

Marxist internationalism vs. the perspective of radical protest

A reply to Professor Chossudovsky's critique of globalization

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23 February 2000

The World Socialist Web Site is publishing here the second part of a three-part article by Nick Beams, national secretary of the Socialist Equality Party of Australia and member of the WSWs editorial board, replying to an article by Professor Michel Chossudovsky, "Seattle and beyond: disarming the New World Order," which was posted by the WSWs on January 15, 1999. Beams is the author of numerous articles and lectures on modern capitalist economy, including Marxism and the Globalisation of Production and The Significance and Implications of Globalisation: a Marxist Assessment.

The first part of Nick Beams' article was posted on Monday, February 21. The third and final part was posted Friday, February 25.

Part 2

Running like a thread through all of Professor Chossudovsky's often passionate denunciations of the World Trade Organization (WTO) and the other institutions of global capitalism is a definite political program. In his view globalization must be opposed by restoring the power and sovereignty of the national state, which has been undermined by the creation of multilateral "totalitarian" organizations such as the WTO.

According to Chossudovsky, the 1994 agreement which established the WTO "bypasses the democratic process in each of the member countries" and "deliberately derogates national laws and constitutions while providing extensive powers to global banks and multinational companies."

"In other words," he continues, "the process of [the] creation of the WTO following the Final Act of [the] Uruguay Round is blatantly 'illegal'. Namely a 'totalitarian' intergovernmental body has been casually installed in Geneva, empowered under international law with a mandate to 'police' country level economic and social policies, derogating the sovereign rights of national governments."

Accordingly, he calls for "citizens' movements around the world" to pressure "their governments to withdraw without delay and cancel their membership with the WTO" and urges the institution of legal proceedings "initiated in national courts against the governments of member countries, underscoring the blatant violation of domestic laws and national constitutions."

Chossudovsky denounces the mass media for seeking to prevent critical debate and masking the truth, and points out that the "only promise of the 'free market'" is economic devastation which destroys people's lives with "bitter economic medicine" prescribed by the WTO and the IMF. He then declares: "We must restore the truth, we must reinstate sovereignty to our countries and to the people of our countries."

There could not be a clearer expression of the fundamental difference between the socialist opposition to global capitalism and its institutions—a struggle which is based on the unification of the international working class across national borders—and the petty-bourgeois opposition to

globalization, which calls for a "citizens' movement" to restore the power of the national state.

It is by no means the first time that these issues have emerged. Writing in the midst of World War I, Trotsky explained that while fighting against all forms of national oppression and imperialist centralization "the proletariat cannot allow the 'national principle' to get in the way of the irresistible and deeply progressive tendency of modern economic life towards a planned organization throughout our continent, and further, all over the globe."

"Imperialism," he continued, "is the capitalist-thievish expression of this tendency of modern economy to tear itself completely away from the idiocy of national narrowness, as it did previously with regard to local and provincial confinement. While fighting against the imperialist form of economic centralization, socialism does not at all take a stand against the particular tendency as such, but, on the contrary, makes the tendency its own guiding principle."^[1]

We shall deal with some of the implications of this guiding principle in the concluding part of this series. At this point, we want to examine the consequences of the nationalist program advanced by Chossudovsky.

Reading Professor Chossudovsky's denunciations of the WTO and what he calls the New World Order—never the global capitalist order—one cannot fail to be reminded of the pronouncements of the extreme right-wing nationalist, populist and even neo-fascist organizations in the United States and Europe.

In the US, the followers of Patrick Buchanan and other right-wing politicians denounce the New World Order and institutions such as the WTO and the United Nations as organs of a "world government" that subverts the sovereign rights and powers of the American government. Similar positions are to be found in Europe among the right-wing and neo-fascist opponents of the European Union. Socialists are, of course, opposed to both the WTO and the EU. But the crucial question is the program on the basis of which that opposition is developed.

It is worth recalling in this context Trotsky's attitude toward the Versailles Treaty. He insisted that while the Communist International was completely opposed to the treaty, the German Communist Party could not simply advance the slogan "Down with Versailles," because to do so would inevitably align it with the politics of the Nazis and other right-wing nationalist groupings. Rather, he maintained, political opposition to Versailles, and the "new world order" it had introduced, had to be based on the struggle for the Socialist United States of Europe.

Undoubtedly Professor Chossudovsky is hostile to the right-wing nationalist opponents of the WTO. But in politics it is not a matter of one's intentions, but rather the inherent and objective logic of the program for which one fights, and the social forces whose interests the program expresses. Consequently, if opposition to the WTO is based on a program

which calls for the strengthening of the national state and the restoration of its sovereign rights, denouncing the WTO as “illegal” because it undermines those rights, it can only result in a political alignment with right-wing nationalist political tendencies.

Throughout his article, Professor Chossudovsky seeks to expose the role of the media and non-governmental organizations in providing the WTO with a “human face” and promoting illusions in its democratic character. But when it comes to the national state, he himself encourages illusions and engages in myth-making.

He calls for the transformation of state institutions to remove them from the clutches of financial institutions and for the restoration of the rights of direct producers. His aim is the development of a “citizens' movement” to pressure national governments and, ultimately, carry out a reform of the capitalist state. But the historical record demonstrates the impossibility of such a project.

The capitalist nation-state is not some neutral political institution standing above society which has been captured by the most powerful economic interests. It is the creation and instrument of the capitalist class itself. This state cannot be somehow “captured” by the broad masses and democratized in their interests.

This is not to suggest that the working class and the allies it is able to win from other social classes should not fight for democratic demands. On the contrary, in the struggle against the totalitarianism of the global capitalist market, democratic demands can and will assume tremendous importance. But, as the whole history of the political struggle of the workers' movement reveals, the fight for these demands proceeds not through the capitalist state, but in a struggle against it, no matter how “democratic” its form.

The solution to the social and economic disaster now being created by the operation of the global “free market”—the subordination of every aspect of society to the requirements of capital as it pursues its global struggle for profits—requires nothing less than the reorganization of the economy from top to bottom and the establishment of entirely new social priorities, based on the utilization of scientific and cultural advances to meet the needs of the vast majority.

But can it be seriously maintained that such a perspective—with which Professor Chossudovsky no doubt concurs—can be achieved through the capitalist state? Will it not require the development of a political movement which has as its goal the complete restructuring of the political system and the creation of new forms of organization through which the broad masses exercise political power? To maintain otherwise is surely to create illusions, equally dangerous as those being fostered by the supporters of the WTO.

An integral component of Professor Chossudovsky's perspective is his belief that the economic and social devastation being wrought by the operations of the “free market” can be overcome if pressure is brought to bear on national governments and their financial institutions to force them to return to the policies of national economic regulation, based on the analysis of the British economist John Maynard Keynes, which characterized the post-war boom.

Like all adherents of Keynesianism, Chossudovsky locates the source of the economic crisis of capitalism in the lack of sufficient economic demand.

This is set out most clearly in his book *The Globalization of Poverty*. There he writes that the program of IMF-sponsored reforms aimed at the creation of unemployment and “the minimization of labour costs” has led to the impoverishment of large sectors of the world's population and “a dramatic contraction of purchasing power.”

“In turn, in both developing and developed countries, the low levels of earnings backlash on production contributing to a further string of plant closures and bankruptcies. At each phase of this crisis, the movement is towards global overproduction and decline of consumer demand. By

reducing society's capacity to consume, the macro-economic reforms applied worldwide ultimately obstruct the expansion of capital.”[2]

It is clear that definite political conclusions flow from such an analysis of the crisis of the capitalist economy. If, as Professor Chossudovsky maintains, the program imposed by the global financial institutions is ultimately inimical to the expansion of capital, then there exists the possibility of developing a political movement aimed at reversing these policies, as such a reversal will eventually benefit capital itself.

If, however, as we shall demonstrate, the crisis arises from contradictions within the profit system and the lack of demand is the expression of more fundamental tendencies, not simply the outcome of incorrect policies, then it is clear that no program of reform based on expanding demand can overcome it.

Chossudovsky calls for new rules governing trade as well as “the development of an expansionary (‘demand-side’) macro-policy-agenda geared towards the alleviation of poverty and the worldwide creation of employment and purchasing power.”[3]

An article entitled *Financial Warfare*, published in 1998, makes clear the program he advances: the return to the policies, applied on a global scale, adopted by the major capitalist powers in the immediate post-war period.[4]

The worldwide crisis, he writes, “marks the demise of central banking, meaning the derogation of national economic sovereignty and the inability of the national state to control money creation on behalf of society.”

The intellectual and political traditions on which he stands are revealed in the final paragraph.

“The ongoing financial crisis,” Chossudovsky writes, “is not only conducive to the demise of national state institutions all over the world, it also consists in the step by step dismantling (and possible privatization) of the post-war institutions established by the founding fathers at the Bretton Woods conference in 1944. In contrast with the IMF's present-day destructive role, these institutions were intended by their architects to safeguard the stability of national economies. In the words of Henry Morgenthau, US treasury secretary, in his closing statement to the conference (22 July 1944): ‘We came here to work out methods which would do away with economic evils—the competitive currency devaluation and destructive impediments to trade—which preceded the present war. We have succeeded in this effort.’”

Like many other critics of the global financial system, who similarly call for a return to the policies of national economic regulation, Chossudovsky never addresses the question of why the post-war economic order, based on Keynesian-style demand management, collapsed in the first place.

Insofar as any explanation is offered by such critics, it is usually ascribed to the policy changes initiated under Reagan and Thatcher and the rise of the “free market” doctrine. Such an analysis, however, cannot explain how such minor and extremely limited individuals as Reagan and Thatcher came to be transformed into “world historic figures”, nor how it was that the father of the Chicago “free market” school, Milton Friedman, went from being regarded as something of an economic crank in the 1960s to the fount of economic wisdom by the 1980s.

The rise of the “free market” program can only be understood from an examination of the origins, development and crisis of the post-war economic order.

The policies set in place at Bretton Woods and developed in subsequent years were, in the first place, a response to the potentially revolutionary movement of the masses which developed in the last period of the war in the advanced capitalist countries and colonial countries alike.

The more farsighted political representatives of the bourgeoisie recognized that unless they set in place a series of measures which curbed the activities of capital and ensured the general expansion of living standards, they would face a series of upheavals, possibly on a wider scale than those which followed World War I. In other words, there was a

recognition, in the aftermath of two world wars and the economic devastation of the Great Depression, that unless the capitalist economy was reconstructed from above, there was a real danger that it would be overthrown from below.

Fear of the social and political consequences of the unrestrained operations of the free market was a key component of the Bretton Woods system. The measures it set in place—the institution of fixed currency relationships, capital controls, government stimulus to the national economy and the setting up of broad social welfare measures—provided the framework for the post-war expansion.

But these policy initiatives, important as they were, could not, in and of themselves, have succeeded. The ultimate cause of the post-war expansion—the longest boom period in the history of capitalism—was the extension of the new methods of capitalist production, based on the assembly line systems developed in the United States in the 1920s and 1930s, to the rest of the advanced capitalist countries. These new systems of production and the establishment of the social and political framework to accommodate them made possible the restoration of profit rates.

In the final analysis a period of prolonged upswing in the capitalist economy, while it may be advanced or hindered by government policies, is the outcome of an expansion of profits. Increased profits lead to increased investment, which leads in turn to the provision of additional employment, leading in turn to the expansion of consumer demand and the creation of new markets, enabling further expansion to take place.

So long as this virtuous circle continues, the capitalist economy, notwithstanding the fluctuations in the business cycle, continues to expand. But as Marx analyzed, there are essential contradictions within the process of profit and capital accumulation which mean that it must at some point be broken.

Within the capitalist economy, the sole source of profit is, in the final analysis, the surplus value extracted from the living labour of the working class. But profit rates relate to the total mass of capital deployed—the capital laid out on raw materials and machinery (constant capital) and that laid out on labour power (variable capital).

Inasmuch as variable capital is the sole source of surplus value, and this surplus value must expand an ever greater mass of capital (constant and variable), the very expansion of capitalist production—the accumulation of capital—induces a tendency in the rate of profit—the ratio of the total surplus value to the total capital deployed—to decline. The emergence of this process leads to a crisis.

Thus, it is not lack of demand which lies at the heart of the crisis, but rather lack of profits, or, more particularly, insufficient profits to continue the expansion of capital at the previous rate.

The tendency of the profit rate to fall began to manifest itself at the end of the 1960s. It was followed by a series of economic and financial crises in the 1970s, leading to the scrapping of the Bretton Woods monetary system of fixed currencies and the onset in 1974-75 of the deepest recession since the Great Depression.

There were two major consequences. First, governments began an offensive against the social welfare conditions they had been obliged to grant to the working class in an earlier period. Second, in an attempt to overcome the fall in profit rates, capital initiated a process of restructuring based on the development of globalized production methods and the application of computer technologies. However, these measures have failed to restore an expansion of profit rates and the continued crisis in the accumulation of surplus value has led to a ferocious global struggle for markets.

An examination of the crisis reveals why it is impossible for any section of the capitalist class, or, indeed, for the capitalist class as a whole, to return to the policy of demand expansion and social welfare concessions which marked the post-war period. To be sure, every increase in wages and social welfare measures boosts demand. But it does so at the expense

of profits, and under conditions where profits are already inadequate in relation to the mass of capital they must expand such measures can only intensify the crisis.

There is another, political, aspect to this question which needs to be considered. The struggle against the impact of the “free market”, Chossudovsky insists, “must be broad-based and democratic encompassing all sectors of society at all levels, in all countries, uniting in a major thrust workers, farmers, independent producers, small businesses, professionals, artists, civil servants, members of the clergy, students and intellectuals.”

There is no question that the working class must strive to win the support of other classes and intermediate social strata in the struggle against global capitalism. But the political history of the past 25 years shows why such a movement cannot be forged on the basis of a return to Keynesian-type policies of national regulation.

When the economic conditions which had sustained the Keynesian program—expanding profit accumulation and investment—began to disintegrate in the early 1970s, the attempt to sustain it through expanding government deficits and higher taxes only led to increased inflation, resulting in widespread resentment in large sections of the middle classes. This political hostility to the failures of social reformism created, in turn, the political basis for the offensive launched by the Reagan and Thatcher governments.

The subsequent experience with the program of the “free market” has dispelled many of the illusions which accompanied its introduction, producing deep-seated tensions in all sections of society, including among sections of the middle classes which were at one time attracted to it. But the increasingly alienated middle classes cannot be drawn to the side of the working class on a platform which looks to the past—to the failed program of national reformism.

To win the middle classes and intermediate social layers, the working class must advance a program which does not aim at the reform of the profit system, but directly challenges it. The working class must put forward a program that calls for the vast productive forces created by the common labour—physical and intellectual—of the whole of society to be freed from the domination of private property interests and brought under social ownership and control. It must insist, both in words and deeds, that what is necessary is nothing less than the complete reorganization of society on the basis of new social goals.

Professor Chossudovsky correctly insists that the “globalization” of the struggle against the “free market” system requires “a degree of solidarity and internationalism unprecedented in world history.” But herein lies the fundamental flaw in his perspective. Such a degree of internationalism cannot be attained on the basis of a program which sets out to “reinstatate sovereignty to our countries.”

It is precisely the political division of the world into rival and competing nation-states which is at the root of the problem. Any program which seeks the restoration of national sovereignty—that is, the assertion of one nation's rights against its rivals and competitors—necessarily precludes the development of the international solidarity and “globalized” struggle which is required. Indeed, whatever one's intentions, the insistence upon national sovereignty and the supremacy of national laws facilitates the preparations for new imperialist wars.

War and globalization, Chossudovsky maintains, are not separate issues and the dangers of war must be understood. There is no disagreement on that score. But this is precisely why any perspective which bases itself on the national state and its sovereignty has to be opposed. Such a perspective helps create the political and ideological conditions for the launching of wars. Notwithstanding Chossudovsky's calls for the dismantling of NATO and the phasing out of the arms industry, it is impossible to oppose the war plans of one's “own” government on the one hand, while calling for the reinstatement and strengthening of its

sovereign powers on the other.

Internationalism is not merely a moral imperative—the necessity to eschew the sin of nationalism. It is grounded on the understanding that the fate of the peoples of the world is no longer linked to the national state, and, what is more, the nation-state system, and the framework of private property which it sustains, has become the chief barrier to the further development of mankind and must be replaced by a higher form of economic, social and political organization.

The way forward is not a return to the national hearth as advocated by Professor Chossudovsky, but the development of the struggle for world socialism. In the concluding part of this reply we shall examine how this struggle is being prepared by the tendencies at work within global capitalism itself.

Notes:

1. Leon Trotsky, *What is a Peace Programme*, a Lanka Samamaja publication, p. 11
2. Chossudovsky, *The Globalization of Poverty*, pp. 16-17
3. Op cit, p. 27
4. Chossudovsky, *Financial Warfare*
<http://www.geocities.com/Eureka/Concourse/8751/edsi03.chossu01.htm>



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