Volatile Capitalism and Global Poverty

by Patrick Bond
University of KwaZulu-Natal School of Development Studies
and Centre for Civil Society (pbond@mail.ngo.za)

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This paper seeks to make links between the last period (roughly three decades) of volatile capitalism and poverty, in order to advance strategic resistance. The merits of classical political-economic theory including the identification of crisis tendencies at the core of capital's laws of motion, tendencies which are met by countervailing management techniques. Crisis *displacement* techniques became much more sophisticated since the 1930s freeze of financial markets, crash of trade, Great Depression and interimperial turn to armed aggression. The paper documents the global economy's vast credit expansion and the use of geographical power to move devaluation to Third World and emerging market sites, which in turn has generated vast increases in poverty in most areas of the South. Extra-market coercion including gendered and environmental superexploitation has intensified in the process. The result is an 'uneven and combined' capitalism that concentrates wealth and poverty in more intense ways, geographically, and brings capitalist markets and the non-market spheres of society and nature together in ways adverse to the latter, generating mass poverty. As for resistance, popular movements across the world are divided on strategies and tactics. While there are some crucial sites of national state control by anti-capitalist forces in Latin America, we can consider the options faced by the popular movements in terms of three alternative orientations: 'autonomism'; 'global governance'; and 'decommodification' of life/nature alongside the 'deglobalization' of capital.

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> [The first economy] is the modern industrial, mining, agricultural, financial, and services sector of our economy that, everyday, becomes ever more integrated in the global economy. Many of the major interventions made by our government over the years have sought to address this 'first world economy', to ensure that it develops in the right direction, at the right pace. It is clear that this sector of our economy has responded and continues to respond very well to all these interventions… The successes we have scored with regard to the 'first world economy' also give us the possibility to attend to the problems posed by the 'third world economy', which exists side by side with the modern 'first world economy'… Of central and strategic importance is the fact that they are structurally disconnected from our country's 'first world economy'.
>
> Thabo Mbeki, *ANC Today*, 2003[1]

> From day to day it... becomes clearer that the relations of production in which the bourgeoisie moves do not have a simple, uniform character but rather a dual one; that in the same relations in which wealth is produced, poverty is produced also; that in the same relations in which there is a development of the forces of production, there is also the development of a repressive force; that these relations produce bourgeois wealth, i.e. the wealth of the bourgeois class, only by continually annihilating the wealth of the individual members of this class and by producing an ever growing proletariat.
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> Karl Marx, *Capital*, 1867[2]

1. Introduction

In order to provide the appropriate context for our analysis of poverty, this paper considers global processes and structures combining 'political economy' (an analysis concerned with the interaction of economic processes and power relations) and geopolitics (considerations of relations between territorially-based actors - not just national states – which have interests in defending or expanding their spatial power).

Globalization is an explicitly geographical phenomenon and hence we must seek a framework capable of uniting macropolitical and global economic forces on the one hand, with micro-foundational aspects of markets and political actors' interests on the other. That is the epistemological challenge for anyone showing how poverty is created not from the existence of 'two economies' in which – as Thabo Mbeki has it – there is a 'structural disconnection' between the rich and poor, but instead from a single, superexploitative system.

To that end, in the pages ahead we attempt to comprehend global and local in a compressed account of four subjects: key defining events since the early 1970s; ideological development; explanatory theory; and empirical tendencies that will

1. Mbeki, T. (2003), 'Steps to End the Two Nations Divide', *ANC Today*, 3, 33, 22 August, http://www.anc.org.za..
2. Marx, K. (1967), *Capital*, Volume 1, New York, International Publishers, Chapter 27, paragraph 15.

shape the immediate future. The wider window provided in this analysis – and the 1/3 century longish view taken – is exemplified in studies by David Harvey (2007, 27), who explains the broad outline of the context we will investigate in the pages ahead:

> Toward the end of the 1960s, global capitalism was falling into disarray. A significant recession occurred in early 1973—the first since the great slump of the 1930s. The oil embargo and oil price hike that followed later that year in the wake of the Arab-Israeli war exacerbated critical problems. The embedded capitalism of the postwar period, with its heavy emphasis on an uneasy compact between capital and labor brokered by an interventionist state that paid great attention to the social (i.e., welfare programs) and individual wage, was no longer working. The Bretton Woods accord set up to regulate international trade and finance was finally abandoned in favor of floating exchange rates in 1973. That system had delivered high rates of growth in the advanced capitalist countries and generated some spillover benefits—most obviously to Japan but also unevenly across South America and to some other countries of South East Asia—during the 'golden age' of capitalism in the 1950s and early 1960s. By the next decade, however, the preexisting arrangements were exhausted and a new alternative was urgently needed to restart the process of capital accumulation.
>
> How and why neoliberalism emerged victorious as an answer to that quandary is a complex story. In retrospect, it may seem as if neoliberalism had been inevitable, but at the time no one really knew or understood with any certainty what kind of response would work and how. The world stumbled toward neoliberalism through a series of gyrations and chaotic motions that eventually converged on the so-called 'Washington Consensus' in the 1990s.

The gyrations and stumbles are documented in the next section. While the neoliberal project may have failed to meet its sponsors' promises, nevertheless there is not yet a replacement conceptual framework strong enough to reshape the world. The forces in Washington that support economic neoliberalism (the World Bank, IMF, US Treasury, US Federal Reserve and associated thinktanks) and political neoconservatism (the White House, Pentagon, State Department and thinktanks) are both suffering major legitimacy problems. But their *fusion* in many multilateral agencies – notwithstanding some reform rhetorics – suggests a difficult period ahead for the two strongest potential alternatives: 'Post-Washington' or 'Third World nationalist' reformers.

It will be even more challenging – but possibly more fruitful – to insert into the equation a fifth framework promoted by social change activists within the 'global justice movements'. Table 1 provides a snapshot (in 2007) of the institutions, debates and personalities associated with these five ideological approaches. However, before addressing their agendas, it is important to set out the three-decade long geopolitical process, as well as deeper political economic dynamics, and then provide some theoretically-informed explanation for these.

2. Geopolitical realignment, neoliberal ascendancy and economic volatility

A catalogue of geopolitical changes since the 1970s would emphasise at least four major developments:

- the 1975 US defeat by the Vietnamese guerrilla army, which reduced the US public's willingness to use its own troops to maintain overseas interests;

- the demise of the Soviet bloc in the early 1990s, as a result of economic paralysis, foreign debt, bureaucratic illegitimacy and burgeoning democracy movements;

- Middle East wars throughout the period, with Israel generally dominant as a regional power from the 1973 war with Egypt (notwithstanding its 2006 defeat in Lebanon); and

- the rise of China as a potent competitor to the West (in political as well as economic terms) during the 1990s-2000s.

These were merely the highest-profile of crucial *political* developments, leaving a sole superpower in their wake, yet one with much lower levels of legitimacy, dubious military and cultural dominance, slower economic growth, higher poverty and inequality, and vastly reduced financial stability over the past third of a century. One critical aspect of the struggle between *classes* associated with these developments was the waning of the Third World nationalist project and a dramatic shift in class power, away from working-class movements that had peaked during the late 1960s, towards capital and the upper classes.

Chronologically, other crucial 'moments' that helped define the splintered, polarised political sphere since the 1970s included the following:

- formal democratization arrived in large parts of the world – Southern Europe during the mid-1970s, the Cone of Latin America during the 1980s and the rest of Latin America during the 1990s, and many areas of Eastern Europe, East Asia and Africa during the early 1990s – partly through human/civil rights and mass democratic struggles and partly through top-down reform - yet because this occurred against a backdrop of economic crisis in Latin America, Africa, Eastern Europe, the Philippines and Indonesia, the subsequent period was often characterised by instability, in which 'dictators passed debt to democrats' (as the Jubilee South movement termed the problem) who were compelled to impose austerity on their subjects, leading to persistent unrest;

- the ebbing of Third World revolutionary movements - in the wake of transformations in Nicaragua, Iran and Zimbabwe in 1979-80 - was hastened by the US government's explicit attacks during the 1980s on Granada, Nicaragua, Angola and Mozambique (sometimes directly but often by proxy), as well as on liberation movements in El Salvador, Palestine (via Israel) and Colombia, as well as former CIA client regimes in Panama and Iraq, hence sending signals to Third World governments and their citizenries not to stray from Washington's mandates;

- after Vietnam, the US's subsequent ground force losses in Lebanon during the early 1980s and in Somalia during the early 1990s (followed by Afghanistan and Iraq in the mid-late 2000s) shifted the tactical emphasis of the Pentagon and NATO to high-altitude bombing, which proved momentarily effective in situations such as the 1991 Gulf War (decisively won by the US in the wake of Iraq's invasion of Kuwait), the Balkans during the late 1990s, the overthrow of Afganistan's Taliban regime in 2001 and the initial ouster of Saddam Hussein in Iraq in 2003;

- the 1989-90 demise of the Soviet Union had major consequences for global power relations and North-South processes, as Western aid payments to Africa, for example, quickly dropped by 40 percent given the evaporation of formerly Cold War patronage competition (until the resurgence of Chinese interest in Latin America and Africa during the 2000s);

- the consolidation of European political unity followed corporate centralization within the European Economic Community, as the 1992 Maastricht treaty ensured a common currency (excepting the British pound which was battered by speculators prior to joining the euro zone), and as subsequent agreements established stronger political interrelationships, at a time most European social democratic parties turned neoliberal in orientation and voters swung between conservative and centre-right rule, in the context of slow growth, high unemployment and rising reflections of citizen dissatisfaction;

- persistent 1990s conflicts in 'Fourth World' failed states gave rise to Western 'humanitarian interventions' with varying degrees of success, in Somalia (early 1990s), the Balkans (1990s), Haiti (1994), Sierra Leone (2000), Cote d'Ivoire (2002) and Liberia (2003), although other sites in central Africa - Rwanda in 1994 and since then Burundi, northern Uganda, the eastern part of the Democratic Republic of the Congo, Somalia and Sudan's Darfur region - have witnessed several million deaths, with only (rather ineffectual) regional not Western interventions;

- the 2001 attack on the World Trade Center in New York City and the Pentagon near Washington (followed by attacks in Indonesia, Madrid and London) signalled an increase in conflict between Western powers and Islamic extremists, and followed earlier bombings of US targets in Kenya, Tanzania and Yemen which in turn received US reprisals against Islamic targets in Sudan (actually, a medicines factory) and Afghanistan in 1998 and Yemen in 2002; and

- the early-mid 2000s rise of left political parties in Latin America included major swings in Venezuela (1999), Bolivia (2004) and Ecuador (2006), as well as turns away from pure neoliberal economic policies in Brazil, Argentina, Uruguay and Chile, and were joined during the mid-2000s in Europe by left coalitions in Norway and Italy.

This list of seminal political moments should not obscure other important trends that seem to have accompanied them:

- social and cultural change, including postmodernism, the 'network society', demographic polarizations and family restructurings;
- new technologies brought about by the transport, communication and computing revolutions;
- major environmental stresses including climate change, natural disasters, depletion of fisheries and worsening water scarcity; and
- health epidemics, such as AIDS, Bovine Spongiform Encephalopathy, anthrax, drug-resistant tuberculosis and malaria, severe acute respiratory syndrome and avian flu.

Although these are topics beyond the scope of the current paper, in the realm of *ideology* the importance of these polarising events and processes cannot be overstated. Moreover, given the rise of neoliberal and neoconservative philosophies (formerly 'modernization' and colonialism), there have been sometimes spectacular counterreactions ranging from Islamic fundamentalism and resurgent Third World Nationalism, to Post-Washington Consensus and 'global governance' reform proposals, to global justice movement protests. These we return to in the next section and the Appendix.

Meanwhile, in the sphere of economics, a variety of key moments mark the rise and then decline of neoliberal policy influences across the world:

- in 1973, the Bretton Woods agreement on Western countries' fixed exchange rates - by which from 1944-71, an ounce of gold was valued at US$35 and served to anchor other major currencies – disintegrated when the US unilaterally ended its payment obligations, representing a default of approximately $80 billion, leading the price of gold to rise to $850/ounce within a decade;

- also in 1973, several Arab countries led the formation of the Oil Producing Exporting Countries (OPEC) cartel, which raised the price of petroleum dramatically and in the process transferred and centralized inflows from world oil consumers to their New York bank accounts ('petrodollars');

- from 1973, 'los Chicago Boys' of Milton Friedman – the young Chilean bureaucrats with doctorates in economics from the University of Chicago - began to reshape Chile in the wake of Augusto Pinochet's coup against the democratically-elected Salvador Allende, representing the birth pangs of neoliberalism;

- in 1976, the International Monetary Fund signalled its growing power by forcing austerity on Britain at a point where the ruling Labour Party was desperate for a loan, even prior to Margaret Thatcher's ascent to power in 1979;

- in 1979 the US Federal Reserve addressed the dollar's decline and US inflation by dramatically raising interest rates, in turn catalyzing a severe recession and the Third World debt crisis, especially in Mexico and Poland in 1982, Argentina in 1984, South Africa in 1985 and Brazil in 1987 (in the latter case leading to a default that lasted only six months due to intense pressure on the Sarnoy government to repay);

- at the same time, the World Bank shifted from project funding to the imposition of structural adjustment and sectoral adjustment (supported by the IMF and the 'Paris Club' cartel of donors), in order to assure surpluses would be drawn for the purpose of debt repayment, and in the name of making countries more competitive and efficient;

- the overvaluation of the US dollar associated with the Fed's high real interest rates was addressed by formal agreements between five leading governments that devalued the dollar in 1985 (Louvre Accord), but with a 51 percent fall against the yen, required a revaluation in 1987 (Plaza Accord);

- once the Japanese economy overheated during the late 1980s, a stock market crash of 40 percent and a serious real estate downturn followed from 1990, and indeed not even negative real interest rates could shake Japan from a long-term series of recessions;

- during the late 1980s and early 1990s, Washington adopted a series of financial crisis-management techniques - such as the US Treasury's Baker and Brady Plans – so as to write off (with tax breaks) part of the $1.3 trillion in potentially dangerous Third World debt due to the New York, London, Frankfurt, Zurich and Tokyo banks which were exposed in Latin America, Asia, Africa and Eastern Europe (although notwithstanding the socialization of the banks' losses, debt relief was denied the borrowers);

- in late 1987, crashes in the New York and Chicago financial markets (unprecedented since 1929) were immediately averted with a promise of unlimited liquidity by Alan Greenspan's Federal Reserve, a philosophy which in turn allowed the bailout of the Savings and Loan industry and various large commercial banks (including Citibank) in the late 1980s notwithstanding a recession and serious real estate crash during the early 1990s;

- likewise in 1998, when a New York hedge fund - Long Term Capital Management (founded by Nobel Prize-winning financial economists) – was losing billions in bad investments in Russia, the New York Fed arranged a bailout, on grounds the world's financial system was potentially at high risk;

- starting with Mexico in late 1994, the US Treasury's management of the mid- and late 1990s 'emerging markets' crises again imposed austerity on the Third World while offering further bailouts for investment bankers exposed in various regions and countries – Eastern Europe (1996), Thailand (1997), Indonesia (1997), Malaysia (1997), Korea (1998), Russia (1998), South Africa (1998, 2001), Brazil (1999), Turkey (2001) and Argentina (2001) - whose hard currency reserves were suddenly emptied by runs; and

- in addition to a vastly overinflated US economy (with record trade, capital and budget deficits) whose various excesses have occasionally unravelled – as with the dot.com stock market (2000) and real estate (2007) bubbles – the two largest Asian societies, China and India, picked up the slack in global materials and consumer demand during the 2000s, but not without extreme stresses and contradictions that in coming years threaten world finances, geopolitical arrangements and environmental sustainability.

This, then, is a list of major events that reflect tensions and occasional eruptions, but never *genuine resolutions* to the growing overall problems of volatility that have wracked world politics and economics. The overall sense of chaos in global political economy and geopolitics contrasts to a more stable, predictable, prosperous and evenly-distributed set of political-economic relations during the immediate post-War quarter-century (1945-70). What explanations can be generated to help come to grips with volatile global political economy and geopolitics?

3. Durable economic problems

The merits of classical political-economic theory include the identification of durable economic problems – also termed 'crisis tendencies' - at the core of the market's 'laws of motion'. But these tendencies are typically met by countervailing management techniques which stabilize the market. Crisis *displacement* techniques became much more sophisticated since the 1930s freeze of financial markets, crash of trade, Great Depression and by 1939 interimperial turn to armed aggression. By 1936, these conditions had compelled John Maynard Keynes to write his *General Theory*, which advocated much greater state intervention so as to boost purchasing power. The difference today is that such drastic problems have been averted, largely through *moving* devaluation - what Joseph Schumpeter called 'creative destruction' - across both time (via the credit system) and space, and also by drawing on non-market spheres (environmental commons, women's unpaid labor, indigenous economies) for new surpluses via extra-economic kinds of coercions ranging from biopiracy and privatization to deepened reliance on unpaid women's labour for household reproduction.

Coming pages document the global economy's vast financial expansion and the use of geographical power to devalue large parts of the Third World and various emerging market sites, as well as to some vulnerable markets in the North that have suffered substantial 'corrections' in past years. Extra-economic coercion including gendered and environmental stress has intensified in the process. The result is an economy that concentrates wealth and poverty in more intense ways, geographically, and brings markets and the non-market spheres of society and nature together in ways adverse to the latter (a phenomenon sometimes termed 'uneven and combined development').

Consider three central components to this political-economic argument about global economic problems:

- first, the durable late 20th century condition of 'overaccumulation of capital' - as witnessed in huge gluts in many markets, declining increases in per capita GDP growth, and falling corporate profit rates - was displaced and mitigated ('shifted and stalled' geographically and temporally) at the cost of much more severe tensions and potential market volatility in months and years ahead;

- second, the temporary dampening of crisis conditions through increased credit and financial market activity has resulted in the expansion of 'fictitious capital' – especially in real estate but other speculative markets based upon trading paper representations of capital ('derivatives') - far beyond the ability of production to meet the paper values; and

- third, geographical shifts in production and finance continue to generate economic volatility and regional geopolitical tensions, contributing to unevenness in currencies and markets as well as pressure to 'combine' market and non-market spheres of society and nature in search of restored profitability.

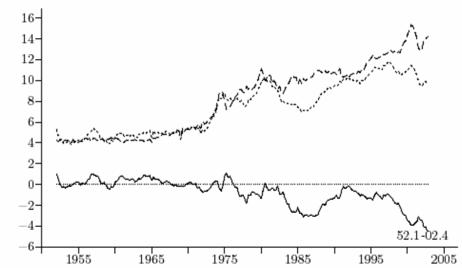
As noted below, the interlinked problems of overaccumulation, financialization and globalization brought not only pressures for war, in view of the battles for resources that broke out especially in the Middle East, central Asia and central Africa. The circumstances mainly associated with hyperexpansion of commerce in a context of technological/transport changes also generated threats of catastrophic climate change and new pandemics.

The world macroeconomic context in the most recent period, since around 2000, includes some incongruent experiences, especially in the US, Euro Area and Japan (Bank for International Settlements 2006, 12-32):

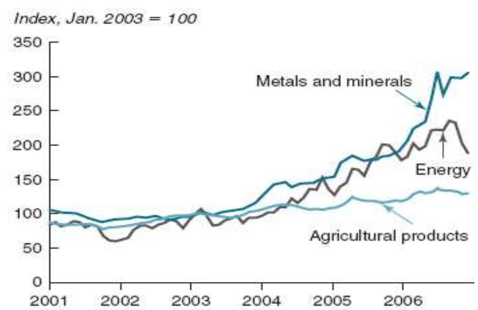
- a recovery in trade, foreign investment flows (especially mergers and acquisitions) and stock market values after early 2000 downturns;

- rising US and Japanese fiscal deficits;
- an unprecedented US trade deficit (especially due to increased Chinese imports), while nearly all emerging market economies – aside from Turkey, Mexico, South Africa, the Czech Republic and Poland – ran large current account surpluses;
- an upturn in raw material prices from early 2002 (especially in energy and minerals/metals);
- an uptick in corporate profits as a share of GDP accompanied by sluggish private fixed investments;
- real interest rates below 1 percent since 2001 in spite of 17 small rate increases by the US Federal Reserve since 2004;
- a fast-rising household debt/income ratio in the US;
- uncertainty in global property markets – especially US housing - after apparent mortgage-driven peaks in 2005;
- an 18 percent fall in the value of the dollar from its early 2002 high until year-end 2006; and
- the ongoing role of emerging Asian economies as the engine of world growth, accounting for half of global GDP since 2000.

Figure 14 Ratios of imports, exports, and balance of trade to the GDP (%): US

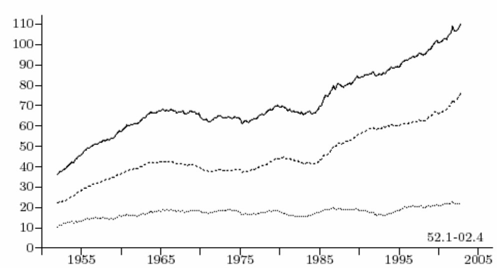


Trade balance: (——); Exports: (-----); Imports: (— —)

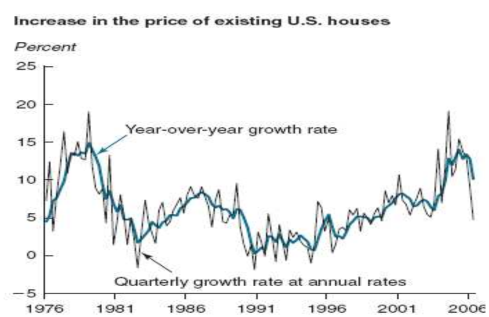


Source: World Bank.

Figure 17 Ratio of the debt (total liabilities and its components) of househol disposable income (quarterly data, %): US



Total liabilities: (——); Home mortgages: (-----); Consumer credit: (·······)



Sources: World Bank; Office of Federal Housing Enterprise Oversight.

Can incongruities within these macrodata be reconciled with political-economic analysis? Recent orthodox analysis of economic disequilibria, especially US trade/budget deficits, often relies upon four key variables:

- extremely low US national (especially household) savings rates;

- the positive implications of the 'new economy' for US investments (which have been stable at just lower than 20 percent of GDP during the 1990s-2000s, roughly equal to Europe and Latin America but lower than Japan's 25 percent and other East Asian countries' 33 percent);

Figure 16 Ratio of savings* to disposable income (quarterly data, %): Households in the US

Disposable income is total income after paying taxes. Savings is the excess of disposable income over all purchases of goods and services and the payment of interest.

- the argument that a 'global savings glut' (roughly 2 percent higher than 1990s levels) permits relatively low interest rates in the US in addition to capital inflows; and

- a 'Sino-American codependency' situation due to risk avoidance by Asian investors in the wake of the 1997-98 crisis (Bank for International Settlements 2006, 24).

For Barry Eichengreen (2006, 14), 'the four sets of factors supporting the global imbalance and the US deficit will not last forever. There will have to be adjustment, the question being whether it will come sooner or later and whether it will be orderly or disorderly.'

Moving from US crisis conditions, there have been other 'very long bouts of stagnant or even negative growth', the World Bank (2006, 56) notes: 'The past 25 years have had numerous setbacks afflicting growth in the developing countries.' It offers an explanation for 'Sub-Saharan Africa, the Middle East and North Africa, Latin America, and Europe and Central Asia. They each had specific reasons for these periods of depressed growth ranging from Latin America's debt crisis in the 1980s, the Middle East and North Africa's (and, to a lesser extent, Africa's) energy decline, and Europe and Central Asia's emergence from its transition toward market-based economies.' But in each case, the Bank (2006, 55) claims, progress can be recorded:

- improved macroeconomic conditions (such as less inflation and inflationary expectations),

- more sustainable debt levels (at least for developing countries on average),

- more diversified economies with less reliance on volatile commodities,

- a much greater role for services (which tend to be less volatile),

- much improved production management with lower inventories (which tended to be a major factor in past business cycles), and

- better macroeconomic management, particularly monetary policy.

By late 2006, these claims led many to discount the economic dangers ahead. Some, like *New York Times* economics correspondent Daniel Altman (2006), profess not to worry (unless an exogenous shock emerges), because 'the dollar's decline could continue in an orderly and relatively benign fashion. The economy could see what, under the circumstances, would be the best of all possible worlds: a lower dollar helping to support American exports, while foreign money continues to rush into the country.' For *The Economist* (2006), 'The world economy could well benefit from a gradual slide in the greenback. It would help to reduce global current-account imbalances and, by shifting production into America's tradable sector, would cushion the United States' economy as its housing bubble bursts.' The World Bank (2006, 1,24) agrees that 'a soft landing remains likely… even though it may take several years beyond our medium-term projection period (2006–08) before the US current account deficit reaches sustainable levels'.

Others do worry, however, because broader systemic power shifts in the wake of financial and trade adjustments are likely, according to Menzie Chinn, writing for the Council on Foreign Relations:

> A cautionary note regarding America's current path is provided by Britain's loss of military and political primacy in the twentieth century; that development followed a shift from creditor to debtor status. Similarly, a prolonged decline in the dollar's value and increasing indebtedness will erode America's dominance in political and security spheres. These trends threaten the dollar's role as *the* global currency that facilitates international trade and finance, something the United States has gained immeasurably from over the years. A weaker dollar also reduces American leverage in international financial institutions such as the World Bank and International Monetary Fund. Finally, a diminished U.S. currency means that each dollar's worth of military and development assistance has less impact at precisely the time when the nation faces the greatest challenges. Those threats we ignore at our own peril.

The World Bank specifies three upsides of 'the next wave of globalization':

> First is the growing economic weight of developing countries in the international economy, notably the emergence of new trading powerhouses such as China, India, and Brazil. Second is the potential for increased productivity that is offered by global production chains, particularly in services, arguably the most dynamic sector of trade today. Third is the accelerated diffusion of technology, made possible through falling communications costs and improved access to telecommunications and the Internet, as well as through innovative forms of business organization, often linked to foreign investment (World Bank 2006, vii).

On the downside, the Bank (2006, vii) continues, are 'growing inequality, pressures in labor markets and threats to the global commons' which are not only 'evident in the current globalization' but 'are likely to become more acute. If these forces are left unchecked, they could slow or even derail globalization.' The Bank notes that threats from 'environmental damage, social unrest, or new increases in protectionist sentiment are potentially serious', in part because 'returns to skilled labor will continue to increase more quickly than those to unskilled labor, extending today's natural wage-widening tendencies evident in many, if not most, countries' (World Bank 2006, vii, xxi).

Whether it is 'natural' that the world is suffering the worst inequality in human history might be disputed. One of the core arguments by Harvey (2003, 2007), for example, is that neoliberalism is an explicit political project of 'class war'. That this war has generated vast inequalities between people in poor countries and people in rich countries – measured by the international Gini coefficient - is no longer in dispute (Milanovic 2002), even if India and China complicate matters due to uneven development.

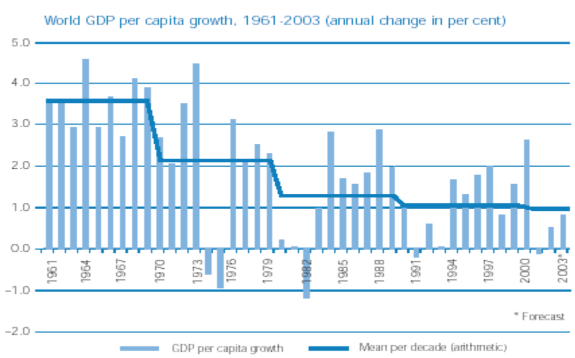
4. Stagnation, volatility and uneven development

Post-Keynesian economist David Felix (2003, 2) has succinctly addressed the overall economic policy problem, namely the US and global ruling elites' adoption – since the early 1980s - of a specific economic management style known as

> …neoliberalism, with financial market liberalization and heavy reliance on freely mobile international capital as its leading components. However, their adoption by the industrialized countries has been associated with exchange rate misalignments, excessive debt leveraging, asset price bubbles, slower and more unstable output and employment growth, and increased income concentration; and additionally in the developing countries by more frequent financial crises, exacerbated by over-indebtedness that forces many of them to adopt pro-cyclical macroeconomic policies that deepen their output and employment losses.

Other political economists continue debating whether the global economy is strong or weak. Divergent views continue over the nature of finance within the context of a slower-growing contemporary economy at a time of increasingly frictional geopolitical and military power relations. Harking back to an earlier debate between Rudolf Hilferding (1910) and Heinrich Grossmann (1929), some stress the power and coherence of finance within an always-restructuring market economy; while on the contrary some stress the vulnerability and system-threatening contradictions associated with durable economic crisis and especially international financial system fragility.

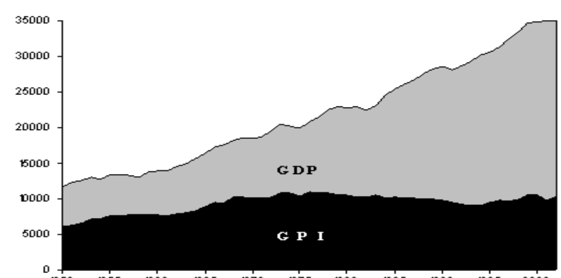
In the first category, Leo Panitch and Sam Gindin (2004, 73-75) insist, 'Clinging to the notion that the crisis of the 1970s remains with us today flies in the face of the changes that have occurred since the early 1980s.' In the same spirit, Chris Rude (2004) provides a convincing statement of the way incidents like the 1997-98 Asian and Long Term Capital Management (LTCM) liquidity crises actually strengthened the system: 'The financial instability is functional. It disciplines world capitalism.' There is probably no more striking evidence of this than the 'Volcker shock' rise in the US interest rate in 1979, imposed by Federal Reserve chair Paul Volcker to halt inflation and in the process discipline labor, subsequently drawing the Third World inexorably into debt crisis, austerity, decline and conflict.

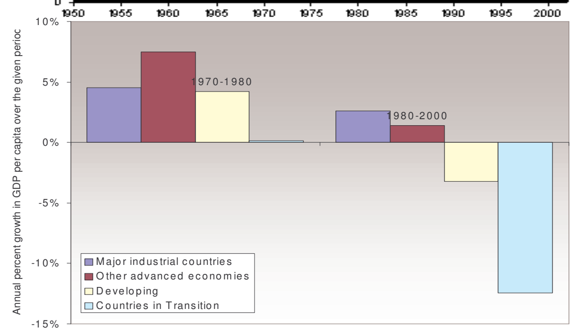


Sources: World Bank, *World Development Indicators 2003* (online version) and World Bank, *Global Economic Prospects 2004*.

What, however, is the source, not only of recent economic volatility, but of the long slowdown in economic growth? The world's per capita annual GDP increase fell from 3.6 percent during the 1960s, to 2.1 percent during the 1970s, to 1.3 percent during the 1980s to 1.1 percent during the 1990s followed by a rise to 2.5 percent for the first half of the 2000s (World Bank 2005b, 297).

To be sure, the bundle of goods measured over time has changed (high technology products enjoyed today were not available in the last century). Yet overall, GDP measures are notorious overestimates, especially since environmental degradation became more extreme from the mid-1970s, the point when a 'genuine progress indicator' went into deficit (http://www.redefiningprogress.org). We must also acknowledge the extremely uneven character of accumulation across the world, with some regions – especially Eastern Europe – having dropped vast proportions of output after 1990.





In contrast to the arguments by Panitch, Gindin and Rude, there have been several powerful statements about 'crisis' faced by global – and especially US – businesses in their of restructuring production systems, social relations and geopolitics (Brenner 2003, Harvey 2003, Pollin 2003, Wood 2003). It would be tempting to draw upon sources like Volcker himself, who in 2004 publicly warned of a '75 percent chance of a financial crisis hitting the US in the next five years, if it does not change its policies.' As he told the *Financial Times,* 'I think the problem now is that there isn't a sense of crisis. Sure, you can talk about the budget deficit in America if you think it is a problem - and I think it is a big problem - but there is no sense of crisis, so no one wants to listen' (Tett, 2004).

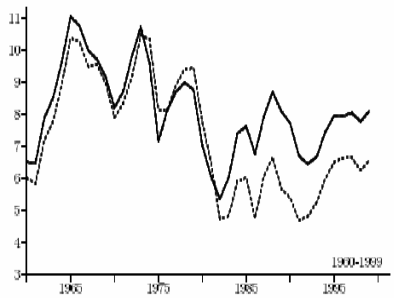
From the standpoint of political economy, similar sentiments are regularly aired, based not only upon distorted US financial and trade accounts, but also underlying features of production, ecological destruction and social degradation. Yet amongst crisis theorists, disputes remain over the relative importance of:

- employer-employee class struggle (especially emanating from late 1960s Europe, but waning since the mid-1970s and at very low levels during the 1980s when nominal profits increased),
- international political conflict,
- energy and other resource constraints (especially looming oil shortages), and
- the tendency to 'overaccumulation' (production of excess goods, beyond the capacity of the market to absorb).

For David Harvey (2003a), 'Global capitalism has experienced a chronic and enduring problem of overaccumulation since the 1970s.' Robert Brenner (2004) finds evidence of this problem insofar as 'costs grow as fast or faster in non-manufacturing than in manufacturing, but the rate of profit falls in the latter rather than the former, because the price increase is much slower in manufacturing than non-manufacturing. In other words, due to international overcapacity, manufacturers cannot raise prices sufficiently to cover costs.'

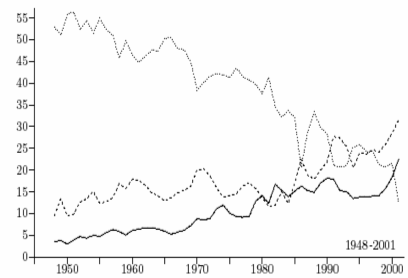
Whether this is a sufficient basis of proof has been disputed, for example by Giovanni Arrighi (2003) who observes 'a comparatively low, and declining, level of over-capacity', drawing upon official statistics. Such data are not terribly useful for measuring overaccumulation, however, because year-on-year capacity measurement does not take into account either the manner in which firms add or subtract capacity (e.g. *temporarily* mothballing factories and equipment) or the ways that overaccumulation problems are shifted/stalled into other sectors of the economy. At the height of the West's devalorization stage of overaccumulation, during the 1980s, other political economists - Simon Clarke (1988, 279-360), Harvey (1989, 180-197) and Ernest Mandel (1989, 30-58) – showed how deindustrialization and intensified uneven development were correlated to overaccumulation. Subsequently, evidence of the ongoing displacement of economic crisis to the Third World and via other sectors was documented by Harry Shutt (1999, 34-45) and Robert Biel (2000, 131-189).

Figure 3 US. nonfinancial corporations: Profit rates prior to the payment of real interest (——) and after (-----), %



In the first series, profits are equal to the net product minus the cost of labor, and business and profit taxes. They are divided by the net worth (total assets minus debt). For the second series, real interest is subtracted from profits, *i.e.*, interest minus a correction for the depreciation of debt resulting from inflation.

Figure 9 Share of three components of the total profits of corporations in the US (%)



Rest of the world: (——); Financial sector: (-----); Manufacturing: (·······)

Profits are measured before profit taxes. The *rest of the world* corresponds to the excess of profits made on US investments abroad over the profits made by the rest of the world on foreign direct investment in the US. (These profits may remain in the country where the investment is made.) Trade, Contruction, Public Utilities, Transportation and Communications, and services are not represented.
Source: NIPA (BEA).

Related debates unfold over what is mainly a *symptom* of economic crisis: declines in the corporate rate of profit during the 1970s-90s, emanating from the United States. At first glance, the after-tax US corporate profit rate appeared to recover from 1984, nearly reaching 1960s-70s highs (although it must be said that tax rates were much lower in the recent period). On other hand, interest payments remained at record high levels throughout the 1980s-90s. By subtracting real (inflation-adjusted) interest expenses we have a better sense of net revenue available to the firm for future investment and accumulation, which remained far lower than earlier periods (Dumenil and Lévy 2003).

Furthermore, we can trace, with the help of Gérard Duménil and Dominique Lévy (2003), the ways that US corporations responded to declining manufacturing-sector accumulation. Manufacturing revenues were responsible for roughly half of total (before-tax) corporate profits during the quarter-century post-war 'Golden Age', but fell to below 20 percent by the early 2000s. In contrast, profits were soon much stronger in the financial sector (rising from the 10-20 percent range during the 1950s-60s, to above 30 percent by 2000) and in corporations' global operations (rising from 4-8 percent to above 20 percent by 2000).

US: Profit rate of nonfinancial (-----) and financial corporations (—).

Dumenil and Levy show that since the Volcker shock changed the interest/profit calculus, there have been far more revenues accruing to capital based in finance than in the non-financial sector, to the extent that financiers doubled their asset base in relation to non-financial peers during the 1980s-90s. As Gerald Epstein and Dorothy Power (2002) document, rentier income doubled as a share of US GDP from around 15 percent during the 1960s to above 30 percent for most of the 1980s-90s.

Many such trends continued into the 2000s, with low investment rates, high debt loads and bankruptcy threats to what were once some of the US' most powerful auto companies. Hence restored profits for capital in general disguised the difficulty of extraction of surplus value, leaving most accumulation hollow, based increasingly upon financial and commercial activity rather than production. Although productivity increased and wage levels fell, we will see that the search for relative and absolute surplus value was augmented by profitability found outside the production process.

Indeed the primary problem for those wanting to measure and document the dynamics of capital accumulation in recent years has been the mix of extreme asset-price volatility and 'crisis displacement' that together make the tracking of valorization and devalorization terribly difficult. Volatility associated with ongoing financial processes and minimalist intrastate regulation is addressed later, but Harvey's (1999) analyses of spatio-temporal 'fixes' (not resolutions), and of systems of 'accumulation by dispossession' (Harvey 2003a, 2003b), are also appealing as theoretical tools. They help explain why economic crisis doesn't automatically generate the sorts of payments-system breakdowns and mass unemployment problems witnessed on the main previous conjuncture of overaccumulation, the Great Depression.

5. 'Accumulation by dispossession'

To be sure, the destruction associated with economic crisis tendencies – about which more information is offered in the next section - is accompanied by degradation in the form of spatio-temporal fixes and accumulation by dispossession. The latter, as formulated by David Harvey, is a form of ongoing 'primitive accumulation' – not based upon free and fair market exchange or capital-labour relations, but rather extra-economic coercion - which remains one of the market economy's persistent and permanent tactics (Perelman, 2000).

Harvey (2003a) has argued that an extreme form of accumulation by dispossession characterizes market penetration of non-market spheres of life and nature, including

> commodification and privatization of land and the forceful expulsion of peasant populations; conversion of various forms of property rights (common, collective, state, etc.) into exclusive private property rights; suppression of rights to the commons; commodification of labor power and the suppression of alternative (indigenous) forms of production and consumption; colonial, neocolonial and imperial processes of appropriation of assets (including natural resources)… and ultimately the credit system as radical means of primitive accumulation.

That these systems of dispossession today more explicitly integrate the sphere of reproduction – where much primitive accumulation occurs through unequal gender power relations – reflects a 'reprivatization' of life, as Isabella Bakker and Stephen Gill (2003) put it. To illustrate the degradation faced by Africans, the denial of access to food, medicines, energy and even water is the most extreme result; people who are surplus to the economy's labor requirements find that they must fend for themselves or die. The scrapping of safety nets in structural adjustment programmes, along with other forms of 'workfare' and conditioned social programmes, worsen the vulnerability of women, children, the elderly and disabled people. They are expected to survive with less social subsidy and greater pressure on the fabric of the family during economic crisis, which makes women more vulnerable to sexual pressures and, therefore, HIV/AIDS (Elson 1991, Longwe 1991). According to Dzodzi Tsikata and Joanna Kerr (2002), 'Mainstream economic policymaking fails to recognize the contributions of women's unpaid labor - in the home, in the fields, or in the informal market where the majority of working people in African societies function. It has been argued that these biases have affected the perception of economic activities and have affected economic policies in ways that perpetuate women's subordination.' It is not only by ignoring these contributions by women, but by *relying upon them* for the cheapening of labor inputs, that orthodox economic strategies exacerbate pre-existing patriarchy and related gendered forms of accumulation by dispossession.

Even in relatively wealthy South Africa, to illustrate, an early death for millions was the outcome of state and employer AIDS policy, with cost-benefit analyses demonstrating conclusively that keeping most of the country's 6.5 million HIV-positive people alive through patented medicines cost more than these people were 'worth'. In the case of the vast Johannesburg/London conglomerate Anglo American Corporation, the cut-off for saving workers in 2001 was 12 percent - the lowest-paid 88 percent of employees were more cheaply dismissed once unable to work, with replacements found amongst South Africa's 42 percent unemployed reserve army of labor. This is merely one aspect of what is now regularly termed labor's 'precarity' – albeit a life-and-death matter even if merely a cost-benefit calculation for the employer. Moreover, in this context of 'surplus people,' the South African government's main spokesperson revealingly told *Science* magazine in 2000 why it would not initially provide the anti-retroviral medicine nevirapine to prevent mother-to-child transmission: 'That mother is going to die and that HIV-negative child will be an orphan. That child must be brought up. Who is going to bring the child up? It's the state, the state. That's resources, you see?' (cited in Bond 2005, Afterword).

The imposition of neoliberal resource-saving policies in this spirit has amplified uneven development across the world. In macroeconomic terms, the 'Washington Consensus' entails trade and financial liberalization, currency devaluation, lower corporate taxation, export-oriented industrial policy, austere fiscal policy aimed especially at cutting social spending, and monetarism in central banking (with high real interest rates). In microdevelopmental terms, neoliberalism implies not only three standard microeconomic strategies - deregulation of business, flexibilized labor markets and privatization (or corporatization and commercialization) of state-owned enterprises - but also the elimination of subsidies, the promotion of cost-recovery and user fees, the disconnection of basic state services to those who do not pay, means-testing for social programmes, and reliance upon market signals as the basis for local development strategies. As Gill has shown, enforcement is crucial, through both a 'disciplinary neoliberalism' entailing constant surveillance, and a 'new constitutionalism' that locks in these policies over time.

An additional feature of the degradation of 'non-capitalist' spheres of life must be flagged, namely the extent to which the ecological basis of life is becoming 'vulnerable'. For James O'Connor (1988), the standard responses to the economy's 'primary contradiction' (crisis tendencies especially in the form of falling profits) have severe environmental implications, associated with a 'second contradiction': 'when individual capitals attempt to defend or restore profits by cutting or externalizing costs, the unintended effect is to reduce the "productivity" of the conditions of production and hence to raise average costs'. In short, when accumulation by dispossession as an economic strategy is applied to natural resources, as an alleged 'market solution' to 'market problems' (such as pollution and global warming externalities), new crises invariably ensue. Elmar Altvater (2003) finds these strategies of ecological commodification 'highly doubtful because of the "limits to growth", the exhaustion of resources and sinks and because of military conflicts on resources ("new wars on resources") in Africa and Latin America and in the Middle East. Several wars have been waged on the domination over oil-territories and influences on the oil-price.' Water wars are said to be emerging as the 21st century equivalent of petro-related conflicts of the

20th century, for example.

How serious have these socio-political-ecological problems become? Although leading political economists debate the extent to which system-threatening crises loom (Foster 1998, Harvey 1998), empirical measurement of environmental degradation is improving. Joan Martinez-Alier (2003) has provided several categories:

- Unpaid costs of reproduction or maintenance or sustainable management of the renewable resources that have been exported;
- actualized costs of the future lack of availability of destroyed natural resources;
- compensation for, or the costs of reparation (unpaid) of the local damages produced by exports (for example, the sulphur dioxide of copper smelters, the mine tailings, the harms to health from flower exports, the pollution of water by mining), or the actualized value of irreversible damage;
- (unpaid) amount corresponding to the commercial use of information and knowledge on genetic resources, when they have been appropriated gratis ('biopiracy') - for agricultural genetic resources, the basis for such a claim already exists under the FAO's Farmers' Rights;
- (unpaid) reparation costs or compensation for the impacts caused by imports of solid or liquid toxic waste; and
- (unpaid) costs of free disposal of gas residues (carbon dioxide, CFCs, etc), assuming equal rights to sinks and reservoirs.

The sums involved are potentially vast, for example, associated with biopiracy (Tandon 2000). Recent cases include a diabetes drug produced by a Kenyan microbe; a Libyan/Ethiopian treatment for diabetes; antibiotics from a Gambian termite hill; an antifungal from a Namibian giraffe; an infection-fighting amoeba from Mauritius; a Congo (Brazzaville) treatment for impotence; vaccines from Egyptian microbes; multipurpose medicinal plants from the Horn of Africa; the South African and Namibian indigenous appetite suppressant Hoodia; and many others (McGown 2006).

In the case of CO2 emissions, according to Martinez-Alier,

> Jyoti Parikh (1995) (a member of the UN International Panel on Climate Change) [argues that] if we take the present human-made emissions of carbon, the average is about one tonne per person per year… Let us take an average of $25: then a total annual subsidy of $75 billion is forthcoming from South to North.

Depletion of minerals and other nonrenewable resources (including fisheries), dumping of toxics, biopiracy and excess use of the planet's CO2 absorption capacity are merely some of the ways that the South is being exploited on the ecological front. The amounts involved would easily cover debt repayments.

Before turning to the political and strategic implications, especially in relation to sites of intense contradiction and politicization that follow from commodification and globalization, we should first review further recent evidence regarding destruction associated with one of the most contradictory facets of crisis displacement, namely financial instability.

6. Financial volatility

Financial volatility has also contributed to extremely uneven development across the world, with much of the damage arising from actions taken by and in the United States. There, the manifestations of rising *financial profitability* simultaneous with relative *manufacturing decline* are varied, beginning with the past few years of massive deficit spending by the US state, a form of military Keynesianism. But as noted above, so too is consumer-Keynesianism via credit increasingly crucial, with household debt as a percentage of disposable income rising steadily from below 70 percent prior to 1985, to above 100 percent fifteen years later. On the one hand, credit proponents argue that given financial product innovations and especially new debt instruments associated with new information, communications and technology, it is possible to carry a greater debt load without necessarily endangering consumer finances. On the other hand, however, during the same period, household savings rates fell from the 7-12 percent band to below 3 percent, and the crash of subprime mortgage markets plus growing consumer bankruptcies in 2007 provide contrary evidence.

Moreover, consumers and other investors are also more vulnerable to larger financial shocks and asset price swings than at any time since 1929. Although there were indications from around 1974 that major financial institutions would be affected by the onset of structural economic problems, few predicted the dramatic series of upheavals across major credit and investment markets over the subsequent quarter century: the Third World debt crisis (early 1980s for commercial lenders, but lasting through the present for countries and societies); energy finance shocks (mid 1980s); crashes of international stock (1987) and property (1991-93) markets; crises in nearly all the large emerging market countries (1995-2002); and even huge individual bankruptcies which had powerful international ripples. In 2006, South Africa, Turkey and Colombia suffered currency crashes against the euro of 25-33 percent. Names of busted investors caught in financial-speculative gambles gone very sour (or simply corrupt) in derivatives, exotic stock market positions, currency trading, and bad bets on commodity futures and interest rate futures include Enron, Anderson Accounting, World Com, Tyco, Long-Term Capital Management, I.G.Metallgessellschaft, Orange County and Barings Bank.

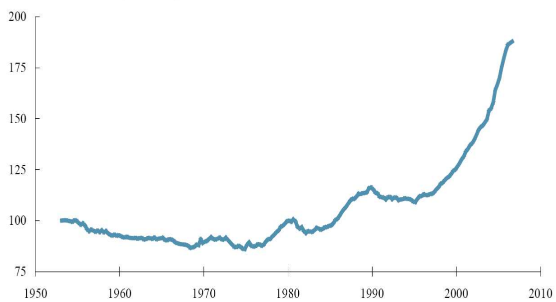
In the single largest loss of absolute value to date, the US stock market built up an enormous bubble until early 2000, culminating in the bursting of the Dot Com bubble which wiped $8.5 trillion of paper wealth off the books, a drop in the Standard & Poors price-earnings ratio from 150 to 80 from 2000-2006. The German DAX fell from 175 to 60 over the same period. Another severe stock market devaluation occurred in Japan from 1993 to 2005, with a price-earnings ratio fall from more than 200 to 40, while the main emerging markets index dropped from a

2000 peak of 150 to 70 by the middle of 2006.

Household asset values also crashed when the US share bubble burst, although fast-rising housing prices temporarily kept overall asset levels at a respectable level, at least for the wealthiest 60 percent of households who own their homes. The property bubble was enhanced by the 1998 drop in interest rates – the Fed's response to the Asian and Long Term Capital Management crises – which spurred a dramatic increase in mortgage refinancings.

Sources: Thomson Financial I/B/E/S; and IMF staff estimates.

Real House Sale Prices (1953=100)



The fact that the housing sector has contributed to roughly a third of US GDP growth since the late 1990s makes the real estate speculative bubble particularly worrisome. As the World Bank (2006, 24) noted, 'By the third quarter of 2006, the contribution to growth of residential investment had swung from a strong 0.5 percentage points in 2005 to a strongly negative 1.1 percentage points.' The problem in the US markets is amplified by the low-quality credit given during the early 2000s, according to Martin Eakes (2007) of the Center for Responsible Lending and Center for Community Self-Help: 'Given the projected foreclosure rate of approximately one-third of borrowers taking subprime loans in recent years, this means that subprime foreclosures could affect approximately 12 percent of recent Latino borrowers and 16 percent of African-American borrowers. If this comes to pass, it is potentially the biggest loss of African-American wealth in American history.'

Another market that has taken off in a spectacular manner, and which may form the basis for more speculative investment in future, is energy derivatives. The numbers of options and futures traded has risen steadily, but does not seem to have created a mature market in fields like electricity, gas and oil, as reflected in huge price fluctuations. A market in carbon emissions is also nascent but potentially enormous, given the ratification of Kyoto Protocol by Russia, which is aiming to convert its 'hot air' allowance of emissions into trades with the world's major polluters. Although the market for carbon crashed in May 2006 when emissions measurements in the European Trading System proved severely flawed, the amount of trade during the previous quarter reached $7.5 billion, up from an average $2.7 billion per quarter during 2005 (World Bank, 2006, 159).

Given US dependence on imported oil, which rose in price from $12/barrel to more than $70/barrel over seven years following 1998 lows, the implications of this scale of speculation-driven price swing are devastating to the US trade deficit, which was already vast at 5 percent of GDP. Moreover, the US current account deficit – trade plus financial inflows – meant much more penetration by foreign capital. As recently as the early 1980s, the US net asset position against the rest of the world was 5 percent of GDP, but this reversed to negative 30 percent within two decades.

Ironically, the power of the US to manipulate the economies of other countries, and lower the value of their exports, has not changed these ratios for the better. The US was the main beneficiary of East Asian countries' 50 percent currency crash in 1997-98, as enormous capital flows entered the US banking system and as imports from East Asia were acquired at much lower prices, thus keeping in check what might otherwise have been credit-fuelled inflation. But once the Dot Com boom was finished in 2000, the US share of global Foreign Direct Investment fell substantially, even further than declining US-sourced outward FDI.

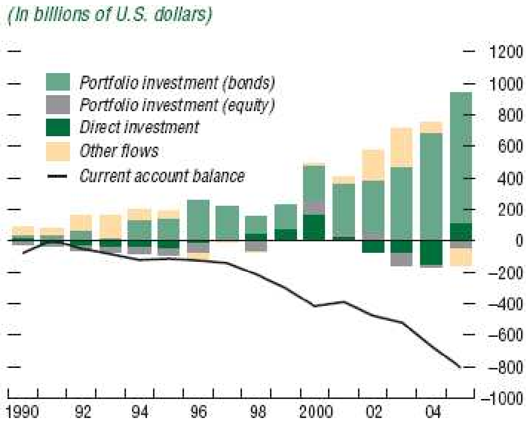
Where, then, would the US get its needed capital fixes, especially financial inflows to permit the payment of more than $2 billion each work day required for imports and debt repayments? The foreign inflows were quite volatile, but of greatest importance, perhaps, was the rapid rise in foreign – especially East Asian – ownership of aggregate US Treasury bills, from 20 percent to 40 percent over the course of a decade between the late 1990s and early 2000s. By 2005, foreign-owned assets within the US had overtaken US assets abroad by a vast 21 percent (World Bank, 2006, 24). By mid-2006, the foreign reserves of the four leading Asian exporters had reached $2.2 trillion.

(In billions of U.S. dollars)

							Percent of Reserves to	
Country (ranking)	1997	2001	2003	2004	2005	April 2006	GDP	Annual imports
1 China	141	213	404	611	820	895	37	124
2 Japan	209	389	654	826	830	841	18	161
3 Taiwan Province of China	84	123	207	243	254	260	73	139
4 Korea	20	103	155	198	210	223	27	80
5 Russia	14	33	74	122	176	219	23	128
7 India	25	46	98	126	132	154	17	98
8 Hong Kong SAR	93	111	118	124	124	127	70	42
9 Singapore	71	75	95	112	115	127	98	59

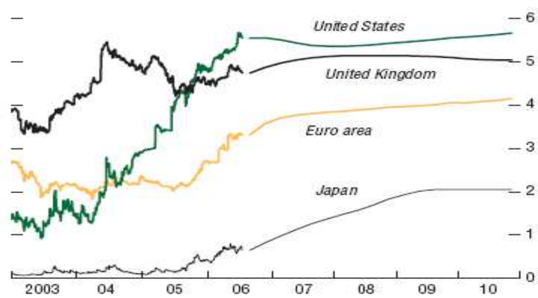
Asian investments in US Treasury bills represented a substantial share of annual outflows of capital from the region, which by the mid-2000s were in excess of $550 billion annually.

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Gross capital outflows	140	165	–9	188	264	147	210	380	567	551



Source: IMF, *International Financial Statistics* database.

With the US need for imported capital (its current account deficit) reaching $800 billion by 2005, this was important not because the supply side of capital market funding is in any way constrained; there were year-end 2005 resources of $152 trillion to draw upon within global capital markets, and an additional $44 trillion in global GDP each year contributing ongoing surpluses to the markets. It should be evident that there is no shortage of liquid capital in the global markets, only a question of what rate of return will be required to maintain foreign interest in the US position. The US interest rate rose from 1 to 5.5 percent from 2003-06.



	GDP	Total Reserves Minus Gold[1]	Stock Market Capitalization	Debt Securities: Public	Debt Securities: Private	Debt Securities: Total	Bank Assets[2]	Bonds, Equities, and Bank Assets[3]
World	44,445.5	4,234.5	37,168.4	23,055.5	35,893.6	58,949.1	55,673.0	151,790.5
European Union	12,808.0	241.4	9,555.7	6,677.2	12,012.5	18,689.7	27,290.2	55,535.6
Euro area	9,960.1	147.9	5,990.6	5,734.7	9,442.4	15,177.1	19,453.6	40,824.2
North America	13,588.3	87.0	18,483.0	6,596.7	18,350.4	24,947.1	10,969.4	54,399.5
Canada	1,132.4	33.0	1,482.2	668.8	437.6	1,106.4	1,626.4	4,215.0
United States	12,455.8	54.1	17,000.9	5,927.9	17,912.8	23,840.7	9,343.0	50,184.6
Japan	4,567.4	834.3	7,542.7	6,607.9	2,037.8	8,645.7	4,389.3	20,577.7

These financial dynamics, mainly measured in local currencies (and sometimes converted to Purchasing Power Parity), must also be considered in light of the extreme swings in the dollar's price against other currencies over the past decade. The $/Yen appreciation from mid-1995 to mid-1998 was 82 percent, and the subsequent crash was 30 percent; the equivalent figures for the Euro were a 63 percent rise (mid-1995 to late 2000) and a 36 percent fall from late 2000-early 2004 (and indeed, a 57 percent fall through late 2004). From 2004-06, another 15 percent decline was recorded.

Indeed, as former US Labor secretary Robert Reich predicted in September 2004, 'I see at some point a tipping point [leading to a run on the dollar] where East Asian banks that have been trying to prop up the dollar, maintaining their exports, because at some point it becomes a lousy investment' (Baxter 2004).

Former Treasury secretary Robert Rubin accused the Bush administration of 'playing with fire' through its policies of dollar weakening alongside continuing federal deficit spending, a combination which would generate 'serious disruptions in our financial markets' (Simon 2004).

These currency uncertainties remain crucial at the time of writing (the end of 2006). It is worth noting that new international debt securities issued in dollars have been substantially lower than those denominated in Euros. The same trends appeared in 2001 in syndicated credit facilities.

	1996	1997	1998	1999	2000	2001	2002	2003
Amounts outstanding of international debt securities by currency of issue								
U.S. dollar	1,112.6	1,432.9	1,832.6	2,356.5	2,907.1	3,609.6	4,045.9	4,492.5
Japanese yen	462.9	444.4	462.6	497.5	452.5	411.5	433.3	488.6
Pound sterling	225.7	266.7	322.4	391.1	452.6	506.0	618.6	778.7
Canadian dollar	76.5	67.2	55.5	56.4	51.5	47.5	51.5	79.3
Swedish krona	5.1	4.1	7.5	7.2	7.7	8.2	11.1	15.6
Swiss franc	151.2	138.5	153.5	135.5	132.0	123.6	159.1	195.6
Euro[1]	832.7	848.9	1,133.9	1,451.6	1,769.2	2,288.7	3,283.1	4,834.5
Other	68.4	78.8	84.3	98.5	97.3	110.2	152.3	217.7
Total	2,935.1	3,281.5	4,052.3	4,994.3	5,869.9	7,105.3	8,754.9	11,102.5

The July 2005 decision by the Chinese and Malaysian central banks to shift from the dollar as peg to a basket of currencies, while initially resulting in a minor (2.5 percent) revaluation, may set the stage for the oft-heralded run on the dollar, which in turn could set off a chain reaction of contractionary processes. In the meantime, severe volatility has affected other markets, such as interest rate futures and options as well as over-the-counter trading, which have seen volume increases by up to 50 percent, to levels in the tens of trillions of dollars during the early 2000s. Although the dollar will remain the preferred central bank reserve currency, the Euro – which came into being only in January 2002 - is racing ahead in cash terms, surpassing the $760 billion in circulation in December 2006. Again, if the trends continue, the 'tipping point' at which the dollar is rejected as the global currency may be quite near, with all manner of volatility and instability likely.

Because the US is not only vulnerable on its own monetary terms but also dangerous to those countries, like China, with increased dollar reserves, the devaluation of the dollar and the rise of US interest rates will reverberate far. According to the World Bank's *Global Development Finance* report in 2005,

> Historically, virtually every cyclical monetary policy turn in the United States over the past two decades has been accompanied by heightened volatility in emerging financial markets, with direct implications for the level and price of capital flows. The 1994 tightening cycle, which raised the Fed funds rate from 3 to 6 percent in just over a year, had particularly severe consequences, causing turmoil in financial markets and reducing global liquidity. On the other hand, the global monetary easing that began in the fall of 1998 helped end the 1997/98 round of crises (World Bank 2005a, 53).

Extreme unevenness has adversely affected the middle-income emerging markets, with capital inflows falling during the 1997-98 Asian crisis resulting in a net outflow of financial capital started in 1999, as $550 billion flooded out from 2000-03. The switch from mutual funds to far more speculative hedge fund interests in the emerging markets in 2001 was indicative of post-crisis financial market sentiment. Some countries – China, India and Malaysia – maintained stronger currency controls and hence did far better during this period. But given the outflow, many emerging market economies themselves suffered extreme currency and stock market crashes during 2001-02, with Argentina, Venezuela, Brazil, South Africa and Brazil especially hard hit.

(Units per U.S. dollar)

		2004 End of Period		2003 End of Period						
	7/30/2004	Q1	Q2	Q1	Q2	Q3	Q4	2000	2001	2002
Emerging Markets										
Latin America										
Argentina	2.98	2.86	2.96	2.97	2.81	2.92	2.93	1.00	1.00	3.36
Brazil	3.04	2.90	3.09	3.35	2.84	2.90	2.89	1.95	2.31	3.54
Chile	641.80	612.40	636.00	733.25	700.90	660.95	592.75	573.85	661.25	720.25
Colombia	2,611.90	2,679.55	2,693.20	2,958.00	2,817.00	2,900.80	2,780.00	2,236.00	2,277.50	2,867.00
Mexico	11.42	11.13	11.49	10.77	10.46	10.99	11.23	9.62	9.16	10.37
Peru	3.42	3.46	3.47	3.47	3.47	3.48	3.46	3.53	3.44	3.51
Venezuela	1,917.60	1,917.60	1,917.60	1,598.00	1,598.00	1,598.00	1,598.00	699.51	757.50	1,388.80
Asia										
China	8.28	8.28	8.28	8.28	8.28	8.28	8.28	8.28	8.28	8.28
India	46.47	43.60	46.06	47.47	46.49	45.76	45.63	46.68	48.25	47.98
Indonesia	9,130	8,564	9,400	8,902	8,275	8,395	8,420	9,675	10,400	8,950
Korea	1,170.10	1,147.27	1,155.45	1,254.45	1,193.05	1,150.10	1,192.10	1,265.00	1,313.50	1,185.70
Malaysia	3.80	3.80	3.80	3.80	3.80	3.80	3.80	3.80	3.80	3.80
Pakistan	58.35	57.39	58.08	58.00	57.85	57.90	57.25	57.60	59.90	58.25
Philippines	55.95	56.20	56.12	53.53	53.48	54.88	55.54	50.00	51.60	53.60
Taiwan Province of China	34.14	33.02	33.78	34.75	34.64	33.74	33.96	33.08	34.95	34.64
Thailand	41.32	39.29	40.93	42.84	42.00	40.03	39.62	43.38	44.21	43.11

There were particularly tumultuous sectors within the emerging markets, with energy, materials and luxury consumer goods growing rapidly, financial sector shares fluctuating, and telecommunications losing ground. Emerging market bonds have required high returns to attract foreign buyers, especially in Nigeria, Bulgaria, Ecuador, Panama, Peru, Russia and Venezuela. As for local bond returns, the interest rate spreads are sometimes stratospheric, such as in high-risk sites like Argentina, the Ivory Coast and the Dominican Republic. The dollar rates of return on general emerging market debt during the early 2000s, in international markets, were highest in Uruguay and Argentina, and lowest – indeed negative - in Brazil, Peru and the Dominican Republic. Naturally, the vast GDP growth and financial market expansion of China dominate the data and complicate maters. In the wake of a dramatic FDI decline in nearly all other developing countries during the early 2000s, China continued to attract $40-50 billion each year.

Hence we find amplified uneven development reflected in divergent patterns of financial stability and volatility in these emerging markets. One figure that signals perhaps the greatest danger for the Third World is capital outflow via unofficial routes, an especially severe problem since the mid-1990s in Asia (peaking at $100 billion in 1998), the Middle East ($50 billion in 1999) and Africa ($10 billion in 1998), according to the International Monetary Fund's *Global Financial Stability* reports.

Another factor reflecting potentially high risks is foreign indebtedness. Third World debt rose from $580 billion in 1980 to $2.4 trillion in 2002, and much of it is unrepayable. Unlike the US, the Third World cannot resort to seignorage by printing its own currency to repay. In 2002, there was a net outflow of $340 billion in servicing this debt, compared to overseas development aid of $37 billion. As Eric Toussaint (2004, 3) remarks, 'since 1980, over 50 Marshall Plans (over $4.6 trillion) have been sent by the peoples of the Periphery to their creditors in the Centre' (see also Toussaint 2003). The Highly Indebted Poor Countries debt relief concessions were small and came at the expense of deepened neoliberal conditionality.

By 2005, Argentina and Nigeria represented compelling cases, of, respectively, a successful partial (70 percent) default on international bonds and threatened repudiation of foreign debt driven by parliament and debt activists. By October 2005 Nigeria had 'won' debt cancellation following an agreement with Paris Club countries owed $30 billion: Austria, Belgium, Brazil, Denmark, Finland, France, Germany, Italy, Japan, the Netherlands, the Russian Federation, Spain, Switzerland, the UK and US. But there was a huge price: Nigeria, $6.3 billion in arrears, would first pay $12.4 billion in up-front payments. According to the leader of Nigeria's Jubilee network, Rev. David Ugolor,

> The Paris Club cannot expect Nigeria, freed from over 30 years of military rule, to muster $12.4 billion to pay off interest and penalties incurred by the military. Since the debt, by President Obasanjo's own admission, is of dubious origin, the issues of the responsibilities of the creditors must be put on the table at the Paris Club. As desirable as an exit from debt peonage is, it is scandalous for a poor debt distressed country, which cannot afford to pay $2 billion in annual debt service payments, to part with $6 billion up front or $12 billion in three months or even one year (Jubilee USA 2005).

In some cases, like Nigeria, emerging market countries' foreign reserves grew substantially thanks to oil revenues, so as to permit this extraordinary incident. But even in Mexico, which increased reserves from $6 billion in late 1994 at the peak of crisis to $60 billion a decade later, the reserves/GDP ratio remained relatively low at 9.4 percent, near Brazil's. Emerging market countries with extremely healthy reserves during the mid-2000s included Malaysia (42 percent of GDP), the Czech Republic, Thailand, China and South Korea. Malaysia did, however, suffer a raid on its reserves in 1998, which led to the government's prohibition of foreign trade in its local currency, proving that once hedge markets and other speculators turn against a country, no amount of reserves can help withstand a raid. The governments of Thailand and Korea lied about their reserves in the period prior to their crises, with the former buying forward dollar contracts and the latter keeping dollars in bankrupt banks. Only state intervention to define trading prerogatives, in the form of exchange controls, will staunch the flow.

Likewise, it is important to again raise the alternative to debt repayment: sovereign default. In prior epochs of financial globalization – the 1830, 1880s and 1930s – the prevailing conditions of international volatility and Third World overindebtedness led to sustained defaults, with a third of all debtor countries refusing to repay. The situation today is different insofar as centralized creditor cartelization via the Bretton Woods Institutions and Paris Club (the main donor cartel) make defaults against individual lenders or investors more difficult. Yet given the failure in many Third World countries to undergird the ongoing rise in foreign debt with foreign direct investment (or local investment), the repayment problem may become severe once again, as US interest rates are forced upwards.

7. Conclusion: Implications for anti-poverty politics and public policy

What, finally, are the strategic implications for contemporary politics and public policy? The paper has argued, first, that geopolitical realignments that were in part responsible for neoliberal policy ascendancy occurred through important power shifts reflected in roughly a dozen major 'moments'. But these reflected underlying structural dynamics that emerged during the 1970s: stagnation, financial volatility and uneven development.

Politically, the stress caused by stagnation and volatility has been exacerbated by the joining of neoliberal and neoconservative forces. On the global stage of politics we encounter five distinct sets of actors, defined by sharing at least core ideological elements, which we can term, from left to right: Global Justice Movements; Third World Nationalism; the Post-Washington Consensus; the Washington Consensus; and the Resurgent Rightwing. These correspond, respectively, to traditions of socialism and anarchism; *national* capitalism; a lite version of social democracy; neoliberalism; and neoconservatism. The Appendix considers their agendas, institutional bases, internal contradictions and disputes, and some exemplary personalities associated with each of the five sets of actors.

The main hope for a global-reform project appears to be the Millennium Development Goals (MDGs) and associated targets in particular, and the United Nations as a vehicle for global governance more generally. Yet the UN has drifted away from serving the interests of poor people, into the circuit of global neoliberal power. The UN's 1991-2003 sanctions against Iraq and its endorsement of the illegal US occupation on May 22, 2003 were also a source of great concern to peace activists. Subsequent attempts to democratize the UN Security Council appear stalled, or watered down to the point of uselessness. Most striking is the list of mid-2000s multilateral system managers who fuse neoliberalism and neoconservatism:

- the European Union chose Spanish neoconservative Rodrigo Rato as IMF managing director in mid-2004;

- the new head of UNICEF, chosen in January 2005, was George H.W. Bush's (or Bush II's) agriculture secretary Ann Veneman, although the USA and Somalia are the only two out of 191 countries which refused to ratify the United Nations Convention on the Rights of the Child;

• for another key UN post in February 2005, the outgoing neoliberal head of the World Trade Organization, Supachai Panitchpakdi from Thailand (who served US and EU interests from 2003-05), was chosen to lead the United Nations Conference on Trade and Development;

• Paul Wolfowitz – the architect of the illegal US/UK/Coalition of the Willing war against Iraq – was appointed to head the World Bank in March 2005, though by May 2007 he appeared vulnerable to a humiliating resignation on grounds of minor corruption;

• the European Union's hardline trade negotiator Pascal Lamy won the directorship of the World Trade Organization a few weeks after that;

• to ensure that Washington's directives to the United Nations continued to be as explicit as possible, Bush appointed the neoconservative ideologue John Bolton as US Ambassador in mid-2005, although he departed in December 2006 due to Bush's inability to gain congressional approval;

• neoliberal former World Bank spokesperson Mark Malloch-Brown took up a central job in Kofi Annan's office;

• neoconservative US State Department official Christopher Burnham became UN undersecretary-general for management; and

• another State Department official and former *Washington Times* editor, Josette Sheeran, was made director of the UN World Food Programme in spite of dubious links for twenty years with Rev Sun Myung Moon's Unification Church.

The point of such a list, is that already by September 2005 - when a heads of state summit attempt to reform the UN Security Council failed - it was evident that the neoconservative fusion with neoliberalism provided very little room for manoeuvre. As South African president Thabo Mbeki (2005) put it at the time,

> The powerful, some of whom are weapons states, use their power to perpetuate the power imbalance in the ordering of global affairs. As a consequence of this, we have not made the progress of the reform of the UN that we should have. Because of that, we have the result that we have not achieved the required scale of resource transfer from those who have these resources, to empower the poor of the world to extricate themselves from their misery. Simply put, this means that the logic of the use of power is the reinforcement of the might of the powerful, and therefore the perpetuation of the disempowerment of the powerless.

By early 2007 it was yet more evident that multilateral institutions – not just the Bretton Woods and WTO but also the UN System – are incapable of moving to a reform agenda, given the power of hard-right forces. In this context, the UN MDGs as a campaigning handle require detailed consideration, because of their 2005 adoption by global campaigns such as Make Poverty History, Live 8 rock concerts and the Global Call for Action Against Poverty. No one would object to the broad goals, of course: Eradicate extreme poverty and hunger; Achieve universal primary education; Promote gender equality; Reduce child mortality; Improve maternal health; Control HIV/AIDS, malaria and other diseases; Ensure environmental sustainability; and Develop a global partnership for development. Yet the MDG process and the concrete strategies for achieving these objectives – including privatization of basic services such as water and electricity - may do more harm than good. For example, in promoting the privatization of water in Ghana, a Johannesburg *public* water company (Rand) cited the MDGs as the rationale for its switch to a for-profit function elsewhere on the continent (Lushaba 2005).

Caribbean economist Peggy Antrobus (2003) terms them 'a Major Distraction Gimmick' because central to MDG political economy is that the Bretton Woods Institutions and World Trade Organization – acting mainly for G8 governments and corporations - appear intent upon bringing ever more aspects of life under the rules of commodification, attributing market values to society and nature. Hence, as the UN itself admits, 'IMF programme design has paid almost no systematic attention to the [MDG] goals when considering a country's budget or macroeconomic framework.' A 2005 UN report complains that 'In the vast number of country programmes supported by the IMF since the adoption of the goals, there has been almost no discussion about whether the plans are consistent with achieving them.' The report documents how budget constraints prevent scaling up sectoral strategies for some of the MDGs, and that in some cases, 'countries are advised not to even consider such scaled-up plans' by the Bretton Woods Institutions (Waruru 2005). UN Habitat's (2005) website also admits 'the common criticism of MDG as a "top-down" process, which excludes Local Authority and other stakeholders' involvement… There is, thus, an inherent danger that even if the targets are achieved, the inequalities within a nation across people and places would still persist.' In short, the MDGs are not an optimal site to advance social change, in part because they are subject to both the processes identified earlier as central to economic crisis-displacement, commodification and globalization.

Many of the dilemmas associated with global governance reform considered above suggest that instead of top-down corrections, it is instead worth focusing on bottom-up pressure. In many parts of the world, Karl Polanyi's (1957, 76) 'double movement' – popular resistance through which 'the extension of the market organization in respect to genuine commodities was accompanied by its restriction' - is already reasserting itself, both through the rejection of market power in many areas of life and nature, and in the reduction of the scope and scale – globalization – through which capital exerts itself. But it is especially in the middle-income, semi-peripheral countries that commodification and economic globalization are most fiercely experienced, and most actively resisted. Consider - in no particular order – recent waves of labor strikes, popular mobilizations for AIDS-treatment and other health services, illegal reconnections of water/electricity, land and housing occupations, anti-GMO and pro-food security campaigns, women's organizing, municipal budget campaigns, student and youth movements, community resistance to displacements caused by dam construction and the like, anti-debt and reparations movements, environmental justice struggles, immigrants' rights campaigns, political movements to take state power, etc. A large body of literature emerged in the early 2000s, in the wake of the Seattle anti-WTO protests, and although the subsequent years have not witnessed such intense confrontations, there are many indicators – e.g. the World Social Forum's continuing success – to suggest the counterhegemonic citizens' movements are still vibrant (Alvarez, S., E.Dagnino and A.Escobar 1998, Amin and Houtart 2003, Anand, Escobar, Sen and Waterman 2007, Bircham and Charlton 2002, Callinicos 2003, Fisher and Ponniah 2003, Kingsnorth 2003, Smith and Johnston 2002, Starr 2000, Waterman 2001).

These are not purely scenes that occur outside the realm of state politics, for in many Latin American sites (especially Venezuela, Bolivia and Ecuador), mass-popular initiatives have changed governments through votes and protests. Overall, the last quarter century since the onset of neoliberalism, and especially the last decade, witnessed a formidable upsurge of unrest: 1980s-90s IMF Riots, high-profile indigenous people's protests since Zapatismo in 1994, global justice activism since Seattle in 1999, the Social Forum movement since 2001, globally coordinated anti-war demos since 2001, autonomist protests and the Latin American left's revival. In the process, the most serious activists are crossing borders, races, classes and political traditions in sector after sector: land (Via Campesino), healthcare (International Peoples Health Movement), free schooling (Global Campaign for Education), water (the People's World Water Forum), energy/climate change (the Durban Declaration), debt (Jubilee South), democratic development finance (IFIs-Out! and World Bank Bonds Boycott), trade (Our World is Not for Sale) and others.

For these movements, what strategies are most appropriate given the circumstances and this array of forces? Some in the Global Justice Movements insist that autonomist independence is the objective; some posit that this is the era of global governance influenced by global civil society; while others consider these as seed-bed struggles for socialism, starting locally but building to national, regional and international scales when the power relations are less adverse (my own position). Although this is not the optimal site for such a debate, it is fairly obvious that in Chiapas, Zapatismo has ended its localist project and moved to a national agenda, in alliance with other indigenous and progressive movements. Argentine factory occupations appear to have hit their maximum autonomist strength at the stage of roughly 200 sites and 15,000 participants. Brazilian landless activists are reformulating critiques of the national state, in the wake of the betrayal by the Workers Party, but making yet more militant demands for state services such as interventions against major landowners and grid connections to water and electricity services for their occupied lands. Johannesburg's Anti-Privatization Forum and its affiliates – sometimes identified as autonomist because of their reconnection of electricity – have recently debated the adoption of an explicitly socialist manifesto. Autonomism may, hence, be at the point of exhaustion as a scale politics, potentially to be renewed by more national-scale political initiatives.

There are, however, two other mutually-reinforcing approaches available at this present stage, ahead of a future effort to rebuild genuine democratic global governance when the conditions are more amenable: 'decommodification' and 'deglobalization' (Bello 2002). It should not require pointing out that by use of this latter word, no one intends the revival of autarchic experiences (last century's Albania, Burma or North Korea), or corrupt Third World chaos (contemporary Zimbabwe), or authoritarianism (much of Africa, 1960s-80s Latin America and pre-democratic Korea and Taiwan). The strategic formula which, amongst other movements, South African progressives have broadly adopted - internationalism combined with demands upon the national state to 'lock capital down' (Bond 2003) - could begin by removing the boots of multilateral neoliberal institutions and private capital from Third World necks. As an example of what must be done, the World Bank Bonds Boycott is having remarkable success in defunding the institution that is most often at the coalface of neoliberal repression across the Third World (Bond 2006a, Chapter 12).

In addition, South Africans and other activists have won dramatic victories in deglobalizing the Trade Related Intellectual Property Rights regime, by demanding and winning generic anti-retroviral medicines instead of branded, monopoly-patented drugs. Similar struggles are underway to deglobalize food, especially transnational corporate GMOs, to halt biopiracy, and to kick out the water and energy privatizers. These are typically 'nonreformist reforms' insofar as they achieve concrete goals and simultaneously link movements, enhance consciousness, develop the issues, and build democratic organizational forms and momentum. If properly constructed, they would have explicitly liberatory gender/race/nation components, and incorporate both red and green values so as to assure the connectivity and mutual reinforcement of 'militant particularist' struggles.

To illustrate, the South African decommodification agenda entails struggles to turn basic needs into genuine human rights, and invariably there are international corporations or the World Bank/IMF/WTO standing squarely in the way. Recent and ongoing campaigns which both decommodify and deglobalize include: free anti-retroviral medicines to fight AIDS; 50 litres of free water per person per day (hence ridding Africa of the Paris-based water company Suez and other water privatizers); 1 kiloWatt hour of free electricity for each individual every day (hence reorienting energy resources from export-oriented mining and smelting, to basic-needs consumption); extensive land reform (hence de-emphasizing cash cropping and export-oriented plantations); prohibitions on service disconnections and evictions; free education and other state programs (hence rebuffing the General Agreement on Trade in Services); and the like. A free 'Basic Income Grant' allowance of $15/month – available on a universal basis and financed by higher income taxes - is even advocated by South Africa's churches, NGOs and trade unions. All such services should be universal (open to all, no matter income levels, hence destratified), and to the extent feasible, financed through higher prices that penalize luxury consumption. This potentially unifying agenda – far superior to MDGs, in part because the agenda reflects real, durable grassroots struggles across the world - could serve as a basis for widescale social change. If based upon the strategies of decommodification and destratification, this would follow the logic that Gosta Esping-Andersen (1991) has identified with respect to emerging Scandinavian social policy even during periods when surpluses were as small as those in middle-income countries today. The key elements are class alliances between workers and peasants, and the rise of political parties that are committed to these class forces, as appears now the case in parts of Latin America.

It is impossible to say where and how far these initiatives and movements will proceed before they either accomplish their goals or are defeated. But because the commodification of everything is still underway, this could provide the basis for a widescale movement for fundamental social change, if linked to the demand to 'rescale' many political-economic responsibilities that are now handled by embryonic world-state institutions under the influence of neoconservative or neoliberal US administrations. To make any progress, delinking from the most destructive circuits of global capital will also be necessary, combining local decommodification strategies and tactics with the call to defund and then close the World Bank, IMF and WTO (the earlier General Agreement on Tariffs and Trade plus North-South concessions like Lome were far preferable for Third World interests). Beyond that, the challenge for progressive forces, as ever, is to establish the difference between 'reformist reforms' and reforms that advance a 'non-reformist' agenda. The latter would include generous social policies stressing decommodification, and capital controls and more inward-oriented industrial strategies allowing democratic control of finance and ultimately of production itself.

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Appendix: Actors, positions, debates

Political current:	**Global Justice Movements**	**Third World Nationalism**	**Post-Wash. Consensus**	**Washington Consensus**	**Resurgent Rightwing**
Tradition	socialism, anarchism	*national* capitalism	(lite) social democracy	neoliberalism	neoconservatism
Main agenda	'deglobalization' of *capital* (not of *people*); 'globalization-from-below' and international solidarity; anti-war; anti-racism; indigenous rights; women's liberation; ecology; 'decommodified' state services; radical participatory democracy	increased (but fairer) global integration via reform of interstate system, based on debt relief and expanded market access; reformed global governance; regionalism; rhetorical anti-imperialism; and Third World unity	fix 'imperfect markets;' add 'sustainable development' to existing capitalist framework via UN and similar global state-building; promote a degree of global Keynesianism; oppose US unilateralism and militarism	rename neoliberalism (PRSPs, HIPC, PPPs) with provisions for 'transparency', self-regulation and bail-out mechanisms; coopt potential emerging-market resistance; offer financial support for US-led Empire	unilateral petro-military imperialism; crony deals, corporate subsidies, protectionism and tariffs; reverse globalization of people via racism and xenophobia; religious extremism; patriarchy and bio-social power
Leading institutions	social movements; environmental justice activists; indigenous people; autonomist s; radical activist networks; leftist labor mvts; liberation theology; radical think-tanks (e.g., Focus on the Global South, Global Exchange, IBASE, IFG, IPS, Nader centres, TNI); radical media (*GreenLeft Weekly*, Indymedia Pacifica, Pambazuka, zmag.org); semi-liberated zones (Bolivaran projects, Kerala); sector-based or local coalitions in the WSF	Non-Aligned Movement, G77 and South Centre; self-selecting regimes (often authoritarian): Argentina, Brazil, China, Egypt, India, Indonesia, Kenya, Libya, Malaysia, Nigeria, Pakistan, Palestine, Russia, South Africa, Turkey, Uganda, Zimbabwe with a few – Bolivia, Cuba, Ecuador and Venezuela – that lean left; *AlJazeera*, supportive NGOs (e.g., Seatini, Third World Network)	some UN agencies (e.g., Unicef, Unifem, Unrisd, Wider); some INGOs (e.g., Care, Civicus, IUCN, Oxfam, TI); large enviro. groups (e.g., Sierra and WWF); big labor (e.g., ICFTU and AFL-CIO); liberal foundations (Carnegie, Ford, MacArthur, Mott, Open Society, Rockefeller); Columbia U. economics department; the Socialist International; Norway	US state (Fed, Treasury, USAid); corporate media, IT and financiers; World Bank, IMF, WTO; elite clubs (Bilderburgers, Trilateral Commission, World Economic Forum); some UN agencies (UNDP, Unctad, Global Compact); universities and think-tanks (U. of Chicago economics, Cato, Council on Foreign Relations, Adam Smith Inst., Inst. of International Economics, Brookings); BBC, CNN and Sky; most G8	Republican Party populist and libertarian wings; Project for a New American Century; right wing think-tanks (AEI, CSIS, Heritage, Manhattan); Christian Right institutions and media; petro-military complex and industrial firms; the Pentagon; rightwing media (Fox, *National Interest*, *Weekly Standard*, *Washington Times*); proto-fascist European parties - but also Zionism and Islamic extremism

Political	**Global Justice**	**ThirdWorld**	**Post-Wash.**	**Washington**	**Resurgent**

current:	Movements	Nationalism	Consensus	Consensus	Rightwing
Internal disputes	role of state; party politics; fix-it vs nix-it for int'l agencies; gender and racial power relations; divergent interests (e.g., Northern labor or environment vs Southern sovereignty and indigenous rights); tactics (e.g., merits of symbolic property destruction)	degree of militancy versus the North; divergent regional interests; religion; large vs small countries; internecine rivalries	some look left (for alliances) while others look right to the Wash. Consensus (in search of resources, legitimacy and deals); reforms that are optimal	Differing reactions to US empire due to divergent national-capitalist interests and domestic political dynamics	Disputes over US imperial reach, religious influence, and how to best protect culture, patriarchy, and state sovereignty
Exem-plary propo-nents	**POLITICAL SOCIETY:** R.Alarcon F.Castro H.Chavez R.Correa E.Morales **CIVIL SOCIETY:** C.Abugre, Z.Achmat E.Adamovsky M.Albert T.Ali S.Amin C.Augiton D.Barsamian A.Ben-Bela M.Barlow H.Belafonte W.Bello A.Bendana M.Benjamin P.Bennis F.Betto H.Bonafini A.Boron J.Bove J.Brecher R.Brenner D.Brutus N.Bullard A.Buzgalin L.Cagan A.Callinicos L.Cassarini J.Cavanagh C.Chalmers N.Chomsky T.Clarke K.Danaher M.Davis D.Dembele A.Dorfman A.Escobar L.Flanders R.Fisk E.Galeano G.Galloway S.Gill S.George D.Glover A.Goodman M.P.Giyose A.Grubacic M.Hardt D.Harvey D.Henwood J.Holloway W.Kaara B.Kagarlitsky J.Kelsey N.Klein J.LeCarré S.Longwe M.Lowy M.Mamdani Marcos A.Mittal G.Monbiot M.Moore L.Nacpil R.Nader V.Navarro A.Negri T.Ngwane N.Njehu A.Olukoshi O.Ongwen G.Palast L.Panitch M.Patkar J.Perkins J.Pilger A.Roy E.Sader D.Sari J.Sen C.Sheehan V.Shiva I.Shivji J.Singh B.Sousa Santos W.Soyinka A.Starr J.Stedile H.Sumnono T.Teivainen A.Traoré V.Vargas H.Wainwright N.WaThiong'o L.Wallach I.Wallerstein P.Waterman M.Weisbrot R.Weissman C.Whitaker E.Wood H.Zinn	**POLITICAL SOCIETY:** J.Aristide M.Gaddafi HuJ. N.Kirshner R.Mugabe D.Ortega V.Putin **CIVIL SOCIETY:** Y.Akyuz Y.Graham M.Khor Y.Tandon	**POLITICAL SOCIETY:** M.Bachelet G.Brundtland S.Byers J.Fischer W.Maathai T.Mkandawire M.Robinson G.Verhofstadt K.Watkins **CIVIL SOCIETY:** A.Adedeji N.Birdsall Bono B.Cassen P.Eigen B.Geldof A.Giddens W.Hutton P.Krugman K.Naidoo D.Rodrik J.Sachs W.Sachs A.Sen G.Soros N.Stern J.Stiglitz J.Sweeney	**POLITICAL SOCIETY:** B.Bernanke T.Blair G.Brown M.Camdessus E.Cardoso J.Chirac H.Clinton K.Dervis L.daSilva V.Fox S.Fischer A.Greenspan A.Krueger P.Lamy M.Malloch-Brown T.Mbeki A.Merkel H.Poulson R.Prodi S.Royal M.Singh SupachaiP. **CIVIL SOCIETY:** B.Clinton T.Friedman W.Gates H.Kissinger K.Rogoff M.Yunus	**POLITICAL SOCIETY:** E.Abrams K.Adelman G.W.Bush D.Cheney R.Gates N.Gingrich J.Haider S.Harper J.Howard Z.Khalilzad B.Ki-moon I.Paisley J.M.le Pen J.Negroponte E.Olmert R.Rato O.Reich C.Rice K.Rove A.Scalia R.Tobias A.Veneman P.Wolfowitz **CIVIL SOCIETY:** Z.Brzezinski P.Buchanan A.Colter J.Falwell H.Kissinger W.Kristol R.Limbaugh R.Murdoch G.Norquist M.Peretz R.Perle R.Scaife