

Challenge and Context of Neoliberal Globalisation

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What is Globalisation?

Like the seven blind men trying to describe an elephant, it means different – and often contradictory – things.

What do I think **of** when I hear the term
GLOBALISATION?

Globalisation Means?

Access to consumer goods?

Jeans, Shoes

Foreign Cars, TV sets, etc.

Global Brands?

Coke, Pepsi

McDonald's

Starbucks

Gucci, Levis, Reebok

Communications and Travel?

Internet and email

Easier Travel across the Globe

Industry and Commerce?

Outsourcing and Relocation of Industries in the South?

Visas for developing country workers for US & Europe?

Globalisation Means?

Wars and Occupation?

Iraq, Palestine

License for the US to march into any country

Poverty and Ill-Health?

HIV-AIDS ravaging Africa?

Rise in the number of global poor?

Environment?

Climate Change?

Destruction of the planet?

SO? What is Globalisation?

It is necessary to make a distinction between the impact of general advances as a result of human endeavour and the formal effects of globalisation

To be more precise “neoliberal globalisation” or “imperialist globalisation”

Neoliberal Globalisation

Neoliberal theory proposes that human well-being can best be advanced by an institutional framework characterized by strong private property rights, free markets, and free trade

Initial key promoters of the process of “neoliberalisation” were the governments of Thatcher and Reagan (elected in 1979 and 1980) and, crucially in the developing world context, the post-1973 dictatorship of Pinochet in Chile.

Key elements of neoliberalism include Deregulation of trade, investment and labour markets and Privatisation of public services

Genesis of Neoliberal Globalisation

Genesis lies in a Crisis

A crisis of plenty!

To take the story forward we need to go back a few decades – to the period just after the end of the Second World War.

Golden Age of Capitalism

The period, 1945 – 1970, is termed as the “Golden Age of Capitalism”

Period of relative peace and economic growth – fuelled by the huge reconstruction needs in Europe and the large productive capacities built for the war

Also a period when countries in Asia and Africa were breaking the shackles of colonialism and were engaged in building their own countries – with help in critical areas from the then Socialist countries

There was unprecedented growth in productive capacities at a global scale

And then the situation changed!

Crisis in the 1970s

“Oil Price Shock” – in 1973 the oil producing countries organised themselves to hike oil prices

The Capitalist economies were already seeing flattening of growth rates as the post-War momentum was starting to wane

The Oil Price Hike impacted on the economies of the North of the hemisphere that were critically dependant on cheap fossil fuels for their economic well being

Production in the developed capitalist economies slowed down, demand for goods flagged – in other words the system was in recession, capitalism was in crisis

The socialist countries, for their own reasons collapsed – and a vital support for the developing world was lost – exposed entirely to the predations from global capital

Curious Features of the Crisis

While productive activities slowed down, there was massive accumulation of capital (money) in a few hands

This included the Multinational Corporations who had prospered during the period of the economic boom

It included dictators in the developing world – like Mobutu and Marcos – who stashed away huge amounts looted from the people of their country

It included the oil producing countries in the Gulf who suddenly acquired enormous wealth

It also included the huge capitalist banks in which much of the money was stashed

Capital in Search of Investment

The global capitalist economy was plush with funds – but it had no avenues to invest as the capitalist economies were in a period of stagnation

What followed is familiar – something we see commonly played out in the countryside and villages of our countries in the developing world

Loan Pushing and Debt Trap

The capitalist banks started “pushing loans” to countries in the developing world

Loans were made available at lucrative rates – countries were advised to seek loans to pump in imported consumer goods into domestic markets

The entire system collapsed under its own weight – the loans were unviable – country after country was unable to pay back and fell into the debt trap

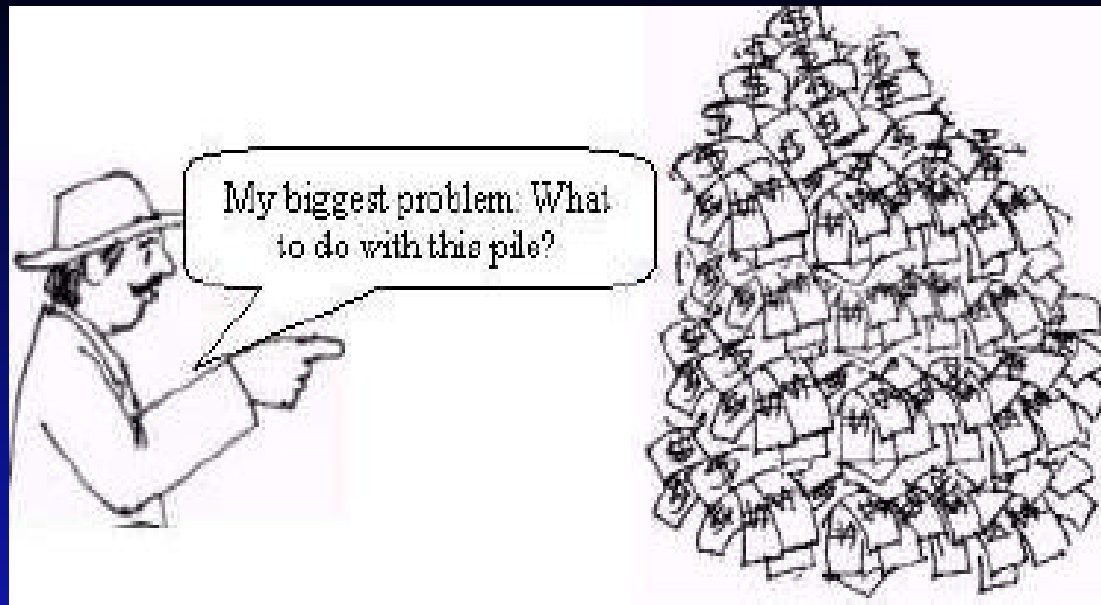
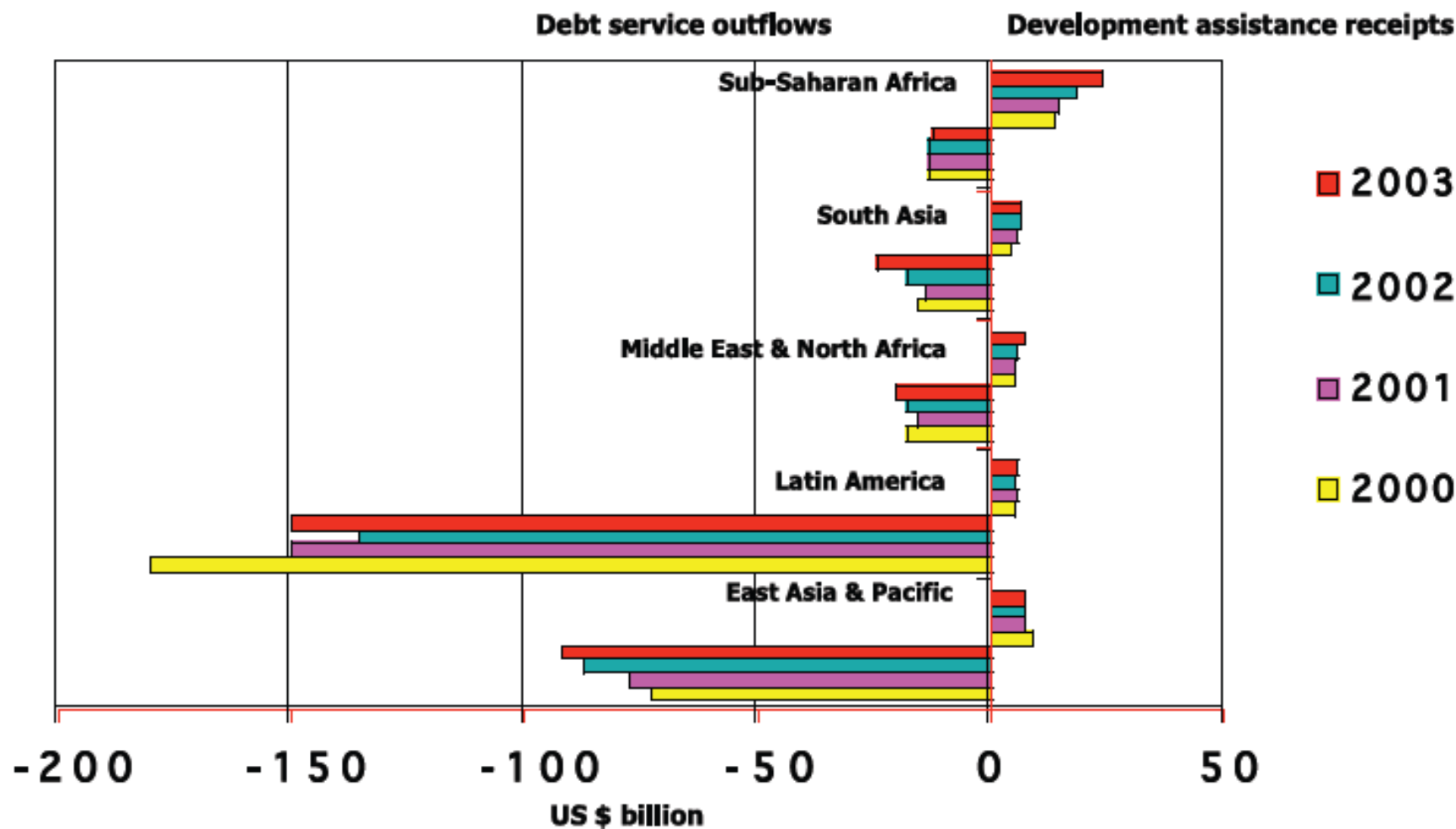


Figure 4: Debt service and development assistance, by region, 2000-2003



Structural Adjustment programmes

The global police force on economic affairs – the International Monetary Fund (IMF) – stepped in

Their advise to get out of the fast emerging debt crisis was simple – take more loans to repay the loans!

But this time the loans came with conditionalities – the infamous STRUCTURAL ADJUSTMENT PROGRAMMES (SAP)

What were the SAPs?

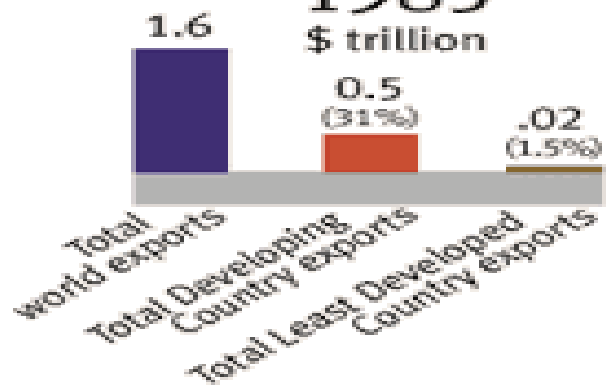
Countries must sell off enterprises in the public sector –
PRIVATISATION

Countries must allow foreign goods and foreign money to
move freely into the country – LIBERALISATION

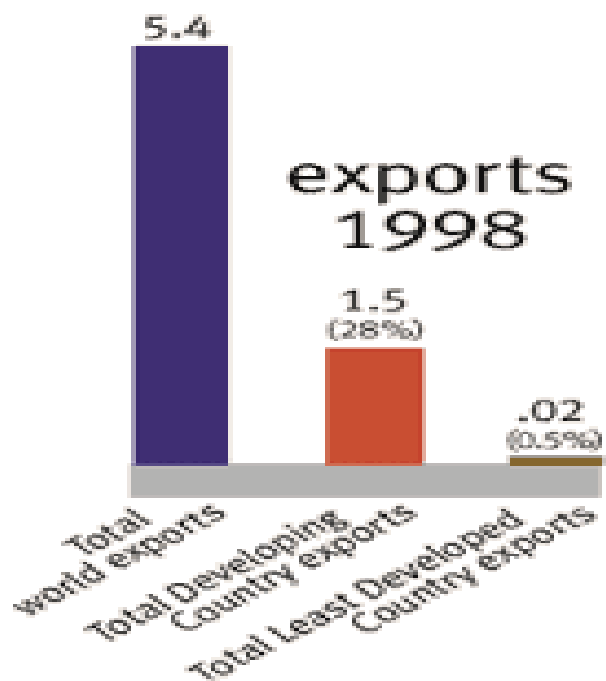
Countries must integrate their economies with the global
economy, in a regime of global trade (that was loaded
heavily in favour of developed nations) – GLOBALISATION

The infamous LPG prescription

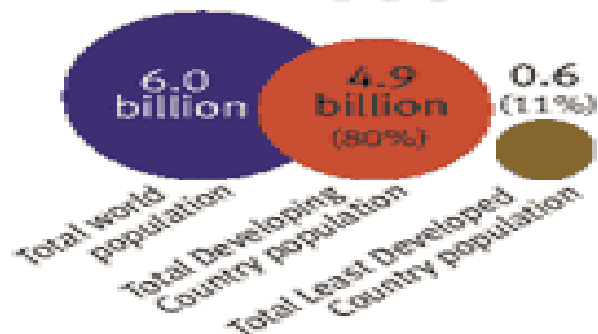
exports 1985 \$ trillion



exports 1998

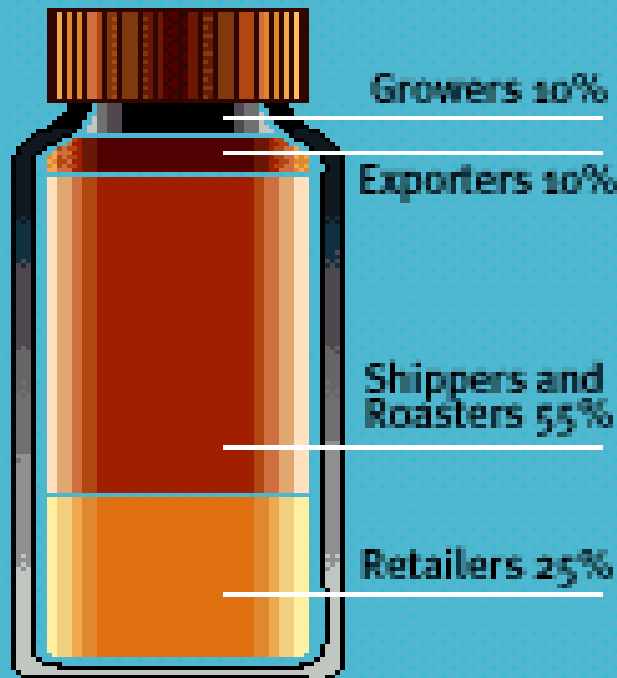


people 2000

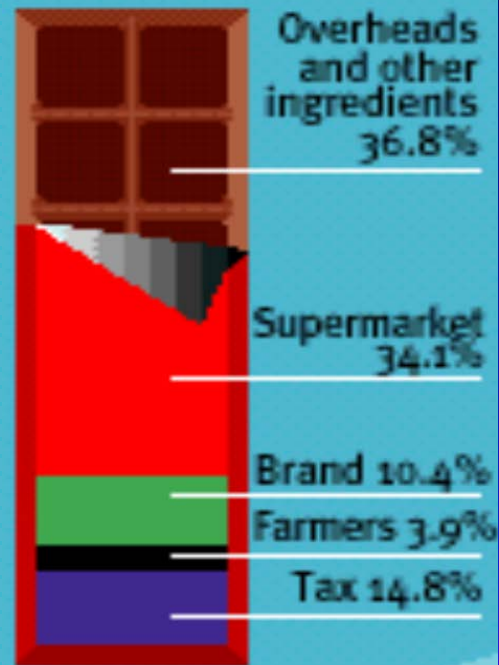


Who gets what (proportion of final price)

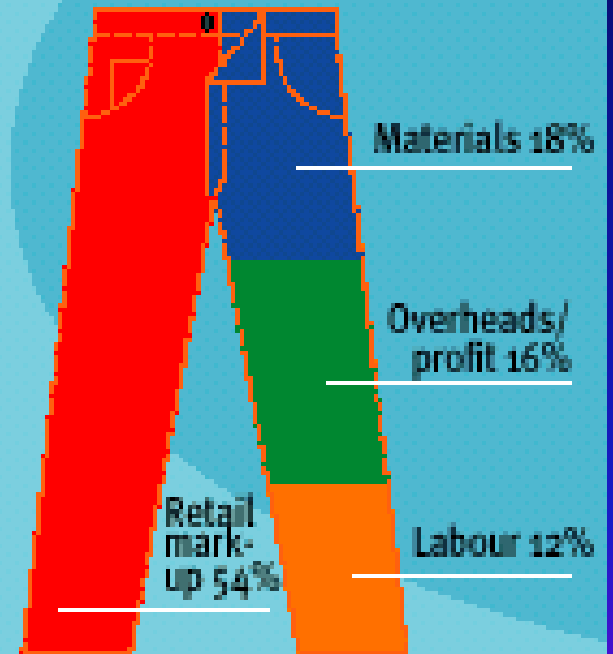
The coffee jar²



The chocolate bar³



Jeans⁵



The Market and Safety Net

It also meant that countries must step back from providing basic social services to their people in Health, Education, Food Security, etc.

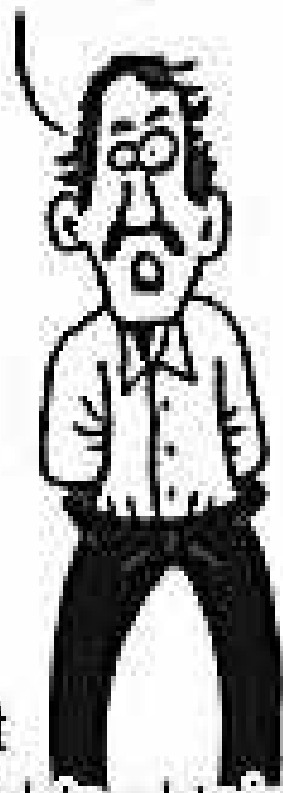
The MARKET was to determine who could buy such services

For the rest there is the safety net – poor services for poor people so that they can subsist and survive

I'M ASIAN
AND I'M
POOR.



I'M SOUTH
AMERICAN
AND I'M
POOR.



I'M AFRICAN
AND I'M
POOR.



SEE? THAT'S
GLOBALIZATION!



SCALP

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Story of the Last Three Decades

THIS is the story of the last three decades – the story of the ultimate culmination of human greed

The impact has been devastating – in Health it has meant dismantling of public services across the globe

It is a period when the global economy became more and more dependent on flows of capital in and out of countries – speculative capital that contributed little or nothing to building productive capacities

It was also a model that could survive by pumping up consumption so that MNCs could sell their goods even if the goods were not necessary

The Bubble Bursts!

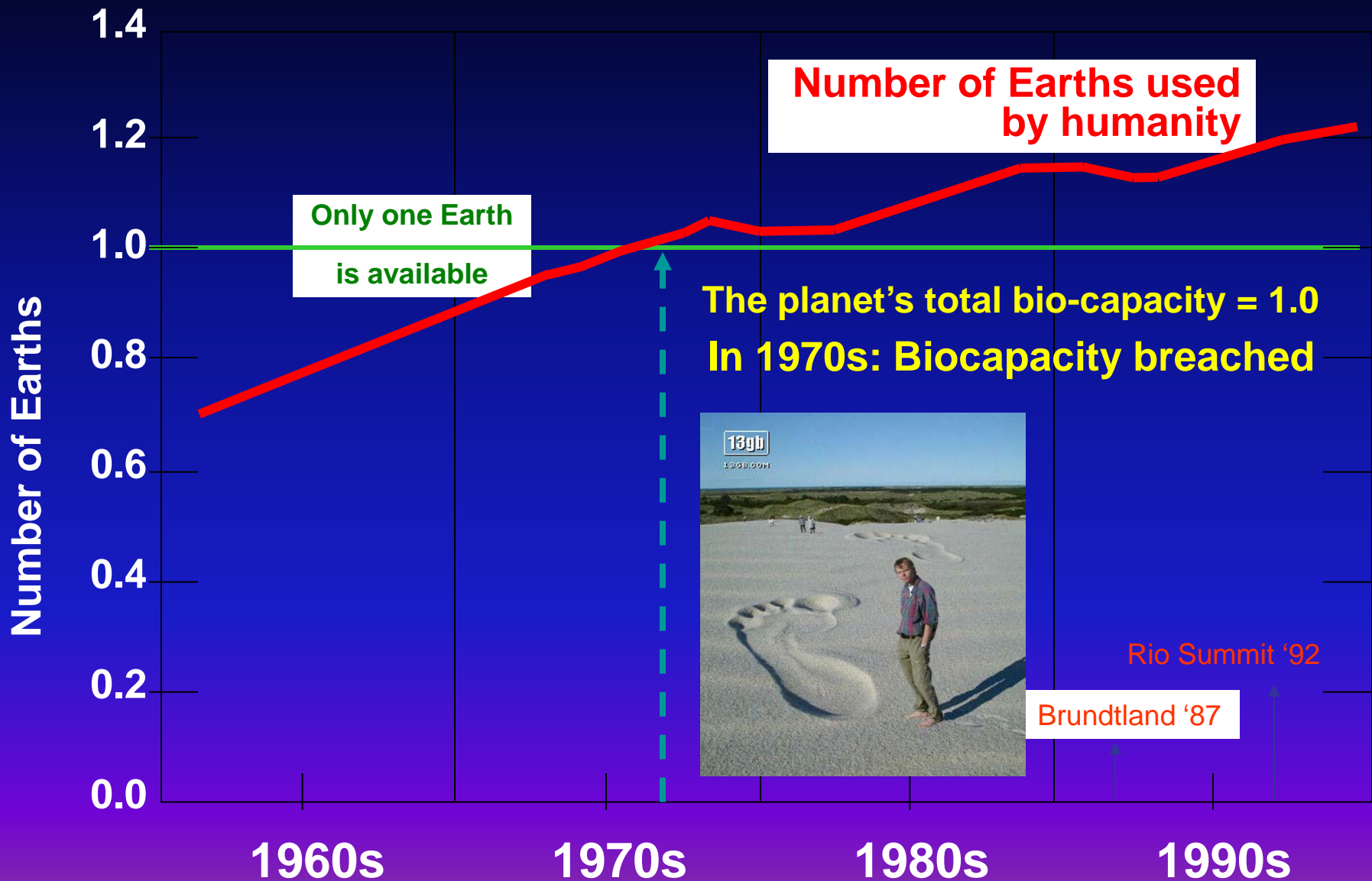
The bubble had to burst -- the bubble that expanded on the basis of artificially hiked consumption that was paid for with money that people borrowed but couldn't afford to pay back

The bubble burst and the globe is confronted with crisis after crisis

Different Crisis – One Planet

The Global Economic Crisis that started because American lenders pushed loans to citizens they knew could not be paid back – a crisis that has cascaded to engulf the globe

The Climate crisis brought on because people are consuming much more than the globe can afford



Based on Ecological Footprint Report (2000); Wackernagel et al, 2002

**What do Movements like the PHM do to
confront neoliberal globalisation?**

Local Actions and Internationalism

First, to root out actions locally

BUT also to confront Globalisation that global capitalism wants to thrust on us with International solidarity – with Internationalism

Alter Globalisation and the PHM

Paradoxically human endeavour has also sown the seeds to defeat Globalisation by giving us the tools to connect with each other

Knowledge can be freely exchanged as never before if freed of the artificial fetters it is bound by

Movements can link together as never before

The alter Globalisation movement is confronting neoliberal globalisation – the PHM is part of it, HAS to be a part of it!