LECTURE 1:
accumulation by dispossession, uneven/combined development, global financial crisis, political-ecological conflict and neoliberal/neocon ideologies

OUR OBJECTIVE IS TO ADVANCE SOCIO-ECONOMIC, AND ENVIRONMENTAL JUSTICE BY DEVELOPING CRITICAL KNOWLEDGE ABOUT, FOR AND IN DIALOGUE WITH CIVIL SOCIETY THROUGH TEACHING, RESEARCH AND PUBLISHING.

South Africa’s ‘Social Movements United’ march from Alexandra Township to the World Summit on Sustainable Development in Sandton, 31 August 2002.

Patrick Bond
University of KwaZulu-Natal
School of Development Studies and Centre for Civil Society, Durban

presented to the colloquium on Critical Studies in the Development of Capitalism
Uppsala University Centre for Sustainable Development

20 October 2011
Critical Studies in the Development of Capitalism

7.5 ECTS PhD Course Fall 2011

Registration
Course Organizer: Cristian Alarcon Ferrari
christian-alarcon.ferrari@slu.se

Course Assistant: Felix Peniche
felix.peniche@csd.uppsala.uu.se

Main Subject: Analysis, conceptualization and interpretation of Capitalism.
Required qualifications: PhD Students from Natural, Social Science or Humanities, C-D and Masters students may be accepted.
Language: English
University Credits: 7.5 ECTS
More info: www.cemusu.se/openuniversity and www.cemusu.se/cefo

Themes
Labour and Gender
Ecology and Crisis
Transitions
Agriculture
Internet

Six Weeks total:
October 1-14 (Online)
October 17-20 (in Uppsala University lectures and discussions)
October 21 (Workshop)
October 24-November 15 (Online)
90% of Africa’s food producers unable to grow by 2100

cities hosting climate refugees, but under water
accumulation crises, ‘globalisation’, imperialism and contending ideologies; Africa’s underdevelopment; and the challenge of ‘green capitalism’

what underlying material interests and accumulation dynamics?
“Karl Marx had it right. At some point, capitalism can destroy itself. You cannot keep on shifting income from labor to capital without having an excess capacity and a lack of aggregate demand. That’s what has happened. We thought that markets worked. They’re not working.”  -- Wall Street Journal, 12 August 2011
Key feature of imperialism: capitalist/non-capitalist relations (or uneven and *combined* development)

**Rosa Luxemburg**

Accumulation of capital periodically bursts out in crises and spurs capital on to a continual extension of the market. Capital cannot accumulate without the aid of non-capitalist organisations, nor ... can it tolerate their continued existence side by side with itself. *Only the continuous and progressive disintegration of non-capitalist organisations makes accumulation of capital possible.* -- Rosa Luxemburg, *The Accumulation of Capital*, 1913.
‘accumulation by dispossession’

David Harvey

The New Imperialism, 2003

A closer look at Marx’s description of primitive accumulation reveals a wide range of processes. These include

• the commodification and privatisation 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 labour power and the suppression of alternative (indigenous) forms of production and consumption;
• colonial, neocolonial and imperial processes of appropriation of assets (including natural resources);
• monetisation of exchange and taxation (particularly of land);
• slave trade; and
• usury, the national debt and ultimately the credit system as radical means of primitive accumulation.
extra-economic coercion is vital for neoliberalism according to Friedman (advisor to Pinochet after 9/11/73 coup in Chile): ‘only a crisis - actual or perceived - produces real change’

Chile: ‘the most extreme capitalist makeover ever attempted anywhere... “Chicago School” revolution, as so many of Pinochet’s economists had studied under Friedman there. He coined a phrase for this painful tactic: “shock treatment”.'
Accumulation by dispossession is male-biased

- patriarchal modes of surplus extraction include residual, worsening sex discrimination at the point of production and disturbing sites of labour reproduction:
- 'mainstream economic policymaking fails to recognize the contributions of women's unpaid labour - in the home, in the fields, or in the informal market where the majority of working people in African societies function... these biases have affected the perception of economic activities and have affected economic policies in ways that perpetuate women's subordination.'

DAVID HARVEY
THE CRISIS OF CAPITALISM
26TH APRIL, 2010

Is it time to look beyond capitalism towards a new social order that would allow us to live within a system that could be responsible, just & humane?
Slowdown in world GDP growth

World GDP per capita growth, 1961-2003 (annual change in per cent)

dubious statistics: Correcting the GDP bias (global)
especially low growth since 1980, and extremely **uneven** development

- Dramatic differences in annual % change of per capita GDP (note: constant 1995$, not PPP values)

Source: Alan Freeman

<table>
<thead>
<tr>
<th>GDP per capita in 1995 dollars, 1982-2000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rest of the World</td>
</tr>
<tr>
<td>1982: 1,457</td>
</tr>
<tr>
<td>2000: 1,116</td>
</tr>
<tr>
<td>Advanced or Advancing Countries</td>
</tr>
<tr>
<td>1982: 15,383</td>
</tr>
<tr>
<td>2000: 26,134</td>
</tr>
</tbody>
</table>

Annual percent growth in GDP per capita over the given period

- Major industrial countries
- Other advanced economies
- Developing
- Countries in Transition

Source: Alan Freeman
root ‘overaccumulation’
process: source of
declining US profits
during globalisation era

US corporate profits derived much less from manufacturing products;
much greater sources of profits came from abroad;
profits also came more from returns on financial assets

Source: Gerard Dumenil and Dominique Levy

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, Construction, Public Utilities, Transportation and Communications, and services are not represented.
Source: NIPA (BEA).
Context: US economy as core site of overaccumulation and financialisation

‘Shifting’, ‘stalling’, ‘stealing’ as displacement strategies: the spatial fix, temporal fix and accumulation by dispossession

Source: John Bellamy Foster and Fred Magdoff, 2009
Ugandan Marxist Dani Nabudere’s thesis vindicated

The Crash of International Finance Capital

and

The Rise and Fall of Money Capital
how US capitalism fooled economists, investors for 20 years

- low interest rate
- low inflation rate
- low unemployment

how US capitalism fooled economists and investors

- steady GDP
- rising stock market
- recovery from currency volatility

initial 2008-09 production crash in historical terms

Initially as bad as 1929

Source: Eichengreen and O’Rourke
initial trade crash in historical terms

Initially worse than 1929

Source: Eichengreen and O’Rourke
initial stock market crash in historical terms

Initially worse than 1929

Source: Eichengreen and O’Rourke
overaccumulation by US private capital followed by fixed-investment capital strike because of overinvestment, a subsequent investment drought from early 1980s (late 1990s was mainly IT, especially software) (source: John Bellamy Foster and Fred Magdoff, 2009)
overaccumulation of capital remained a problem throughout 1980s-2000s

(source: John Bellamy Foster and Fred Magdoff, 2009)
temporal fix kicks in: US economy became debt-addicted from early 1980s

(source: John Bellamy Foster and Fred Magdoff, 2009)
US corporate profits become finance-addicted in mid-1980s

(source: John Bellamy Foster and Fred Magdoff, 2009)
‘hollowing corporations’ from mid-1980s

(source: John Bellamy Foster and Fred Magdoff, 2009)
Figure 1: Decline in U.S. Manufacturing Employment (millions), 1990-2010
Debt Outstanding

- Household: $13.5 trillion
- Financials: $15.7 trillion
- Non-financials: $11.0 trillion
- Government: $10.2 trillion

Source: Federal Reserve
Households Owners’ Equity As A Percent Of Household Net Worth

Source: Citi;
Data: Households & Nonprofit Organizations: Owners’ equity in real estate as a %.
Source: Bureau of Economic Analysis, National Income and Product Accounts, Table 2.1, Personal Income and Its Disposition, line 34.
WALL STREET DEMONSTRATORS JAILED FOR PROTESTING:

WALL STREET BANKERS JAILED FOR DESTROYING THE WORLD ECONOMY:
Finance Profits Come Roaring Back

Data: Bureau of Economic Analysis
stock market crashes, pre-2008...
volatile $ flows into US stock market, 1990-2008

... e.g. $7 trillion devaluation in even New York, 2000-02...

Source: International Monetary Fund Global Financial Stability Report
US stock market’s fake recovery, 1990-2008
who wins in US recovery?
who wins in US recovery?
Percent Job Losses In Post WWII Recessions

- Current Employment Recession
- Dotted line ex-Census Hiring

Number Of Months After Peak Employment
volatility inexorably worsens
(source: Unctad 2009)
short-term gut reaction: flight to ‘stability’ – US government bonds

...how long can this madness last?!...
short-term gut reaction: run from the emerging markets

Source: UNCTAD
... widespread, dramatic loss of paper wealth

Source: Unctad
Housing devaluations: 
Change in prices, 
Jan 2007- 
July 2008

...and the bursting of the bubble began in the US, Japan, Denmark and Ireland in 2007...

Source: IMF, World Economic Outlook, October 2008
Commodity devaluations:
Change in prices, July – December 2008

...particularly devastating for African countries addicted to export-led extractive-industry ‘growth’...

Crash of GDP, industrial production and FDI

... vast implications for the ‘real sector’ too...

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**FDI inflows, % change on previous year**

<table>
<thead>
<tr>
<th>Country</th>
<th>Change</th>
</tr>
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<tbody>
<tr>
<td>Singapore</td>
<td>-57.3</td>
</tr>
<tr>
<td>Britain</td>
<td>-51.2</td>
</tr>
<tr>
<td>Germany</td>
<td>-48.9</td>
</tr>
<tr>
<td>France</td>
<td>-27.7</td>
</tr>
<tr>
<td>Japan</td>
<td>-22.7</td>
</tr>
<tr>
<td>US</td>
<td>-5.5</td>
</tr>
</tbody>
</table>

Source: The Economist
Keynes, PLEASE HELP!

... note that North is allowed to do deficits, but South is discouraged...
Obama economists Larry Summers, Tim Geithner, Paul Volcker – no Keynesians!
“Volcker was selected [as Fed chair in 1979] because he was the candidate of Wall Street. This was their price, in effect.” – Jimmy Carter’s domestic policy advisor Stuart Eizenstat
Sovereign debt defaults, 1820-1999: percent of national states
<table>
<thead>
<tr>
<th>Date</th>
<th>System</th>
<th>Reserve Asset(s)</th>
<th>Leader(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1803-1873</td>
<td>Bimetallism</td>
<td>Gold &amp; Silver</td>
<td>France</td>
</tr>
<tr>
<td>1873-1914</td>
<td>Gold Standard</td>
<td>Gold and £</td>
<td>Britain</td>
</tr>
<tr>
<td>1915-1924</td>
<td>Anchored $ St.</td>
<td>Gold and $</td>
<td>US</td>
</tr>
<tr>
<td>1924-1933</td>
<td>Gold Standard</td>
<td>Gold, $ and £</td>
<td>US, UK, France</td>
</tr>
<tr>
<td>1934-1971</td>
<td>Anchored $ St.</td>
<td>Gold and $</td>
<td>US, G-10</td>
</tr>
<tr>
<td>1999-2010</td>
<td>Dollar and Euro</td>
<td>$, €, ¥, £</td>
<td>US EMU</td>
</tr>
<tr>
<td>2010-?</td>
<td>Currency Areas</td>
<td>$, €, ¥, C¥, £</td>
<td>US, EMU</td>
</tr>
</tbody>
</table>

Degree of international financial integration

- **Gold Standard**: 1880–1914
- **Interwar**: 1914–1945
- **Bretton Woods**: 1945–1971
- **Float**: 1971–2000

Source: Stijn Claessens and Maurcie Obstfelt [1]
dollar volatility, 2000s

U.S. Dollar down over 33% since 2000

panic of late 2008
Figure 4.2. Change of Central Bank Policy Rates

(In percentage points; September 1, 2007 – 0)

Average change of receiving countries’ policy rates

Average change of G-4 policy rates

Sources: Bloomberg L.P.; and IMF staff estimates.

1G-4 includes the euro area, Japan, the United Kingdom, and the United States.

2Receiving countries are Argentina, Australia, Brazil, Canada, China, India, Indonesia, Korea, Mexico, Norway, Russia, Saudi Arabia, South Africa, Sweden, Switzerland, and Turkey.

Source: IMF, Global Financial Stability Report, April 2010
ECB’s 2008 Interest Rate Decision

- ECB Rates Hike (July 3, ‘08)
- Brent Crude Oil
- S&P 500
- ECB Interest Rate

Data: Bloomberg
Since the beginning of the financial market turmoil in August 2007, the Federal Reserve's balance sheet has grown in size and has changed in composition. Total assets of the Federal Reserve have increased significantly from $869 billion on August 8, 2007, to well over $2 trillion.

(first US Fed bailout ('Quantitative Easing') in the 2008-present crisis)

(source: US Federal Reserve, 2010)
Figure 4.1. Global Liquidity
(In billions of U.S. dollars; GDP-weighted; quarterly data)
Five core poli-econ ideologies contending in the world, 2008

- **THE RIGHTWING RESURGENCE** is the way to describe Bush/Cheney, Palin/Fox agenda & far-right Euro parties;
- **WASHINGTON CONSENSUS** is still the dominant neoliberal approach in the economic field -- e.g., WB/IMF/WTO, most economists, many comprador Third World elites;
- **THE POST-WASHINGTON CONSENSUS** is the (so far unsuccessful) attempt to reform -- e.g., Soros, Stiglitz, Sachs, Krugman, some UN agencies;
- **THIRD WORLD NATIONALISM** includes some authoritarians who oppose the system (Mugabe, Gaddafi) and others who still want to work within its confines while imposing WashCon at home;
- **THE MOVEMENTS FOR GLOBAL JUSTICE** oppose globalisation of capital but support globalisation of people.
The global array of forces: categories for the typology

• Five ideological currents categorised:
  – a) their political-economic *agenda*;
  – b) internal *disputes* over strategies/tactics and alliances;
  – c) leading *institutions*; and
  – d) exemplary *proponents*. 
1) Resurgent rightwing: neoconservatives

- Agenda: unilateral petro-military imperialism; crony deals, corporate subsidies, protectionism and tariffs; cultural 'conservatism'; reverse globalisation of people via racism and xenophobia; religious extremism; patriarchy and social control; homophobia

- Disputes: over extent of imperial reach, and how to protect residual national cultures and patriarchy

- Robert Zoellick, Sarah Palin, Newt Gingrich
1) Resurgent rightwing

- Institutions: Republican Party populist and libertarian wings; Project for New American Century; right wing think-tanks (AEI, CSIS, Heritage, Manhattan); the Christian Right; petro-military complex; Pentagon; rightwing media (Fox, National Interest, Weekly Standard, Washington Times); and proto-fascist European parties--but also Israel’s Likud and perhaps Islamic extremism
2) Washington consensus: neoliberalism

- Agenda: maintain and perhaps rename neoliberalism (PRSPs, HIPC and PPPs) but with some provisions for 'transparency' and self-regulation; more effective bailout mechanisms; and (temporary) financial stimulus packages for Northern countries (not the South)

- Disputes: differing reactions to US imperialism, based in part upon divergent national-capitalist interests and internal political dynamics

*Dominique Strauss-Kahn, Trevor Manuel, Lawrence Summers*
2) Washington consensus

- Institutions: US state (Fed, Treasury, USAid); corporate media and big business; World Bank, IMF, WTO; elite clubs (Bilderburger, Trilateral Commission, World Economic Forum); some UN agencies (UNDP, Global Compact); universities and think-tanks (U. of Chicago economics, Cato, Council on Foreign Relations, Adam Smith Inst., Inst. of International Economics, Brookings); and most G8 governments
3) Post-Washington consensus: global social democracy (lite)

- Agenda: fix 'imperfect markets'; add 'sustainable development' to existing capitalist framework via UN and similar global state-building; promote global Keynesianism; oppose US unilateralism and militarism

- Disputes: some look leftward (for broader alliances) and others look to the Wash.Con. (for resources and legitimacy)

Joseph Stiglitz, Paul Krugman, George Soros
3) Post-Washington consensus

- Institutions: some UN agencies (e.g., Unicef, Unifem, Unrisd, Stiglitz financial commission); some int’l NGOs’ (e.g., Care, Civicus, IUCN, Oxfam, TI); large enviro. groups (e.g., Sierra and WWF); big labour (e.g., ICFTU and AFL-CIO); liberal foundations (Carnegie, Ford, MacArthur, Mott, Open Society, Rockefeller); Columbia U. economics department; the Socialist International; and some Scandinavian governments
4) Third World nationalism

- Agenda: increased (but fairer) global integration via reform of interstate system, based on debt relief and expanded market access; democratised global governance; regionalism; rhetorical anti-imperialism; and Third World unity
- Disputes: political alignments; degree of militancy vis-à-vis North; internecine rivalries and egos
4) Third World nationalism

- Institutions: Non-Aligned Movement, G77 and South Centre; self-selecting regimes (often authoritarian): Argentina, Brazil, China, Egypt, India, Iraq, Libya, Malaysia, Nigeria, Pakistan, Palestine, Russia, South Africa, Turkey, Zimbabwe with very few – Cuba, Venezuela, Bolivia, Ecuador, Paraguay – that lean left; and supportive NGOs (e.g. ActionAid, Third World Network, Seatini)
SA WELCOMES PREMIER WEN JIABAO

COMPLIMENTS.
VERY TASTY!

THANKS.
..ER.. COULD WE
OFFER YOU A
LITTLE LESS?

China

Jobs

SA Textile Industry
5) Global justice movements

- Agenda: 'deglobalisation' of capital (not people); 'globalisation-from-below'; anti-war; anti-racism; indigenous rights; women's liberation; ecology; 'decommodified' state services; radical participatory democracy

- Disputes: the role of the national state; party politics; fix-it v. nix-it strategies for int'l agencies; and tactics (e.g. symbolic property destruction)

Arundhati Roy, Naomi Klein, Dennis Brutus & Trevor Ngwane, Hugo Chavez
5) Global justice movements

- Institutions: social movements; environmental justice activists; indigenous people’s and autonomist groups; radical activist networks; leftist labour movements; leftwing think-tanks (e.g. Focus on the Global South, FoodFirst, GX, IBASE, IFG, IPS, Nader centres, TNI); leftist media and websites (Indymedia, Pacifica, zmag.org); and sectoral or local coalitions allied to World Social Forum
The most obvious near-future re-alignment of the forces:

- It is possible that the RIGHTWING RESURGENCE will continue to fade, but if it reappears it could fuse with the interests of the WASHINGTON CONSENSUS (and its corporate backers), which remains the dominant ruling ideology (e.g. in G20 and IMF) notwithstanding delegitimisation (hence new ‘Keynesian’ language) and social resistance, more intense fiscal pressures and likely inflation, a crashing dollar, and internecine capitalist competition;

- It is possible that POST-WASHINGTON CONSENSUS advocates will stitch together a bigger coalition of states, find wealthy industrial/national capitalist backers and also seek alignment with 'responsible' THIRD WORLD NATIONALISTS (including SA); and

- all will fight against the more principled, radical forces within the MOVEMENTS FOR GLOBAL JUSTICE, which might team up with Latin American left states, as was hinted at in the Belem 2009 WSF.
Much lower interest rates, much higher deficits