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Editor's Note

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EDITOR'S NOTE

I. Commodification of the World

"Of every two problems that are discussed," so uttered the great Somali pastoral poet, Salan Arabay, "the first must be on the subject of subsistence." This is an insight that underscores an age-old and continuing truth: the replenishment of human metabolism is the key index of our immediate existence. For the largest stretch of history, the urge to exert human energy so as to renew it took the form of small-scale reciprocal social systems—ones in which basic needs were met through a transparent network of organic mutuality. Such an order encompassed within its logic key features that included access to the tools of production and the natural environment, with a minimum of privileged differentiation in the distribution of resources. But if this arrangement stressed communality, collective welfare, and a relatively homeostatic engagement with nature, it was also a livelihood increasingly burdened by a paucity of surplus and, therefore, intimidated by scarcity and the unpredictable volatility of the elements. This order is no more; its demise was announced by the coming of expropriation, private property, exchange, and the dramatic redesigning of human productive activities. Karl Polanyi, in the mode of the great historical sociologists, writes:

to separate labor from activities of life and to subject it to the laws of the market was to annihilate all organic forms of existence and to replace them by a different type of organization, an atomistic and individualistic one. Such a scheme of destruction was best served by the application of the principle of freedom of contract. In practice this meant that the non-contractual organization of kinship, neighborhood, profession, and creed were to be liquidated since they claimed the allegiance of the individual and thus restrained his freedom.¹

Markets, in one form or another, have been around for many centuries, perhaps as far back as neolithic times.² This is not the critical issue; rather, what one must note here is the rise of a new economic logic predicated upon: (a) separation of the producer from the means of livelihood; (b) production organized for the sake of profit; and (c) redeployment of profit for further accumulation.³ The potential and social consequences were numerous and profound. For instance, the

state, the seminal theatre of politics, got hitched to the struggle over the social surplus and, depending on the correlation of forces, could be turned into a willing accomplice of the accumulators, an arbiter of colliding interests or, on rarer occasions, a defender of the broader national interest. Socially, the eminence of capital meant the coming centrality of class society in which distinct historic blocs, determined by their place in the social structure of accumulation, marked the landscape of human relations, habits, and institutions. Indeed, these transformations redefined as well as crystallized new forms of power best expressed through the mediation of money — the unit of account and ultimate code of the new order.

While the nucleus of capitalism is said to have emerged in the Mediterranean basin, it is the region of northwestern Europe, particularly England, that becomes the site for the birth of what Immanuel Wallerstein calls the “Modern World-System.”⁴ Soon, the imperatives of competition and accumulation already honed in the domestic arena, detonated an explosive and flamboyant search for new lands, raw materials, cheap labor, and new markets.⁵ Slaving, outright elimination of non-Europeans, and conquest and colonialism were adopted as significant valorizing strategies for the growing commodification of geography and culture and the dominance of capital.⁶ In a passage that hardly gets recalled but revelative of the original dialectic in the way it captures both the glory and gore of this moment in the progress of what we now commonly call the world economy, Adam Smith notes:

The discovery of America, and that of a passage to the East Indies by the Cape of Good Hope, are the two greatest and most important events recorded in the history of mankind. Their consequences have already been very great; but in the short period of between two and three centuries which has elapsed since these discoveries were made, it is impossible that the whole extent of their consequences can have been seen. What benefits or what misfortunes to mankind may hereafter result from those great events, no human wisdom can foresee. By uniting, in some measure, the most distant parts of the world, by enabling them to relieve one another’s wants, to increase one another’s enjoyments, and to encourage one another’s industry, their general tendency would seem to be beneficial. To the natives, however, both of the East and West Indies, all the commercial benefits which can have resulted from those events have been sunk and lost in the dreadful misfortunes which they have occasioned. These misfortunes, however, seem to have arisen rather from accident than from anything in the nature of those events them-

selves. At the particular time when those discoveries were made, the superiority of force happened to be so great on the side of the Europeans that they were enabled to commit with impunity every sort of injustice in those remote countries.⁷

The development of capitalism, then, could be periodized into stages, each building on the preceding one but also displaying its own peculiar characteristics.⁸ First came the era 1400–1770, a time of commercial and mercantilist capitalism fueled by primitive accumulation and colonization of the Americas. This is the world of joint stock companies, licensed by royal charters that blessed them with trade monopolies and dominion over newly annexed areas. The second stage, 1770–1870, was the age of the machine, a time of the inception of intimate linkages between science and commerce, best underscored by the dawn of the Industrial Revolution, first in England and soon to spread to the rest of the Continent. Some other key factors of industrial capitalism were the deepening of the division of labor as well as production such that competitive industrial companies at the center of the system exported manufactured commodities, while peripheral zones were typically assigned raw materials; a shedding of monopolistic mercantilism and, in its place, the onset of a new regime of “free trade imperialism,” furiously pursued by Britain; and a decline in the direct ownership of colonial territories. This is the universe that Adam Smith rationalized and celebrated in his famous treatise on international trade. Phase three, 1870–1914, of the evolution of capitalism saw the emergence of centralization and concentration of capital through huge firms that quickly gobbled smaller ones, and a series of countries whose industrialization had come of age so much so that they began to challenge Britain’s supremacy in industrial production, world trade, and finance. Here, three outcomes worthy of note were the inauguration of deadly power struggle among the contenders,⁹ an aggressive realignment of state and capital, and the upsurge of new and predatory desire for worldwide colonization that resulted in the “greatest land grab in history.” Perhaps most well known of the latter is the scramble for Africa consecrated in the infamous Treaty of Berlin in 1884–85. With the exception of Japan and a few other territories, the combination of European economic, political, and increasingly cultural regnancy was now global. The fourth period, 1914–1980s, was a time in which the conflicts among industrial states turned into harrowing world wars, Britain’s leadership was eclipsed by the United States,

resistance to uneven development and colonial capitalism was marked by revolutions in Russia and China, nationalistic decolonization pervaded every zone of what was called the Third World, and the restructuring of global alliances and the onset of the Cold War emerged. Finally, 1989 to the present might be construed as the fifth phase. With the demise of commandist economies, the end of bipolarity, and a dehydration of postcolonial ambitions, market economics, buoyed by the triumph of neoliberalism, has kicked up appetites and activities hitherto unparalleled.¹⁰ The result is an inordinate extension and intensification of commodification, through the application of digital technologies to mass production and consumption — all in the service of greater accumulation.¹¹ Moreover, this ongoing period of hypermodernity is ushering in: (a) a dual *disembedding* process whereby, at once, the economy in general is further distanced from society¹² and the financial system, in particular, not only claims a sphere of its own but is also released from both social and productive accountability;¹³ and (b) an idolatrous embrace of exchange relations which, in turn, is reshaping mentalities across cultures and civilizations.¹⁴

This latest version of economic configuration, dubbed as “turbo-capitalism,” and its shifting force fields of power relations bring forth spectacular winners and wretched losers. The first comprise perhaps a fifth of the world’s population, most residing in the core regions of the global economy. Highly educated, well remunerated, with an immediate and easy access to the information and knowledge-based worldwide transactions and services, their condition ranges from extreme exuberance to comfortable living.¹⁵ Even among many of those not so fortunate as to belong to this category, there is enough evidence to support the proposition that more human beings are enjoying longer and healthier lives made possible by the availability of better food, housing, and safer workplaces.¹⁶ But if the gains are noteworthy, pauperism and marginalization are the lot of hundreds of millions.¹⁷ In the estimate of the World Health Organization, for example, seventeen million of the damned die every year of infectious diseases linked directly to poverty, including lack of clean water. This world of discarded people, while densely located in the regions of the South, is to be found almost everywhere. Demonstrating the hard clarity of seeing the world economy in its ghastly contradictions, a contemporary scholar reports:

The Fourth World comprises large areas of the globe, such as much of sub-Saharan Africa, and impoverished rural areas of Latin America and Asia. But it is also present in literally every country, and every city, in this new geography of social exclusion. It is formed of American inner-city ghettos, Spanish enclaves of mass youth unemployment, French banlieues warehousing North Africans, Japanese Yoseba quarters, and Asian mega-cities' shantytowns. And it is populated by millions of homeless, incarcerated, prostituted, criminalized, brutalized, stigmatized, sick, and illiterate persons. They are the majority in some areas, the minority in others, and a tiny minority in a few privileged contexts. But everywhere, they are growing in number and increasing in visibility, as the selective triage of informational capitalism and the political breakdown of the welfare state intensify social exclusion. In the current historical context, the rise of the Fourth World is inseparable from the rise of informational, global capitalism.¹⁸

If the penetration of the whole world by market economics is now almost total, eternal human preoccupation with material subsistence and security is equally most paramount.⁹ With a cognizance of perhaps unprecedented opportunities that the globalization of economic space could present to those who are ready and willing to snatch it, but simultaneously sobered by the rise of deleterious activities that worsen conditions of work, create unemployment, concentrate benefits on the already well-healed, circumvent if not enervate democracy, and subtract hope from the future, the time for a discussion by every community over the nature and direction of the world economy is pressing.²⁰ At the core of the task, then, lies the perennial concern of political economy: What combinations of civic virtue, moral discourse, and public jurisdiction might respond effectively to the "creative destruction" of universal commodification?

II. The Roundtable

With the common realization that breathtaking economic changes are the order of our epoch, the 1998 International Roundtable was called into session. Despite their individual assignments and interests, all participants were asked to keep in mind the following broad questions:

- How did the global economy evolve?

- What forces are driving it, and what are its main and current contours?
- Is economic globalization a viable road toward universal prosperity?
- What does the transnationalization of economic space mean for traditional state sovereignty, national structures, and local community?
- Are there discernible affinities between wide diffusion of markets, democracy, and freedom?

The opening presentation is by **Keith Griffin**. He confirms our propulsion toward a global economy, coupled with a liberalization of rules and the retreat of regulatory institutions — including the state. For him, these developments bring in their wake comprehensive ramifications for the full topography of human existence. A key paradox here is the optimum movement of goods and many services, while labor is still constrained. In the meantime, rich countries guard their borders with increasing anxiety.

Our panels start with a presentation by **Saskia Sassen**. She opens her intervention with a disputation over the somewhat pervasive assertion among scholars that the state is a diminished force in the face of the global economy. To the contrary, she argues that many critical elements of these activities are “located inside national economies.” Subsequently, she looks into the rising institutional scaffolds, most of them private, which hold the global economy together, and their interaction with the state and its key portfolios. **Sarah Stucky** responds with, first, a compressed recall of the evolution of the concept of sovereignty, and then brings the discussion to Latin America—a region she deems to be deficient in macroinstitutional capacity. Such condition, she thinks, easily compounds vulnerabilities to transnational forces of globalization. **Alberto Armendáriz** reminds us of an academic conversation of a few years ago on the “end of history” and how, in his opinion, that “overreaction” seems to be replaced with another — the demise of the state. He draws his insight from Argentina and Chile. **Peter Rachleff** directly moves on to tell a poignant story about Mexican railroad workers who, in 1998, went on strike over privatization of such national assets as *Ferronales*. For him, this episode confirms the intermeshing of the national and global, and the possibilities of a new transnational solidarity of labor—one adept at using the newest techniques of informational capitalism.

Next we move on to Africa. In a substantial and somber essay, **Thandika Mkandawire** uncovers Africa's experience with the vicissitudes of the age. His analysis concentrates on what he perceives to be a dismaying disharmony between Africa's basic interests and the whirlwinds of the global economy. To him, imperious pressures from International Financial Institutions (IFI) and the grave sins of African leaders are the two central culprits in the derailment of the African nationalist agenda. **Richard Cawood** foregrounds the dilemma that the state in Africa is both creator of the continent's misery and yet a "potential" bearer of solutions. His conclusion expresses a note of guarded optimism. **Ivor Agyeman-Duah** identifies freedom and democracy as progenitors of social well being and prosperity. Consequently, he suggests that the people of the continent would improve their capacities if they focus on the extension of liberty and autonomy of each citizen. **Vasant Sukhatme** applies the combined insights of macroeconomics and years of reading on economic development. He vehemently quarrels with the perspective that IFI are the determining factors in Africa's economic policies. Rather, he asserts, internal decisions, led by chronic neglect of agriculture, are the cause of the impoverishment. He urges Africa to open its markets and nurture the growth of the private sector.

The third conversation begins with a lengthy and luminous essay by **Meredith Woo-Cumings**. With the recent financial meltdown in Asia, she focuses on the issue of "corporate governance." It is her conviction that amongst the main reasons for the calamity, the most notable is the "failure of regulation." Moreover, lest one thinks the region is only one type, she adds into the already variable geometry of the economic profile the differences between Northeast Asia and the Southeast. The first, and particularly South Korea, is her primary target. **Christina Szitta** expresses concern over, in her mind, the absence of serious attention to the way in which the *chaebol's* role in the world market ramify in the domestic context. She thinks the issue of equity looms large and points out the problematic nature of an application of the "rule of law" to create transparency in such complex affairs. **Katrina Strickland** agrees with the necessity of reform but suggests that success would depend on the specificity of the country and its place in the global economy. **Andrew Latham** brings in the cultural dimension of what otherwise would seem to be purely economic truths. He goes on to retell, telescopically, the invention of the West as the rational modernizer and Asia as a deviant *other*. Updating this phenomenon by

encountering it with the present, he suggests that a novel type of “economic orientation” is being put forth in contrast to the “Anglo-Saxon neoliberal” form of conduct. Latham postulates that the real project is to recreate East Asia’s economies so to make them comply with gyrations of the dominant Western practices.

The final session is organized around **Vladimir Popov’s** presentation. He engages what is certainly one of the hallmarks of this side of the twentieth-century — the “opening up” of statist economies to the powerful thrust of the world market. Given the enormous socio-economic distress visited upon most of these societies, he raises a critical question about the cause, strategies, and costs of transition. He offers the intriguing thesis that the demise of the state and nonstate institutions are keys to comprehending the fate of commandist societies — particular the USSR and its progenies. **Frederick Swaniker** acknowledges the contributions of the essay but regrets that the narrative ends with the events of 1996. Further, he stresses the necessity, for developing countries, of institutional and political preparedness before one fully sails into the rough oceans of globalization. **Anssi Miettinen** warns of the pitfalls of swapping investment in export industries for steep increases in unemployment — the lesson from Finland. He reminds us of the value of education, flexibility, inventiveness, and intelligence in finding a profitable niche. **Gary Krueger** approves of the essay’s contribution to economic studies in general and, more specifically, the socio-legal factors that condition what he terms “pathological” economic orders. He concurs with the conclusions but takes issue with certain elements of the analysis.

If globalization is pressing hard on livelihoods everywhere, the spiritual dimension of human existence is not immune from the tumult of the times. The theme of the 1999 International Roundtable will be “Contending Gods: Religion and the Global Moment.”

Notes

1. Karl Polanyi, *The Great Transformation: The Political and Economic Origins of Our Time* (Boston: Beacon Press, 1944), 163.
2. Rondo Cameron, *A Concise Economic History of the World: From Paleolithic Times to the Present* (Oxford: Oxford University Press, 1993).
3. Karl Marx, *The Economic and Philosophic Manuscripts of 1844*, translated by Martin Milligan (New York: International Publishers, 1964); and Immanuel Wallerstein, *Historical Capitalism with Capitalist Civilization* (London: Verso, 1996).
4. Immanuel Wallerstein, *The Modern World System: Capitalist Agriculture and the Origins of the European World-Economy in the Sixteenth Century* Vol. I (New York: Academic Press,

1974); Fernand Braudel, *The Structures of Everyday Life: The Limits of the Possible*, translated by Sian Reynolds (New York: Harper and Row, 1981); *The Wheels of Commerce*, translated by Sian Reynolds (New York: Harper and Row, 1982); and *The Perspectives of the World*, translated by Sian Reynolds (New York: Harper and Row, 1984); and Robert W. Cox, *Production, Power, and World Order* (New York: Columbia University Press, 1987).

5. L.S. Stavrianos, *Global Riff: The Third World Comes of Age* (New York: William Morrow, 1981).

6. Robin Blackburn, *The Making of New World Slavery: From Baroque to the Modern, 1492–1800* (London: Verso, 1998).

7. Adam Smith, *The Wealth of Nations: Inquiry into the Nature and Causes of Wealth of Nations* (New York: Alfred A. Knopf, 1991), 561. It is not that strange to discover that acute minds, commonly thought to be diametrically opposed, would still converge on critical moments. Here is Marx on the same historical phenomenon:

The discovery of gold and silver in America, the extirpation, enslavement and entombment in mines of the aboriginal populations, the beginning of conquest and looting of the East Indies, the hunting of black skins, signaled the rosy dawn of the era of capitalist production. These idyllic proceedings are the chief moments of primitive accumulation. On their heels treads the commercial war of the European nations, with the globe for a theatre. Quoted in Wallerstein, *The Modern World-System*, p. xv.

8. Stavrianos, 41–2.

9. Eric Hobsbawm, *The Age of Empire: 1875–1914* (New York: Vintage Books, 1989).

10. Robert J.S. Ross and Kent C. Trachte, *Global Capitalism: The New Leviathan* (Albany: State University of New York Press, 1990); Richard Bernet and John Cavanagh, *Global Dreams: Imperial Corporations and the New World Order* (New York: Simon and Schuster, 1994).

11. Jonathan Nitzan, "Differential Accumulation: Towards a New Political Economy of Capital," *Review of International Political Economy* 5, no. 2 (1998): 23. "By the late twentieth-century," writes Nitzan, "the universality of capital has reached the point where its symbols have been reduced to electronic flickers, bits and bytes parked in computer storage or racing the information highways."

12. Elmer Altvater and Brigit Mahnkopf, "The World Market Unbound," *Review of International Political Economy* 4, no. 3 (1997).

13. Charles Kindleberger, *The World Economy and National Finance in Historical Perspective* (Ann Arbor: University of Michigan Press, 1995); Richard O'Brian, *Global Financial Regulation: The End of Geography* (London: Pinter, 1992); Ethan Kapstein, *Governing the Global Economy: International Finance and the State* (Cambridge: Harvard University Press, 1994); Stuart Corbridge, Ron Martin, and Nigel Thrift, eds., *Money, Power and Space* (Oxford: Basil Blackwell, 1994); and Peter Dombrowski, "Haute Finance and High Theory: Recent Scholarship on Global Financial Relations," *Mershon International Studies Review* 42, no. 1 (May 1998).

14. The African writer, Ngugi Wa Thiongo, foretold of these changes in his *Devil on the Cross* (Oxford: Heineman, 1982).

15. A stunning statistic that conveys the degree of concentration of wealth is reported by the United Nations Development Program (UNDP) *1996 Human Development Report*. Page two of the Report maintains that "The assets of the world's 358 billionaires exceed the combined annual incomes of countries with 45% of the world's people."

16. Leslie Roberts, ed., *World Resources: 1998–99* (Oxford: Oxford University Press, 1998), ix.

17. Ray Kiely and Phil Marfleet, eds., *Globalization and the Third World* (New York: Routledge, 1998). New additions to the numbers of the impoverished are the victims of the recent currency meltdown and economic downturn in much of Southeast and Northeast Asia. On this, see Francois Godement, *The Downsizing of Asia* (London: Routledge, 1999); Walden Bello, "East Asia: On the Eve of the Transformation?" *Review of International Political Economy* 5, no. 3 (1998); and Bruce Cumings, "The Korean Crisis and the End of 'Late' Development," *New Left Review* (1998): 231.

18. Manuel Castells, *End of Millennium* (Oxford: Basil Blackwell, 1998), 164–5; Kevin Bales, *Disposable People: New Slavery in the Global Economy* (Berkeley: University of California Press, 1999); Titus Alexander, *Unravelling Global Apartheid* (Cambridge, England: Polity Press, 1996); and Ngugi Wa Thingo, *Devil on the Cross* (Oxford: Heinemann, 1982).

19. Gary Burtless, Robert Z. Lawrence, Robert E. Litan, and Robert J. Shapiro, *Globaphobia: Confronting Fears about Open Trade* (Washington, D.C.: The Brookings Institution, 1998); Theodore Levitt, "The Globalization of Markets," *Harvard Business Review* (May–June 1983); Rosabeth Kanter, *World Class: Thinking Locally in the Global Economy* (New York: Simon and Schuster, 1995); and Jonathan Michie and John Griene Smith, *Globalization, Growth, and Governance: Creating an Innovative Economy* (Oxford: Oxford University Press, 1998).

20. Robert W. Cox, "Civil Society at the Turn of the Millennium: Prospects for an Alternative World Order," *Review of International Studies* 25, no. 1 (1999); Robert V. Ayers, *Turning Point: An End to the Growth Paradigm* (New York: St. Martin's Press, 1998); and Robert Brenner, "The Economics of Global Turbulence," *New Left Review* (1998): 229. Even George Soros, the great financial speculator, has lamented to the extent that he is reported to have said, "Right now, market fundamentalism is a greater threat to open society than any totalitarianism," in Daniel E. Singer, "Clinton Appeals for Joint Attack in Economic Crisis," *New York Times* (6 October 1998): A12; Richard Smith, while writing on the state of China's environment, relates this chilling picture of the downside of China's galloping and globally integrated economy:

This is to say nothing of the capitalist servitude of China's vast network of gulag prison-factories where, by Amnesty International's conservative estimate, seven to ten million prisoners toil under threat of starvation, torture, and sexual abuse, *many* to produce goods for export. It is to say nothing of the commercialized execution of thousands of prisoners to harvest their kidneys, livers, hearts, lungs, and corneas to sell to wealthy foreign patients from Hong Kong, Japan, and the U.S.;

Richard Smith, "Creative Destruction: Capitalist Development and China's Environment," *New Left Review* 222 (1997): 8–9; Dean Baker, Gerald Epstein, and Robert Pollin, eds., *Globalization and Progressive Economic Policy* (Cambridge: Cambridge University Press, 1998); John S. Dryzek, *Democracy in Capitalist Times: Ideals, Limits, and Struggles* (Oxford: Oxford University Press, 1996); Cristobal Kay, ed., *Globalization, Competitiveness and Human Security* (London: Frank Cass, 1997); and, finally, Robert Kuttner, *Everything for Sale: The Virtues and Limits of Markets* (Chicago: University of Chicago Press, 1999).