Susan George Speaks out against economic globalization

Susan George, president of the Observatory on Globalization in Paris, associate director of the Transnational Institute of Amsterdam, and author of nine books, gave these comments on globalization (first published in 2000)

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In answer to the question "What is globalization?" she stated that there is already a world government – which is not democratic; one set of people can change the future of others who are not involved in decision-making. Its objective is to put all human activity in the market, including education, culture, and health. Globalization is responsible for pushing wealth upward both between countries and within countries. Since 1980 every country has experienced increasing inequalities. 85% of people live in countries where inequalities are increasing and this includes China, Russia, E. Europe and West Europe and the US, and at the same time inequalities are increasing between North and South.

She gave the illustration of the upturned champagne glass, showing the top 20% of humanity capturing 82% of the wealth, while the bottom 80% of the graph must get along with 1.3% of the world’s wealth. These inequalities are becoming more extreme. There are now 485 billionaires in the world, who control the equivalent of the wealth of half the world. And only three of those billionaires control wealth equaling the national production of 48 countries.

These inequalities have drastic consequences. The recently series of financial crises was caused by the institutional investors of the world. The ‘electronic herd’ all act at the same time e.g. someone says Thailand is not doing very well or Mexico and all run for the door at the same time. Then the financial crisis occurs and the IF steps in to say what the country must do. She emphasized “the rules that the IF sets KILL ordinary people”. For example in Mexico after the 1995 financial crisis 28,000 small firms failed because they could not keep up with the interest rates imposed upon them. Half of Mexico is now living below the poverty line. In Indonesia, after the financial crisis, 20 million people who thought they were becoming middle class were pushed violently into poverty. In Russia 4% of people used to be classed as really poor, but now because there are no rules as the ‘market’ is supposed to do everything 50% are living in poverty. Everywhere health, social and educational structures have been cut because of structural adjustments. Now there is only one ideology left in the world after the collapse of communism.

George asserted, “Debt is not a financial problem”. It is a political problem. If you cancelled all the debt of the poorest countries tomorrow, the international financial system would not even notice. She clearly states, “You can cancel the debt with no financial impact”. However debt is extraordinarily useful for the North; it is much better than colonialism as you don’t need an army etc. to keep people in line, and you don’t need the people. But you get tremendous political advantage because you have continuous low prices for raw materials, everyone is forced to export at the same time, and you have political control over the government because of structural adjustment.

After working on the question of debt for 15 years Susan George has come to the conclusion that objectively speaking there is no level of human suffering which will change the situation. We have been explaining for years the consequences of structural adjustment on common people. We know that there are more deaths of children, children taken out of school, health centers closed down etc. She says, perhaps the most incredible conclusion was regarding the case of Mozambique, after floods ravaged that country. The IMF said they didn’t have to pay 100 million dollars this year, only 73 million. It is not explaining things that is going to change things, rather a change in the power structure is needed. Her proposal for this change is that we need to form strong national coalitions.

Who are the managers of the global system? The power behind the throne are the large multinational corporations. They do not want to govern directly so they do so through the WB, IMF and WTO. These corporations support even the UN. Kofi Annan has signed the Global Contract with 50 multinationals, many of whom have terrible human rights and environmental damage records.

The system works well for the top 10% of the world’s population, but not for anyone else. The central political question of our time is changing. It used to be one of hierarchy, where you are on the hierarchical ladder – a king or a beggar; that was the main organizing principle of politics. For the past 100 years or so the central political question has been – Who is going to get the biggest piece of the pie? Elements of both of these – hierarchy and share of the pie - remain today. But the new question is ‘Who has a right to survive?’ and ‘Who has not?’ Now there are hundreds of millions of people in the world who

do not contribute to the market as producers or consumers. Do they have the right to survive?

The central political goals she suggests we must adopt are:

1. For strong national coalitions. We must continue to work through the state, through our governments.

2. Equal and fair commerce and not free trade

3. There is a need for rules but not those that are there now. Education, medical care, social welfare must not be in the market.

4. There is a need to tax international capital, because people of goodwill cannot include all the excluded, if country budgets for international development are only as they are today. State budgets for international development programs are decreasing every year. But 1.5 billion dollars contemporarily circulate on the market every day and we should be taxing that money, and also mergers of companies.

5. We need to make transnational companies responsible for their actions all over the world.

6. We need to cancel 3rd World Debt, and reduce the power of the WB and IMF.

Already there have been substantial victories defeating multilateral agreement on investments. The value of Monsanto’s agricultural division has been reduced to zero dollars, because people won’t accept genetically modified foods and products. National coalitions are growing.

The first thing people have to understand is that the present system is not the only choice. God never said to Moses that globalization must dominate the world. There are many possibilities. Susan George’s hope is that in Italy and elsewhere there will be national coalitions of all groups, believers, non-believers, trade unionists, environmentalists etc. We need to construct together an international democracy. This has been done at a national level 100 years ago. We have to do this together to build a different world and it is an exalting work.

In replying to questions in the public discussion following her lecture, Susan George made the distinction between natural resources and unnatural resources and material resources and immaterial resources. Natural resources and material resources have already been placed under the jurisdiction of the IMF and WTO including even space transport and satellite communication. The same corporate led globalization makes the rules, and these rules fit in with their view of how they want the world to work.

Can individual countries in the South isolate themselves from the world community e.g. Cuba? She doesn’t think it is a good idea. What they should do she feels is to make strong coalitions amongst themselves along the lines of G77. However debt has prevented them from doing this. From the point of view of the North that is the advantage of debt. What role is Europe playing in the system? So far it is not a positive role. It is listening above all to industry. Powerful lobbies like the European Roundtable of Investors, which includes Fiat e.g. has enormous influence on the EU. Europe has the potential to propose an alternative lobby to the American system but it is not doing so, so far. Europe has a social system, which it should introduce to the rest of the world. We don’t have the institutions for change. The vision, she says, should be to have a state with minimum rights for health, education and prospects for work for everyone.