

Globalisation: The Socialist Perspective

Part Three

Nick Beams
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Nick Beams, a member of the International Editorial Board of the World Socialist Web Site and National Secretary of the Socialist Equality Party of Australia, recently completed a successful lecture tour of six Australian universities. Beams' lecture—Globalisation: The Socialist Perspective—was attended by students, academics, workers and professional people in Sydney, Melbourne, Newcastle and Canberra. The WSWS is publishing the lecture in three parts. Part One was published on June 5 and Part Two was published on June 6.

In the Christian religion, according to the priests, the soul takes leave of the body and ascends into heaven. The high priests of the market preach a similar doctrine, claiming that money can separate itself from the production process and enter a financial heaven where money endlessly begets money.

Is it possible for capital to realise its dream of turning money into more money indefinitely? Or are there inherent limits to this process?

Share values can continue to rise and profits can be made on share transactions so long as more capital keeps pouring into the market. In other words, income and profit can be accumulated in the manner of a pyramid scheme or a chain letter.

While it continually rises above and dwarfs productive capital, however, fictitious capital cannot escape its origins. At a certain point it is confronted with the fact that it is a claim on surplus value and this surplus value has to be actually extracted from the working class. According to the proponents of the “new economy” the values in the share market are not “irrational” but merely an anticipation of the increase in productivity and profits that will arise from the employment of new technologies, particularly those associated with the Internet.

There is no question that new technologies are bringing and will bring in the future great increases in the productivity of labour. But, as we have seen, these increases in labour productivity will not provide a way out.

Consequently, the structure of global capital increasingly takes the form of an inverted pyramid as the mass of fictitious capital claiming a portion of surplus value grows by leaps and bounds in relation to the productive capital which must ultimately meet these demands.

Let me cite some figures that illustrate this phenomenon. At the beginning of 1999, America Online, employing 10,000 people, had a market capitalisation of \$66.4 billion. However, General Motors, employing 600,000 workers, had a market value of \$52.4 billion. Both sections of capital claim a share of surplus value according to their market value. But it is clear that the contribution to the overall accumulation of surplus value available to capital as a whole made by America Online, employing just 10,000 workers, is far less than General Motors employing 600,000. Even if all the America Online workers were employed for 24 hours a day and paid nothing they could not contribute the same amount of surplus value as is extracted from the General Motors workers.

In the case of Yahoo! this contradiction—between the claims made by capital on surplus value on the one hand and its actual extraction on the

other—is even starker. Yahoo!, with just 673 employees, had a market value of \$33.9 billion.

This inverted pyramidal structure of global capital is the source of its extreme instability. Hundreds of billions of dollars of capital, seeking to sustain its rate of return, surge through world markets in search of profit.

When the prices for property titles—stocks, bonds, real estate etc.—are rising, capital pours in, seeking to make profit by buying cheap and sell dear. Everyone makes hay while the sun shines. But when the market falters, and it becomes apparent that capital values have been vastly inflated, the rush to exit assumes the form of a stampede and overnight capital values are destroyed—not only fictitious capital, but productive capital as well.

In the aftermath of the Asian financial crisis of 1997-98, the attempt was made to suggest that this was a result of conditions peculiar to that region. In fact, the Asian collapse, in which millions of jobs were wiped out and banks and corporations were suddenly faced with billions of dollars of debt they could not possibly repay, was an expression not of “Asian conditions” but of the *modus operandi* of the capital market as a whole.

Vast flows of capital poured out of Asia and other markets into the United States, helping to fuel the escalation in share market values, thereby creating the conditions for an even bigger disaster as pension funds, savings funds, and the investments of millions of people face the prospect of being wiped out virtually overnight as inflated market valuations collapse.

One writer recently noted that the nightmare of science fiction writers—of mankind being controlled by robots and machines—is becoming a reality, but not as domination by machines but domination by the system of finance capital. The financial markets have assumed the form of a collective capitalist—capital-in-general—a kind of Automaton that dominates the lives of mankind the world over, subordinating all conditions of life to the relentless drive to accumulate the last ounce of surplus value. The root of this domination is not technology but the system of social relations based on the self-expansion of value.

The crisis which confronts mankind is that the very technologies and forces of production that provide the necessary material foundation for human emancipation—which for the first time in human history make the prospect of genuine human freedom no longer a utopian dream but a realisable perspective—are subordinated to a system of production whose objective logic requires the impoverishment of the mass of the producers of wealth.

More than 150 years ago, in a brilliant anticipation of the situation that now confronts the broad mass of people the world over, Marx wrote: “In history up to the present it is certainly an empirical fact that separate individuals have, with the broadening of their activity into world-historical activity, become more and more enslaved under a power alien to them ... a power which has become more and more enormous and, in the last instance, turns out to be the world market.” [4]

Consider for a moment the character of this world market—this vast

movement of finance that dictates the closure of a factory here, massive destruction of jobs there, which decrees that, in the midst of the greatest productive advances in human history, there is not enough money for health and education, which demands social service cuts in one country and “structural adjustment” in another. Despite the claims of its representatives it is not a product of God, nor a gift of Nature. It is the alienated expression of the social productive powers of mankind.

The socialist perspective

How is this alienation to be overcome? Marx insisted that this required the fulfillment of two practical premises.

“For it to become an ‘intolerable’ power, i.e., a power against which men make a revolution it must necessarily have rendered the great mass of humanity ‘propertyless’, and produced, at the same time, the contradiction of an existing world of wealth and culture, both of which conditions presuppose a great increase in productive power, a high degree of development.” [5]

There is no question that these conditions have been fulfilled. The globalisation of production has resulted in the growth of the working class by the hundreds of millions in regions of the world where industry barely existed a few decades ago. In the advanced capitalist countries whole sections of the population, once considered to be middle class, have effectively been proletarianised. And the struggles of workers all over the world, while they may assume different forms, have been objectively unified by the fact that they emanate from the operations of the global market, which dominates over every national economy, and the demands of the same banks and transnational corporations.

The burning question of the day is on what program and perspective must the struggle against global capitalism now be organised and prosecuted. In the past months, we have seen a series of protests and demonstrations first against the World Trade Organisation and last month against the IMF and World Bank.

The emergence of this opposition has sounded warning bells in ruling circles, based on the recognition that, notwithstanding the rise in share values and the heady market triumphalism of just a few years ago, broad masses of people the world over are deeply dissatisfied with, and indeed hostile to, the prevailing social order.

Within a matter of weeks of the emergence of these movements, however, the issues of program and perspective have come to the fore—issues that we examined in the statements on the WTO and IMF protests and in the recent discussion on the *World Socialist Web Site* with Professor Michel Chossudovsky.

The underlying political perspective of the dominant elements of this protest movement, whatever the tactical differences between them, over, for example, whether the IMF and the other institutions of global capitalism should be “reformed” or “shut down”, is that it is necessary to restore national sovereignty in the face of the domination of the global financial system.

Professor Chossudovsky points out, absolutely correctly, that the “only promise of the ‘free market’” is economic devastation of people’s lives. But in elaborating his perspective he declares: “We must restore the truth, we must reinstate sovereignty to our countries and to the people of our countries.”

Here lies the fundamental difference between the socialist opposition to global capitalism, which strives for the unification of the international working class across national borders, and the petty-bourgeois nationalist opposition to “globalisation” which demands the restoration of the power of the national state.

This latter perspective is in essence reactionary, in the deepest historical meaning of that term. At every stage in the development of capitalism, movements have arisen in response to the social upheaval caused by the revolutionising of the productive forces to demand a return to the past.

In the first phase of the development of industrial capitalism, there were

those who decried the destruction of the peasant economy and petty-bourgeois artisan production. In the era of monopolisation and the formation of giant capitalist combines at the turn of last century, movements came forward to demand the restoration of the smaller-scale production of an earlier period. Now, in response to this latest phase in the development of capitalism we see the demand raised for a return to the nationally-regulated capitalism of the post-war boom, based on Keynesian policies of demand stimulation.

In our statement of November 30, 1999 entitled “Political first principles for a movement against global capitalism” we made the point that the identification of “globalisation” and “global capitalism” rested on a basic confusion.

“It is ... necessary,” we insisted, “to distinguish between the increasingly global character of the production and exchange of goods—in and of itself a progressive development fueled by revolutionary advances in computer science, telecommunications and transport—and the socially destructive consequences that flow not from globalisation as such, but from the continued subordination of economic life to a system which is driven by the anarchic pursuit of private profit, and wedded to an outmoded national form of political organisation.

“The great question today is not how to roll back development to some largely mythical age of isolated national economic life—it is this: who is going to control the global economy, whose interests are going to determine how its immense technical and cultural capabilities are utilised?”

Let us place this call for the restoration of national sovereignty in its historical context. The nation-state was created by the bourgeoisie as it strove to develop the productive forces and reshape the world to meet the needs of the new social order it was bringing into being. But the nation-state system has today been rendered utterly reactionary by the global development of the productive forces. Therefore, to base a political perspective on the demand for the restoration of national sovereignty is to take the same position as those movements which sought to oppose capitalism by insisting upon the maintenance of the feudal order.

Against the petty-bourgeois protest movements that look to the past, the socialist opposition to global capitalism is oriented to the future. Or, more precisely, it bases its perspective on the objective processes within the capitalist economy of today which are presently preparing the way for the development of a higher social order and the advance of civilisation.

The development of capitalist production is always and everywhere carried forward by the bourgeoisie for the accumulation of profit and the intensification of class exploitation. Yet it is this very development of the productive forces that undermines the rule of the bourgeoisie and prepares the conditions for its overthrow. As Marx explained in the *Communist Manifesto*, the bourgeoisie is rather like the sorcerer who “is no longer able to control the powers of the nether world whom he has called up by his spells”.

The globalisation of production and finance has not only created the gravedigger of global capitalism in the form of the international working class, it has prepared the objective foundations of a planned world socialist economy.

What else is the modern transnational corporation with its system of elaborate planning, information and control mechanisms, if not the precursor, developing within capitalism, of forms of socialist planning and production? If it is possible today to organise the production and distribution of goods and services across continents and countries, through transnational corporations, many of which have an economic output larger than entire national economies, then it is eminently feasible tomorrow to carry out socialist planning on a global scale based on the satisfaction of human need, in which the productive forces are liberated from the relentless logic of surplus value accumulation and made to serve mankind, instead of being used as an instrument of domination.

If it is possible through the development of global financial markets, and their associated systems of communication to provide up-to-date information on economic activity in any corner of the globe, then it is entirely possible to develop the necessary means of information and communication to enable the participation, for the first time in history, of the broad masses in the planning, organisation and control of economic life.

This is the goal for which the socialist movement fights—a goal which is not derived from the schemes of this or that would-be universal reformer but from processes going on under our very eyes.

The Russian Revolution

The building of the political movement for the achievement of this perspective requires the assimilation of the political lessons of the 20th century—above all of its greatest event, the Russian Revolution of 1917.

The failure of the revolution to spread and the consequent degeneration of the first workers' state into the totalitarian regime of Stalinism, and the subsequent restoration of capitalism has created great confusion and political disorientation.

But the objective conditions for the clarification of the most advanced elements of the working class and the intelligentsia, and through them the broad masses, are being created by the development of global capitalism.

The Russian Revolution did not emerge from a clear blue sky. It arose, and its eruption was predicted and actively prepared by the Marxist movement, out of the first phase of capitalist globalisation at the end of the 19th century.

The first attempt to overcome the barbarism into which global capitalism plunged mankind ended in failure—the bourgeoisie was able to hang on to power and the revolution degenerated.

But let us place this first attempt in a wider historical context. All the conditions which produced it are maturing once again. History of course will not repeat itself, but none of the historical contradictions that gave rise to the Russian Revolution have been resolved. If capitalism had been able, over the course of the last 100 years, to ensure the harmonious development of the productive forces and ensure the social, economic and cultural advancement of the broad masses of the world's people, then we would have to say that the prospect of international socialism remained a utopian perspective, unable to be realised.

That is clearly not the case. All the historical contradictions of capitalism which gave rise to the revolutionary struggles of the first part of this century have assumed an even more explosive form. The historical perspective on which the Russian Revolution was carried out—the reorganisation of the world through the international socialist revolution—remains the only viable way out of the blind alley into which global capitalism has driven mankind. The forging of an international leadership on the basis of this perspective is the urgent task of the day—the achievement of which is the goal of the Socialist Equality Party and the International Committee of the Fourth International.

Notes:

4. Marx, *The German Ideology*, p. 49

5. op cit, p. 46



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