hand, 'neoliberalism' is sometimes used to refer to the dominant form of economic policy in the world today, and even includes the political context that sustains it. As such, it is often the *critics* of this system who use the term. One such critic, Richard Peet, refers to an 'ideology that we, and many other critics, term "neo-liberalism"' (Peet, 2003: 3).

Confusion over the use of this central term is sometimes avoided by drawing a distinction between the 'theory of neoliberalism' and 'neoliberalism in practice'. In this essay, the theory will instead be called 'neoclassical economics'—not in the sense of its being a set of theoretical '*if x then y*' propositions, but rather as the desideratum of neoclassical economists: a free-market system with perfect competition. This usage might be supported by Diana Hunt (1989: 326), who argues, in her discursive study of development theory, that there is a 'core of value, belief, theory and analytical method that is espoused by *the neoclassicals* in general … [which includes] … a belief in a "minimalist" intervention role for government'. By using the word 'neoclassicalism' in this way we are then free to retain 'neoliberalism' in order to refer to the kinds of economic policies promoted by the IFIs and the WTO.

Using this terminology, it is generally accepted that national economic policies and international economic dealings have been dominated by the precepts of neoliberalism for the past twenty years or more. But most of the global news and information media has also depicted these trends as essentially neoclassical. Peet (2002: 58) describes the source of the media's discourse on these fundamental trends as being 'an academic–institutional–media complex', within which ideas and personnel continually move between business, academic and governmental institutions—the latter including, crucially, departments of finance.

The AGM has broadly accepted the relevance of the neoclassical discourse. In other words, it shares in the ubiquitous perception of globalisation as being the opening-up of free markets throughout the world, in trade and capital. It also appears to accept the corollary: that the outcome of global neoliberalism is a valid basis for the evaluation not of neoliberalism, but of neoclassicalism itself (that is, the free market and perfect competition between private owners of the means of production). Thus, numerous critics have interpreted the stagnation of the global economy since around 1973, relative to the rapid economic growth of the period 1945–1973, as evidence of the failure of the free-market—neoclassical—model of development.

The confusion inherent in this approach needs to be spelled out clearly. Neoliberalism is, *in reality*, the global trend towards the privatisation of the means of production, and the *selective* liberalisation of trade, investment, labour and finance. 'Neoliberalism' simply denotes what is actually happening, and it is a fundamental and commonplace mistake to equate it with the well established and respectable theory of 'neoclassical economics'.

The essence of international economic relations is the *one-sided* liberalisation of trade and investment, in which markets in LDCs are progressively liberalised more quickly than are those of MDCs. This is confirmed in a report, 'Rigged rules and double standards', which was produced for Oxfam by its senior policy advisor Kevin Watkins, and which shows that 'poor countries have been opening up their economies much more rapidly than rich countries … average import tariffs have been halved in Sub-Saharan Africa and South Asia, and cut by two thirds in Latin America and East Asia' (Watkins, 2002).

This, then, is the defining characteristic of neoliberalism—a system that has developed out of complex historical interactions between the IFIs, G7 governments, and transnational corporation (TNC) lobbyists. Genuine supporters of *neoclassicalism*, however, are more difficult to define, although they might arguably include the WTO and the ideological British weekly *The Economist*, as well as various US institutions that have criticised the IFIs for unwarranted interference in financial markets.

Thus the US government established a commission, chaired by Allan Meltzer, to examine the future roles of seven IFIs, including the IMF (Meltzer, 2002: 29). Its report condemned the IMF for bailing out banks, as it did in the 1998 Russian crisis, in complete contradiction to the free-market conditions it imposes on its own debtors, and recommended its radical reform or abolition. Neoclassical institutions like the Meltzer Commission, rhetorically at least, abhor neoclassicalism's distorted form—neoliberalism—as much as they abhor any state-oriented model of economic development.

The economic model forced on Third World countries in the name of neoliberalism ranges in its scope from international trade and investment dealings to domestic price-support policies and the details of government expenditure programmes. Internationally, countries are required to privatise strategic state-owned industries, which Northern TNCs may subsequently buy at bargain basement prices due to the 'healthy' supply. Foreign direct and portfolio investment is liberalised by the World Bank/IMF/WTO triumvirate, while the international dimension of neoliberalism also ensures the lowering of import tariffs on foreign goods and services, undercutting vulnerable farmers and manufacturers. Domestic policies are also dictated by this 'triumvirate', and in particular the deregulation of internal agricultural trade, which thereby deprives farmers of guaranteed state markets. Agricultural inputs are de-subsidised, and price supports prohibited. The result: many poor farmers can no longer afford previously subsidised seeds for the next harvest, let alone fertilisers.

A stark illustration of the effects of externally imposed neoliberalism on a poor country is the case of Haiti. As recently as 1990, the country was nearly self-sufficient in its staple food crop, rice. But under the dictates of the World Bank and the IMF, it reduced its import tariff from 50 per cent to 3 per cent. Predictably, by the end of the decade the flood of cheap imports had halved domestic rice production, and most of the rice sold locally was imported from the USA. Now, more than half of Haiti's children are malnourished, and 80 per cent of the rural population lives below the poverty line. Nevertheless, the policies responsible for this tragedy are in line with the 'market fundamentalism' of the IFIs (Stiglitz, 2002), and Haiti is praised by the World Bank as a 'strong reformer' (Denny, 2002).

Meanwhile, the USA, the EU and Japan continue to offer massive subsidy support to their farmers and private industrialists, and to maintain strict controls on the importation of food and textiles from the Third World. According to the same Oxfam report, 'agricultural subsidies account for one-quarter of farm output in the USA, rising to

40 per cent in the EU and over 60 per cent in Japan'. During the Uruguay Round of world trade talks, which ended in 1994, rich countries pledged to cut agricultural subsidies. But in fact they have done the opposite, and by 2000 the subsidies had grown to US$245bn, equivalent to five times the value of Third World 'aid' annually (Watkins, 2000).

Likewise, in the post-war years, state support for industrial investment through grants, tax concessions, loan guarantees and subsidies for research and development grew massively, becoming a universally accepted element of the capitalist system (Shutt, 1998: 23). Although specific articles of the concluding Uruguay Subsidies agreement in the General Agreement on Tariffs and Trade (GATT) in 1994 prohibited a range of subsidy categories, by this time the competitiveness of MDC manufacturers in Third World markets had been assured by the enormous subsidies of the past (Dasgupta, 1998: 168–170).

While subsidies give MDC exports a huge advantage, at the same time, imports of goods in which the Third World has had a natural advantage—food and textiles—have been rigidly controlled. In terms of the latter, 'the EU and USA have eliminated only one-quarter of the textiles and clothing import-quota restrictions that they are committed to remove under the WTO Agreement on Textiles and Clothing' (Watkins, 2002: 100).

There have been profound changes in the global economy over the past quarter of a century—changes that have been widely labelled 'globalisation'. Debate has raged over whether globalisation has been successful in terms of growth and other economic variables, and such evaluations, both positive and negative, have then been used in order to praise the virtues or decry the failures of the 'free market'. From what has gone before, it seems clear enough that it is not the free market that is in fact on trial, but a gross distortion of that ideal, which we might call 'one-sided liberalisation'. Under it, the North has protected its own markets while using its financial and economic power to break open the markets of the South, and also to expose Third World economies to unrestricted indigenous 'market forces'.

Thus it is that the AGM encounters a world of one-sided liberalisation both in terms of international trade and in other forms of economic state intervention. This is the world with which it should engage in its analyses, and against which it should campaign—a view well expressed by Martin Khor, director of the influential Malaysian-based research and advocacy NGO Third World Network, who argues that since WTO member states have widely differing levels of capacities and development, reciprocity in the exchange of concessions between members as the basis for trade negotiations inevitably leads to unequal outcomes (Khor, 2004: 51). But it is by no means clear that the AGM at large shares this perception. Instead it appears to be splintered into conflicting visions.

Oxfam, the UK's wealthiest development NGO, seems convinced of the unambiguous advantages to LDCs of improved access to MDC markets through lowered tariffs. In 2002, it launched its high-profile Make Trade Fair campaign. In its report, previously mentioned, it argued that 'the increasing integration of LDCs into the global trading system offers the promise of more rapid progress towards poverty reduction and improved standards of living' (Watkins, 2002: 239). But in what Buckman (2005) described as 'a major ideological brawl'—and it was certainly a high-profile media controversy—many AGM organisations ('AGMOs') rejected Oxfam's arguments, on a variety of grounds.

Some, such as the Honduran NGO Via Campesina, the Centre for Economic and Policy Research in the USA, and Britain's Christian Aid, rejected them on the basis of empirical research and contingent conditions, especially that of the price-lowering scramble between Third World producers for MDC market share. Still others, notably the prominent anti-globalisation activists Vandana Shiva (of the International Forum on Globalisation) and Colin Hines, former head of Greenpeace's International Economics Unit, instead want a reorientation of emphasis towards self-sufficiency, and a reduced emphasis on international trade: a movement away from globalisation towards 'localisation' (Hines, 2000).

But most of these different perspectives tend to emphasise the need to re-balance trade through the relative adjustment of liberalisation between trading partners, albeit in different ways. In contrast to these balancing approaches, there is often a perverse desire within the AGM to open up LDC markets to foreign capital and trade. Bernard Cassen (2003) has referred to the purpose of the World Social Forum as the 'detoxification of the brain', stuffed as it is with the 'virus of neoliberalism'. But the insidiousness of neoclassicalism's precepts are such that even the most radical of critiques still seems to acknowledge liberalisation as a desirable end point of development. Even ATTTAC's own ideological 'submission' to the 2002 WSF argues, in the context of capital controls, that under the right conditions, liberalisation might be considered a 'final step, one that is reached when countries have developed robust economic and financial structures' (ATTAC, 2003: 43).

Even Martin Khor, who, as we have seen, recognises the dangers of even balanced liberalisation, says that when other required factors are present, 'it is important to choose the appropriate timing, sequencing and scope of [trade] liberalisation' (Khor, 2004: 50). Similarly, the Zimbabwean civil-society forum Structural Adjustment Participatory Review Initiative Network (SAPRIN), despite its detailed analysis of, and campaigning against, the damaging effects of every aspect of structural adjustment in Zimbabwe, concludes that 'trade liberalisation should be approached in a planned and phased manner to give farmers the necessary chance to adapt to changing circumstances' (SAPRI/Zimbabwe 2001: 56). Countless further examples could be cited to show how radical AGM organisations and activists imply that, in the right circumstances and in the long run, capital and trade liberalisation are desirable strategic goals for development.

In contrast to this, few AGMOs concentrate on the iniquities of non-trade differentials in state intervention between the rich and poor countries. It is true that many campaign against the agricultural and export subsidies of the former. But it is rare indeed for them to consider the whole range of differential capacities that Khor (2004) refers to, above. These might include industrial policies, described by Chang (2003) as follows: greater support for research and development in richer countries; greater controls over public enterprises and the banking sector; and greater influence over employers' organisations and unions.

An acknowledgement, on the part of AGMOs, of the centrality of these elements of state authority might raise two broad issues. First, the right of LDC governments to undertake such interventions; and second, the responsibility of MDC governments, whose countries have themselves benefited from such interventions in the past, to ensure that LDCs are able to do the same in the present. Such issues are conspicuously absent from the agenda of most of the anti-globalisation movement.

In summary, we have seen that several AGMOs and activists promote the reduction of MDC import controls on products from the Third World. But there also appears to be a significant minority of AGMOs that opposes this as a major development policy objective, on a mixture of theoretical and empirical grounds. Rather more surprising is the tendency among some otherwise radical AGMOs and activists to accept the neoliberal rhetoric of trade and capital liberalisation under appropriate conditions. In contrast, very few AGMOs even seem aware of the full range of government economic interventions that are used by MDCs now, or that were crucial during their own eras of development.

Retreat of the state: There is no alternative

A second major creed of the AGM is that the recent surge in globalisation can be explained by the relentless expansion of irresistible corporate power. Far from being puppets of powerful governments, these corporations are portrayed as the demiurge. They have liberated themselves from democratic control, and now they are the new makers of the world. Governments have been swept aside; and although they have tried to resist this neoliberal juggernaut they have failed, and now find themselves helpless, in terminal retreat. Their lone remaining role, which they have accepted only grudgingly, is to buy into globalisation and fight their respective national corners, facilitating domestic business activity within the global arena.

Such assumptions about the passive role of government in globalisation, and its impotence over its control, are unfounded. Governments, especially MDC governments, have been significant agents in the development of a liberalised global regime. This is exemplified by the decision in 1979 of Prime Minister Thatcher to remove exchange controls in the UK. This initiated a string of events central to neoliberal globalisation. It eased restrictions on the movement of capital out of the country, and enabled the British to borrow more easily from foreign banks (Shutt, 1998: 47). It also increased opportunities for international investment, which threw banks into competition with each other to provide the requisite funding.

This, together with the increasing tendency for large corporations to reduce their borrowing costs by issuing bonds, bypassing the banks, enabled the latter to persuade governments to relax restrictions on their activities. Banks were now permitted to lend more in relation to their capital, and to put their funds into securities. They even increased their involvement in the funding of huge corporate mergers and takeovers, the traditional preserve of merchant or investment banks. In effect, it became tacitly accepted that banks could now act as profit-maximising enterprises, 'just like any other corporation' (Shutt, 1998: 79).

But at the same time, they were still perceived as a public good, underwritten by the state. This combination of commercial deregulation and state protection was in large part the result of active government intent.

The consequences were a transformed banking ethos that encouraged massive, and sometimes reckless lending, in the knowledge that increasingly likely bankruptcy would be prevented by government—that is, public—money. Perhaps the most vivid illustration of the consequences of this ethos, now internationalised, is the human catastrophe of the East Asian Crash of 1997–8, of which more later.

Not only the banks but corporations, too, have been blessed by such deregulation. Western governments, under pressure from corporate lobbyists, have pursued international agreements inimical to their own interests and to corporate democracy. This may be illustrated by the incorporation of TNCs into political decision-making in the European Union.

The European Commission in the 1970s had expressed concern over the 'economic and social problems raised by the activities of the multinationals' (Balanya et al., 2000: 4). Today, in contrast, TNCs ensure persistent corporate influence in the political realm by employing powerful lobbying organisations, notably at the European Roundtable of Industrialists and at the Union of Industrial and Employers' Confederations of Europe, in order to manipulate perceptions through public-relations campaigns.

Corporate political power derives from 'privileged access to politicians and civil servants in national and international political institutions'. But it is reinforced by 'the current elite consensus around the expediency of a global economy dominated by TNCs' (Balanya et al., 2000).

In other words, governments have progressively shifted to a politico-economic philosophy that allows them to experience no discomfort, nor to perceive even a hint of corruption, in a situation in which 'over 10,000 professional lobbyists roam the halls of the Commission, Council and Parliament buildings', and where corporate lobbyists of the European Parliament outnumber MEPs by a factor of five to one (op. cit.).

At the global level, collusion between MDC governments and TNCs is most evident in the establishment of the investment components of the WTO that concluded the Uruguay round of GATT talks in 1994. Through the WTO's General Agreement on Trade in Services (GATS), international rules for commodity trade are extended to services, which have enormous investment potential for TNCs. The UK's primary development NGO, the World Development Movement, reviewing leaked minutes of private meetings within the WTO, concurs that the GATS proposals are 'a stitch-up between corporate lobbyists and government' (Peet, 2003: 189–190). As for the other two investment components, the 'TRIPS' agreement on Trade-Related Aspects of Intellectual Property Rights rewards TNCs for the use of their patented inventions; and TRIMS—the WTO Agreement on Trade-Related Investment Measures—prevents countries hosting TNC subsidiaries from, for example, requiring from them even the minimal use of local factors of production (Jackson, 1997).

MDC governments have sought to extend these agreements still further through successive biennial WTO conferences, to the advantage of TNCs. As Hardstaff (2003: 12) puts it, these new agreements pursued at the 2003 WTO ministerial meeting in Cancun are on 'investment (i.e. market access for multinationals), competition policy (more subtle access for multinationals), transparency in government procurement (a step towards stopping governments favouring domestic businesses in their purchasing) and trade facilitation'. These free-trade agreements further undermine effective government control over corporate activities, and the remorseless pursuit of them suggests that far from resisting these trends, Western governments have actively supported them. They are, as Bello puts it, 'the priorities of the minority of rich and powerful trading countries' (Bello, 2002a: 85). Through their efforts, capital is ever more free, whether as finance or direct investment, to operate anywhere its owners choose, with ecological, social and ethical concerns relegated to the margins.

Third World resistance to these agreements has already met with unhesitating reprisals. Thus, non-cooperation at Cancun, where a group of relatively wealthy LDCs led by China, India and Brazil formed the G22 in order to oppose these developments, brought threats of trade sanctions from the US government (Timms, 2003: 14), just as they had at the previous WTO ministerial meeting in Doha in 2001 (Bello, 2002a: 87).

Far from attempting to resist neoliberal globalisation, then, Western governments have aggressively promoted the interests of TNCs, and have played an active part in their own disempowerment. While this new approach pushes an unconstrained corporate agenda, with powerful and unforeseeable consequences, it nevertheless fails to achieve perhaps its major objective—the slashing of government expenditure. Despite the rhetoric of deregulation this has continued to grow, and by 1997, it had surpassed 50 per cent of GDP in the states concerned. Even in the Third World, it has only fallen slightly, to 25 per cent (Hildyard, 1997: 5).

This apparent anomaly is explained by the changing nature of state commitments, increasingly geared towards supporting private companies. In Brazil, for example, the government sold around US$85bn worth of state-owned enterprises in order to pay off foreign debts—but spent US$87bn in preparing the companies for privatisation (Arruda, 2003: 11)! Or partially privatised services, such as health, may receive state support for training in new accountancy and management techniques and procedures, which divert resources from frontline service delivery (Hildyard, 1997).

Another common use of government funds is to entice foreign firms by offering them guarantees against their lack of profitability. Governments may also squander their limited revenue on compensation for the adverse consequences of deregulation, including the protection of foreign companies against the 'social unrest' they provoke. Hildyard (1997: 6) describes how in India, special police units are now being trained by Western security experts in order to protect the lives and property of foreign investors.

The power of corporate organisations to persuade national governments to submit to their interests can be explained to some extent in the EU and USA by the 'revolving door' that exists between top political offices and the business elite. In this way, government and business interests may often coincide. But in the UK, it is perhaps less easy to comprehend than in the USA. Stephen Byers, the British trade and industry secretary from 1998 to 2002, represented UK interests at the WTO ministerial conference in Seattle in 1999. He was a liberaliser *par excellence*. But a year after leaving office, he had met farmers and 'communities at the sharp end', and concluded that 'full trade liberalisation is not the way forward', and that IMF/World Bank conditionality damages the Third World. Indeed, he attributed the economic success of Taiwan, South Korea and China to policies of state intervention (Byers, 2003).

It is tempting to conclude that Byers only developed his understanding of trade issues after he left office, and that his ignorance when appointed to such a central position in world economic affairs had made him especially vulnerable to ideological fashion and corporate pressure. If this is so, the driving political force behind neoliberal globalisation may be a combination of hard-headed government–business collusion, and breathtaking government naivete.

The idea that the state is in retreat and that its ability to dictate economic policy is in decline has been reiterated by numerous AGMOs. Daniel Bensaid, one of France's most prominent Marxist philosophers, contributed to the documents produced by spokespersons and intellectuals involved in anti-globalisation activities for the WSF organising committee in 2002. There, he argued that 'the building blocks of modern politics inherited from the Enlightenment—the idea of nations, peoples, territories, frontiers—have been eviscerated under the impact of capitalist globalisation' (Bensaid, 2003: 319).

Today's LDCs are likewise denied the economic policy instruments that were available to the MDCs at similar stages of development. According to the development NGO, Our World is Not For Sale: 'large-scale liberalisation in [several] areas will force developing countries to relinquish many of the economic development tools that industrialised countries used to develop their economies and create jobs' (Our World is Not For Sale, 2006).

John Gray, a late and highly controversial convert to the dangers of globalisation, extends this argument to all nations, rich and poor alike: 'reinventing the free market has effected profound ruptures in the countries in which it has been attempted.

The social and political settlements which it has destroyed—the Beveridge settlement in Britain and the Roosevelt New Deal in the United States—cannot now be recreated … Those who imagine that there can be a return to the "normal politics" of post-war economic management are deluding themselves and others' (Gray, 1998: 19). And in poorer countries, 'global *laissez faire* produces fundamentalist regimes and works as a catalyst for the disintegration of the modern state' (ibid: 21).

Hirst and Thompson (1999), in their hugely influential analysis of globalisation, reject 'extreme globalisation theorists' who celebrate the emerging powerlessness of the nation state; but they nonetheless argue that in the 1960s, 'the national state solution still seemed viable for the Third World, using the state power available after independence and the legacy of solidarity from the anti-colonial struggle to build a new society. Such revolutionary Third World strategies are no more viable now than are conventional social-democratic national Keynesian strategies in the advanced countries' (Hirst & Thompson, 1999: 268).

Further, AGMOs fear that government powers are being usurped by unrepresentative bodies. Public Citizen's 'Global Trade Watch' puts it thus: 'The current corporate globalisation process is pushing an ever-increasing number of issues away from local or even national democratic decision-making and into inaccessible international venues where few citizens or even their elected representatives can follow' (from its website). Tony Clarke, chair of the corporations committee of the International Forum on Globalisation, attributes this trend to the power of TNCs:

> Once a policy consensus is reached among the principal TNCs, massive lobbying and advertising campaigns are mounted around key policy issues. Armed with a network of policy research institutes and public relations firms, such business coalitions mobilise facts, policy positions, expert analysis and opinion polls and organise citizen-front groups for their campaigns to change national governments and their policies. By campaigning for debt elimination, privatisation and deregulation, business coalitions have effectively dismantled many of the powers and tools of national governments. (Clarke, 2001: 72)

The perceived role of the TNCs and of the WTO and IFIs in the emasculation of states leads many AGMOs to turn their fire on those institutions, rather than on governments. In this, the Our World is Not for Sale Network (2006) is typical: '[in] advancing the interests of the big trading powers, the methods of governance and decision-making that are used in the WTO are notorious for their reliance on threat, deception, manipulation and lack of transparency in an undemocratic and non-inclusive process'.

By contrast, such bodies are sometimes depicted as almost independent of, and opposed to government control. This is exemplified by Public Citizen's statement that 'the WTO services agreement could undermine state efforts to expand health care coverage and rein in health care costs, and place constraints on state and local land use planning' (from its website).

Of course, no AGMOs are unaware of the reciprocal relationship between governments and the WTO and IFIs they formally control; or, as Ponniah and Fisher (2003: 7) put it, 'nation-states are both instruments and architects of the global capitalist system'. This applies equally to LDCs. South African activist Patrick Bond (2003) shows that the whole continent of Africa has opted, independently, for its own version of neoliberalism: 'African groups began networking more actively in 2002 when the neoliberal NEPAD [an agreement by African governments to liberalise their markets and practise "good governance" in exchange for aid] was introduced by Mbeki and a handful of other African leaders'.

John Pilger, the famous journalist and radical campaigner, also attributes to governments a central role in the empowerment of TNCs: 'A lot of the people who are in the broad anti-globalisation coalition subscribe to the view that the new rulers of the world are the multinational corporations. I don't agree. I think it's a combination of state power—with state power still dominant—and the multinational corporations ... The rise of the TNC has been enabled and maintained by centralised state power. This power is the engine room of globalisation' (Pilger, 2001).

Many AGMOs are of course only too aware that neoliberalism is a global contract between governments and international business. Thus Karliner and Aparicio, representing Corpwatch and Global Exchange respectively, conclude that 'the movement against excessive corporate power is also a movement to expose its corrupting influence on governments and governmental bodies, in other words, a movement to strengthen democracy, locally, nationally and internationally' (Karliner & Aparacio, 2003: 57).

Despite this awareness, many AGMOs nevertheless criticise TNCs and the WTO/IFIs without reference to the governments that legislate—or fail to legislate—for their 'behaviour'. While it might be argued that the role of governments is self-evident, and thus demands no mention, it is still notable that few AGMOs criticise governmental deliberations as such. In part, this may be due to the paucity of those very deliberations, since the workings of TNCs and the WTO/IFIs are normally regarded as too obscure, rarefied and specialised for debate in public governmental fora. In fact, they are the very bedrock of political and economic policies and ideologies. Neoliberal globalisation and its effect on national sovereignty is an overriding issue, and subsumes most matters with which ministers grapple: service delivery, law and order, international 'security' and war, social norms and values, and most others.

In summary, the world view expressed by many AGMOs is one in which TNCs have swept governments aside, and now exercise uncontrolled global power. But as some AGMOs and activists themselves have argued, governments have tended to collude in their own decline—a process that has been extended further to allow active corporate interference in government policy-making. So an appropriate conclusion would be that the campaigning strategy of the AGM should be more informed by the recognition that governments, far from retreating before the power of corporate-driven neoliberalism, have actively promoted it, and have increasingly adopted the philosophy of the 'neoliberal state' (Hildyard, 1997).

Second, to the extent that governments see no alternative to this approach, they must be persuaded by the movement that it is possible as well as desirable for them to harness international cooperation in order to control capital, in the same way that they have increasingly used international institutions (the WTO, the IMF/World Bank, the European Commission) to liberate and deregulate it. As Hirst and Thompson (1999: 275–276) put it, 'regulatory regimes, international agencies, common policies sanctioned by treaty, all come into existence because major nation-states have agreed to create them and to confer legitimacy on them by pooling sovereignty'. These mechanisms can, and must, be used to *re-regulate* international economic governance.

Ideology of the resistance

The third popular perception within globalisation discourse is that anti-globalisation activists present a challenge to capitalism. In fact, there is little evidence for this. Most, if not all development NGOs, which represent the activist heart of the AGM, correctly depict globalisation as a process of one-sided global liberalisation. But their campaigns typically urge the removal of the 'one-sidedness', rather than of the 'liberalisation'. In particular, they say, rich countries should reduce or eliminate agriculture and export subsidies, and lower barriers to Third World imports. But far from being anticapitalist, anti-globalisationists share this creed, as mentioned earlier, with such pillars of the neoclassical capitalist establishment as *The Economist* and the WTO.

In contrast, the movement's anti-liberalisation rhetoric is far more muted and circumspect. Only rarely does it campaign for the right of Third World governments to impose traditional controls on capitalism—through, for example, the regulation of imports in order to protect infant industries; or the maintenance of state marketing boards to support small farmers.

Christian Aid, Oxfam, Action Aid, and indeed most AGMOs, feel that LDCs should be able to protect their agricultural markets in the interests of food security. But they consider this to be a special exemption from trade liberalisation, and very few see such protection as a fundamental development strategy. The exceptions are the 'localisation school', which advocates greater self-reliance. This approach is supported by both the International Forum on Globalisation and Friends of the Earth, and its most prominent spokesman is Colin Hines: 'we look to less trade … every effort should be made to meet requirements from local sources first, then nationally, then regionally, and only after that internationally' (Lang & Hines, 1993: 128).

Even more rarely does the AGM defend the right of governments, even those with a popular mandate, to relegate markets to a marginal role in their economies, let alone remove them altogether. It is clear that the movement's preoccupation with the unevenness of international trade and investment relations, and its united but insipid opposition to liberalisation per se—including the demand of many AGMOs for a 'Tobin tax' (Buckman, 2005: 243) to slow financial speculation—undermines its anticapitalist credentials.

This is equally apparent in its approach to the WTO and the IFIs. Anti-globalisation campaigns challenge the democratic deficit of these institutions, and in particular the under-representation of Third World interests in policy formulation and decision making. There is also concern about the excessive power of the IFIs, with a major issue being the imposition by the IMF of 'poverty reduction strategies', invariably along neoliberal lines, on Third World governments as a prerequisite for involvement in debt-relief schemes or for the rescheduling of international debts. While IMF rhetoric demands the planning input of domestic governments and of indigenous 'civil society' groups, their de facto exclusion from the formulation of these strategies is in clear contradiction to the IMF's declared concern for 'good governance'.

No one could deny that these concerns are of the utmost importance. However, they systematically neglect such fundamental questions as the rightful purpose of these public institutions, established with money provided by taxpayers around the world. 'The ideas and intentions behind the creation of the international economic institutions were good ones, yet they gradually evolved over the years to become something very different. The Keynesian orientation of the IMF, which emphasised market failures and the role for government in job creation, was replaced by the free market mantra of the 1980s' (Stiglitz, 2002: 16).

This historical shift had enormous economic implications. Peet (2002: 18), citing Rosenberg (2002), points out that the IMF was created in order to persuade countries in recession 'to adopt expansionary policies, such as deficit spending and low interest rates'; but over time, 'its mission reversed: it has become a long-term economic manager of developing countries, blindly committed to contraction'.

Little attempt has been made by the AGM to campaign for the reestablishment of the IMF's founding purpose. Notable exceptions are ATTAC (2003: 49), and Walden Bello, the executive director of Thailand's highly influential Focus on the Global South, who advocates the abolition of the WTO and the IFIs because 'they have become fundamentally dysfunctional'. He asks: 'Can we really say that the IMF can be reformed to bring about global financial stability, the World Bank to reduce poverty, and the WTO to bring about fair trade?' (Bello, 2002b: 293).

The AGM's opposition to the shift to the type of neoliberal capitalism driven by the IFIs and the WTO takes a poor second place to its preoccupation with the procedural propriety—transparency and democracy—of these institutions. There are very few AGMOs that do not share this concern. Christian Aid (2003), for example, expressed its contempt for the absence of real democracy at the 2003 ministerial meeting in Cancun. It contrasted the 'large and unwieldy negotiating structure in which 146 WTO members negotiated with each other' with 'a highly centralised process of drafting text, in which just one or two people, in effect an executive body for the purposes of the ministerial conference, largely controlled who had inputs and how those inputs were dealt with'. We have already seen how Our World is Not for Sale condemns the manner in which such elitist power is exercised.

We can conclude that, far from the movement being anticapitalist, it has even failed to organise unified protest against the radical conversion of these powerful global agencies from Keynesian to neoliberal capitalism, concentrating instead on the failings of the neoliberal institutions. In summary, the movement has been ineffective in its defence of the right of Third World governments to protect themselves against global capitalism; and in its opposition to the betrayal of the Keynesian origins of the IFIs, and the embellishment of their neoliberal reincarnation through the WTO.

But even more fundamentally, it has failed to confront the problem of capitalism itself. Since 2001, the philosophy of the AGM has effectively been represented by the World Social Forum. It is surely indicative of this philosophy that a recent account of the WSF's evolving political strategy in the radical British journal *Red Pepper* failed to even mention the word 'capitalist' in its analysis (Wainwright, 2004: 28–31). In reality, however, globalisation is better understood as 'global capitalism'. And it is capitalism rather than globalisation that is wreaking such devastation in the world today, and which must, by its very nature, continue to do so. Let us see why.

According to Marx, there is an inherent structural imbalance in capitalism that makes it always unstable (Wolf, 1997: 299). This is a tendency for the rate of profit to fall, producing crises that are typically registered as surpluses of capital, often coexisting with surpluses of labour (Harvey, 2003: 87–88). J. A. Hobson, in 1905, attributed the falling rate of profit to the increase in the amount of fixed capital per worker and a consequent decline in effective demand, leading to periodic crises of 'over-production' or 'under-consumption' (Hoogvelt, 1997)—an analysis of capitalism that formed the basis of Rosa Luxemburg's subsequent theory of imperialism.

But according to Harvey (2003: 138–139), few would now accept the theory of under-consumption as the explanation of capitalism's tendency to crisis. Instead, 'the theory of overaccumulation identifies the lack of opportunities for profitable investment as the fundamental problem'. This is solved through what he calls a 'spatio–temporal fix', in which surplus capital is absorbed through a combination of 'spatial displacements' opening up new markets or production capacities, and 'temporal displacements' in the form of projects and expenditures, which 'defer the re-entry of capital values into circulation into the future' (ibid: 109). Through such activity the world was swamped, for example, in 'a massive wave of speculative investment and trade' after 1870 (ibid: 43), while, in today's world, China plays a similar role in the absorption of surplus capital (ibid: 122).

The expansionary nature of capitalism can have devastating consequences for the human beings caught in its path. Roddick (2003) describes the search for ever cheaper factors of production in the car industry. 218,000 export assembly workers in Mexico have been made redundant in the past two years because their wages, at US$1.26 an hour, are too high. In reality, of course, they are pitifully low—so low that the workers have to live in 'cardboard huts that lack potable water', and low enough to give their employers fabulous profits. But in the global capitalist economy, they are still too high. Even workers making the same auto parts in Nicaragua at 40 cents an hour are being told to accept lower wages, because the Chinese do the same job for 27 cents an hour.

The accommodation of 'expanded reproduction'—the normal workings of capitalism—through such spatial fixes, at home or abroad, begs the question of the theoretical relationship between capitalism and imperialism. According to Marx, competitive struggle between rival capitals is a fundamental dimension of capitalism (Callinicos, 2002: 249–250). Lenin, in his famous 1916 pamphlet 'Imperialism, the highest stage of capitalism', argued that imperial rivalry and war were a logical outcome of capitalism.

By contrast, Kautsky, then a leading theorist of Germany's Social Democratic Party, speculated that there might develop an 'ultra-imperialism' in which capitalist powers cooperated in their shared interests. The emergence of this polarity of views—'one perceiving the world as increasingly integrated into a single entity, the other highlighting the centrifugal tendencies produced by the ceaseless dynamism of capitalist competition—has dominated Marxist thinking about the interstate system ever since' (Callinicos, 2002: 254).

Following Kautsky, Panitch and Gindin show that after the devastation of Europe in the Second World War, the US state constructed a transatlantic economy that 'unified the entire advanced capitalist world' under its leadership (Callinicos, 2005). This might be seen as a kind of 'ultra-imperialism', although Rowthorn (1971; cited in Callinicos, 2002) describes it as 'super-imperialism', in which all other capitalist states have comparatively little freedom to choose their policies, as opposed to the ultra-imperialist situation in which all capitalist states are relatively autonomous.

But the emergence of crisis from the late-1960s onwards has generated conflicting theories of capitalism and imperialism. Harvey (2003: 29) believes that it is important to 'see the territorial and the capitalist logics of power as distinct', and to avoid the assumption that 'states and empires always operate out of capitalistic motivations'. A recent exchange between Panitch and Gindin (2006) and Callinicos (2005, 2006) debated the relative weight that ought to be attached to these two 'logics of power' in order to understand the dynamics of global capitalism.

Panitch and Gindin (2006) argue that while there is geopolitical competition between capitalist powers, it is stable, contained under US hegemony—the latter understood as a form of domination that justifies itself in normative terms acceptable to the dominated (Robert Cox in Callinicos 2002: 257). By contrast, Callinicos sees geopolitical competition as a 'rivalry' for world dominance, with unpredictable consequences for power relations (Callinicos, 2005)—a view that Panitch and Gindin, in turn, regard as an underestimation of 'the strength and cohesiveness of global capitalism today'.

Both sides of this argument can be illustrated through the responses of capitalist states to the crisis of profitability of 1965–73. It is widely agreed among Marxists that the crisis derived from 'uneven development', which Brenner (2002) defines as the 'process whereby laggards in capitalist development seek to and eventually succeed in catching up with the world economic leaders' (Arrighi, 2003). He believed, too, that only pressure from inter-capitalist competition could bring about such a crisis of over-accumulation.

By contrast, Arrighi (2003), Harvey (2003) and others place comparable emphasis on labour–capital relations. Harvey (2003: 61) attributes the 1965–73 crisis to the growing power of organised labour, which pushed up the level of social expenditure and the cost of labour. It was only through tackling this problem that the crisis could be resolved, and this was done through the so-called 'Volcker shock' of 1979, when the US Central Bank massively raised interest rates, provoking a purge of 'high-cost, low-profit manufacturing firms that had been sustained by the Keynesian expansion of credit' (Arrighi, 2003). It also broke the back of labour, 'not least through opening up the world to the free flow of capital and restructuring the world's states to that end under the new form of social rule that is neoliberalism' (Panitch & Gindin, 2006).

But Arrighi (2003) and Callinicos (2006) point out, contra Panitch and Gindin, that this was by no means a definitive resolution of the crisis. Borrowing from Brenner (2002), Callinicos argues that this policy 'brought about the worst [US] recession since the 1930s' and, by setting off the Latin American debt crisis in 1982, 'threatened to precipitate a world-wide crash ... There was really no choice but to bring back Keynesianism, an outcome that had already fortuitously been assured ... by Reagan's plan for cutting taxes and increasing expenditures on the military' (Callinicos, 2006).

Since that time, the world has seen a series of crises, most of which have forced a cooperative response from the capitalist powers that has been reminiscent of Kautsky's ultra-imperialism. Brenner, amongst others, shows how the Plaza Accord of 1985 and the so-called 'Reverse Plaza Accord' of 1995 were international agreements to adjust exchange rates in the interests of crisis-stuck manufacturing sectors, first in the USA and then in Japan.

But while inter-capitalist 'competition' (Panitch & Gindin) or 'rivalry' (Callinicos) have been contained by such measures, the capitalist system as a whole has, according to Harvey and others, failed since the late-1960s to resolve its prolonged crisis of over-accumulation. Spatio-temporal fixes have been inadequate responses to the 'chronic problems of overaccumulation arising within expanded reproduction' since 1973, and a reversion to the predatory practices of what Marx called 'primitive accumulation', or what Harvey calls 'accumulation by dispossession', has become dominant (Harvey, 2003).

In the nineteenth century, Marx illustrated this with the example of the enclosure of land and its release into the private mainstream of capital accumulation. In the contemporary world, Harvey (2005: 160–165), using an avalanche of stunning illustrations, describes it as being the release of a set of hitherto public assets, such as social-welfare provision, at very low cost into the private domain. It may also constitute the deregulation of financial systems and the associated opportunities for wealth creation, as well as the manipulation and control of national financial crises to generate devaluation and dispossession. Finally, accumulation through dispossession also operates through the ubiquitous neoliberal state, acting as an agent of redistributive policies for capital.

From this brief overview of Marxist thinking, it can be seen that a disturbing range of social and economic ills have been attributed to the inherent instability of the capitalist mode of production. These include chronic job insecurity and low wages in poor and rich countries alike, massive Third World debt, foreign expropriation of state assets, the explosive growth of a global kleptocracy, and increasing state-supported militarism.

Few AGMOs really explore these phenomena. Hines and Lucas (2003), the latter of whom is a Green Party member of the European Parliament, bewail the threat to the UK economy of the relocation of service jobs to India, but fail to address the underlying structural causes. In contrast, Bello (2002b) of Focus on the Global South urges the abolition of TNCs, as well as of the WTO and IFIs mentioned above. According to him, they should not be re-regulated but disabled or dismantled, since they are 'fundamental hazards to people, society, the environment, to everything we hold dear'. He justifies this by arguing that the malpractice of such TNCs as Monsanto and Shell 'are not departures from normal corporate behaviour. They are *normal* corporate behaviour'.

Karliner (Corpwatch) and Aparacio (Global Exchange) (2003: 57–58) echo Bello's critique: 'A great deal of the anti-corporate movement is made up of campaigns against the reputations and actions of specific corporations … [or] specific sectors, such as the clothing industry … [However] some of us focus on the structures of corporate power per se, regardless of whether the corporations in question are "good" or "bad" actors'.

Marxist analysis of the necessity for global expansion within the capitalist sytem may also be understood in terms of the concrete strategic interests of individual companies.

The function of their directors is to search constantly for opportunities to increase profits. They may do this through hostile takeovers, or they may act as 'corporate raiders', buying companies simply to sell them at a profit. In order to ward off such predatory 'deals', company managers must ensure by every means that profits, and therefore share prices, are maintained at a high enough level (Corporate Watch, 2001). Economic strategies to achieve this may be bizarre and destructive in real terms. Thus, a corporation might deliberately avoid building a factory if it would result in a short-term fall in profits, even if it were economically rational to do so in the long term (Shutt, 1998).

The drive to unrestrained competition extends from company directors to managers, and behind their search for profit are the managers of the institutional investors—insurance companies, pension funds and investment companies—who own two-thirds of the shares of large British companies. These fund managers largely determine the patterns of corporate shareholding, and are 'legally bound to maximise profits, whatever the ecological or social cost' (Corporate Watch 2001).

So the directors and managers of companies and their investors act together in complex chains of causation, which dictate that there must of necessity be an incessant, expansionary and largely amoral search for profits. This inevitably relays capital to every corner of the Earth—an inevitability which is, clearly, inherently structural to capitalism.

As we have seen, it was this relentless quest for profit maximisation that drove many companies from the late-1960s onwards to bypass the banks and raise finance through their own bonds, which in turn led to bank pressure on governments to 'liberalise' their own activities. In this atmosphere of corporate hyperthermia, capital mobility has escalated, and the fearful collusion of governments has guaranteed maximum damage.

The destructiveness of governmental collusion in corporate freedom is well illustrated by the collapse of the East Asian economies, which began in Thailand in 1997 (Bello, 1997; Kuankachorn, 1998). The positive international image of the country had encouraged the establishment of numerous private finance companies which borrowed foreign funds, made possible through foreign-exchange liberalisation, in order to engage in successful domestic property and building speculation.

This was supported by foreign equity investment in the finance companies and in Thai property development. This financial activity, together with investment in Thai banks, drove up the value of the Thai currency, the baht, which in turn encouraged currency speculation. Potential concern about the risks of such investment was allayed by the existence of the Financial Institutions Development Fund (FIDF), established in the 1980s by the Thai government in order to guarantee loans to domestic finance companies and banks.

Inevitably, the supply of built property came to greatly exceed demand and this, together with normal market fluctuations, prevented developers from gaining sufficient returns to repay their creditors. The chain of debt from developers to Thai landowners, finance companies and banks, and thence to foreign banks, shareholders and currency speculators, unravelled at a terrifying speed.

Billions of dollars of FIDF and government funds were used to shore up the currency and repay foreign debts, but it was not enough. The IMF's subsequent involvement depended on the same strategy of support for high-risk investors, and insisted that the FIDF be replenished to the same ends. As a result, the enormous speculatory gains of the 1990s boom were preserved at the ultimate expense of Thailand's taxpayers, the severe contraction of the economy, and swathes of structural-adjustment expenditure cuts imposed in the IMF 'bail-out'.

The lessons here are quite clear. Economic contraction and the systematic upward transfer of income were the result of a combination of government-directed financial and capital liberalisation on the one hand, and contradictory anti-liberal policies on the other. The latter involved government and IMF support for an agency—the FIDF—which enabled foreign and indigenous speculators to gamble without the need to consider associated risks. The omission of such an integral part of neoclassicalism generated an economic system completely lacking in theoretical or ideological legitimacy.

In this section, I have argued that the AGM has in general failed to engage with capitalism as the driving force behind globalisation, and that this shortcoming undermines its effectiveness. This failure can be viewed at a number of different levels. The AGM's support for free trade rather than for the right to enhanced self-reliance is an implicitly pro-capitalist stance. The emphasis of its critique of the IMF on internal decision-making procedures, rather than on its neoliberal shift from Keynesianism, implies further disinterest in the changing character of global capitalism. And finally, the dominant concern of most AGMOs with the contingent ethical behaviour of individual TNCs, rather than with their necessary and inherent corporate dynamics, explicitly exposes their disengagement from the issue of capitalism itself.

In conclusion, the reality the AGM confronts is a world with an economic system in which production, distribution and exchange are largely carried out by large TNCs. These corporations are privately owned, and their shareholders are primarily driven by considerations of profit. This is a *capitalist* system, a system which is predominantly responsible for the range of issues with which the AGM grapples. Further, as we saw in the previous section, it is a system which has been fundamentally altered to the benefit of capital by a combination of government design, especially in the early 1980s in the USA and the UK (Harvey, 2005), and governmental neglect, in their failure to control capital since that time, partly due to the increasing role of TNCs and their agencies in government—which was due, in turn, to the combination of government-internalised neoliberal ideology and a failure of nerve.

According to Shutt (1998), the 'crisis of capitalism' from the late-1960s has led to: (1) capital liberalisation and the causal chain of irresponsible lending, global debt, export obsession and environmental destruction; (2) foreign-investment liberalisation and consequent financial instability and loss of state assets; and (3) trade liberalisation, leading to declining terms of trade and further foreign debt.

It follows that the AGM should be concerned with a number of specific issues related to the capitalist mode of production and exchange. These include, amongst others: (1) the private ownership of the means of production and of financial institutions; (2) the dynamics of corporate behaviour; and (3) the secular concentration of ownership, including of land. The documentation of AGMOs and the writings of AGM activists and intellectuals suggest that, in general, this is not the case.

Conclusions

In this final section, we will return to each of the three confusions about the globalisation discourse and briefly examine some of their implications. First: the misidentification of globalisation as liberalisation.

What we are witnessing in the world today is the systematic destruction of barriers to international business through the liberalisation of trade, investment and finance, with appalling consequences for the global environment, poverty and human rights. The chain of influence—one might even say, of command—runs from corporate lobbyists to Western governments, to the international institutions that in turn legislate for corporate freedom.

These political processes gain their popular legitimacy and formal respectability only through the concealment of their true aim, which is profit maximisation. They have perfected the disguise of the ideology of neoclassical economics—which not only, as we have seen, bears no relationship to the ubiquitous neoliberal reality; but neither, it seems, do its architects believe in it.

This is well illustrated by US hypocrisy towards China. During the Asia Crash of 1997–8, China was urged not to float its currency because a cheap renminbi would only deepen the crisis. This directly contradicts the neoclassical principle of the free determination of exchange rates through supply and demand. But then, in 2004, China was pilloried for maintaining a fixed low exchange rate instead of allowing its currency to appreciate. The problem is not that China is refusing to apply neoclassical economic principles, but that it now has a huge trade surplus with the USA. This is a dramatic case of the West using the rhetoric of free markets as an ideological tool when, and only when, it suits its interests. Thus Joseph Stiglitz, chief economist of the World Bank until 2000, concludes that 'the harsh truth is that neither the IMF nor the Bush administration really believes in free markets' (Stiglitz, 2003).

So here are some important facts: the neoclassical economic model is merely a smokescreen for a form of one-sided liberalisation that we call neoliberalism, and many Western leaders have no genuine ideological or theoretical attachment to it. Thus my first conclusion is that critics of the global economic order must consistently recognise the distinction between neoliberalism and neoclassicalism. If they do so, their analysis and campaigning will promote the understanding that demands for balanced liberalisation—as between the First and Third Worlds—lead at best only towards the neoclassical dream, which may be no less destructive of human social progress.

The second argument of this paper has been that governments, far from being helpless casualties of neoliberal globalisation, are in fact its chief architects. This being so, it is questionable as to whether the primary focus of anti-globalisation protest should be the IFI and WTO puppets instead of the Northern governments that pull their strings. It follows that the analysis and protest of anti-globalisationists ought to pay greater attention to the role of government bureaucracies in defining their policy recommendations for the IFI/WTO triumvirate, and to the political mechanisms and processes for holding them to account. In the case of Britain, policy formulation at the Treasury and in the Department for International Development, and the evaluatory role of Parliament and its select committees, become of central importance.

Such a redirection of emphasis would bring the issues nearer home, and make resistance to neoliberal globalisation more manageable. But it inevitably raises the question of what alternatives protestors should promote instead. This is not the subject of this essay; but some principles may still be stated. International cooperation has increasingly been directed towards the deregulation of trade, investment and finance in the name of 'competition'. Anti-globalisationists must instead argue for internationally agreed *re-regulation* in order to protect weak economies through controls on trade, FDI and financial flows (equity investment and currency speculation).

The immediate goal would be the protection of Third World industries and agriculture against cheap competing imports. But more fundamentally, it should be the basis for a reorientation of development theory and policy away from liberal conceptions of comparative advantage, which promote primary export commodity dependency, and towards an underlying ideal of national economic integration, with mutual support and balance between indigenous industrial and agricultural development. Before the comparatively recent rebirth of neoclassical thinking, most shades of development theory shared this broad idea. The cause of its abandonment was corporate power and G7 collusion rather than advances in theoretical understanding or historical interpretation. Its reinstatement is long overdue.

The first two points have been, respectively, that the AGM must focus its analysis on the relationship between neo-liberalism and neoclassicalism, and that it should direct its opposition towards the real agencies of neoliberalism—the governments of the First World. The third and final argument is that the underlying capitalist system itself, which drives these agencies, has suffered intellectual and political neglect. The effectiveness of anti-globalisation protest will depend on the reestablishment of capitalism as its focus.

It may be argued that the acceptance by the AGM of some form of capitalism as the necessary basis for future economics and society is a sine qua non for its securing any popular support. Anticapitalist sentiment is as marginal a state of mind as atheism was in medieval Europe.

In Marcuse's (1964) terms, capitalism's triumph represents the 'closing of the universe of discourse'. But it must be remembered that neoliberal (as it is now called) sentiment was just as unfashionable half a century ago. The story of how adherents of neoclassical economics drove it from the intellectual periphery to the corridors of power is a fascinating one.

It can be traced to an extraordinarily dedicated ideological cadre determined to reverse the post-war dominance of Keynesianism. George (1999), following Gramsci, traced the evolution of a movement whose marginalised ideas gradually came to be the ruling ideas, constituting the prevailing 'common sense'. Thus Madsen Pirie, president of the right-wing Adam Smith Institute, once boasted 'We propose things which people regard as being on the edge of lunacy. The next thing you know, they're on the edge of policy' (Monbiot, 2004). In a similar way, the 'neoconservatives', known not so long ago even within the US Republican party as the 'Crazies', have, through their perseverance, become the dominant world force with their characteristic brand of military neoliberalism.

Thus, if neoliberalism is to be reversed, its critics must emulate the ideological single-mindedness and organisational energy of the post-war neoliberal cadre and do more than campaign for limited adjustments to the parameters of globalisation. They should attempt instead to develop and disseminate a coherent critique of the very basis of globalisation, which is capitalism itself.

They must also, again following Gramsci, promote their own *positive* vision, and establish a new socialist 'common sense'. But in order to do this they must stop apologising for the history of socialism and celebrate instead the achievements of its myriad manifestations, and stand proud by the principles that inspired them.

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