

Civil Society, the World Social Forum, and the Crisis of the Globalist Project—A Commentary

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In my comment, I will address the topic of civil society and the crisis of corporate-driven globalization and its key institutions.

Crisis of Multilateralism

Let me speak from personal experience. Ten years ago, in 1996, I attended the World Trade Organization's first ministerial meeting in Singapore as an NGO observer. There was an air of triumphalism, a sense among government delegates that corporate-driven globalization was the wave of the future. The newly established WTO was toasted as the "jewel in the crown of multilateralism," as one director general of the organization was later to put it,¹ and at the meeting, the officials of the WTO, International Monetary Fund, and the World Bank saw the remaining major task of global governance as the achievement of "coherence," that is, the coordination of the neoliberal policies of the three institutions in order to ensure the smooth technocratic management of the global economy. Those of us who dissented from this view of the future were definitely a minority at the conference. We were the token Luddites who had been allowed to crash the party so we could have a glimpse of the future.

Ten years later, just last month in fact, the World Bank and the IMF held their annual meeting in Singapore behind the heavy protective shield of the Singaporean government. The two institutions had chosen Singapore because they wanted to make sure there would be no protesters in the streets, and if there was anyone in the world that could ensure that, it was the Singaporean state. Twenty eight of us were banned from entering the country on various

pretexts. In my case, the government said that the reasons for keeping me out were that I had led protests against the WTO, that I had spearheaded the seizure of embassies and consulates, and that I had broken into the World Bank to steal documents. These were all peaceful activities to which I plead guilty, but my point here is that the crisis of legitimacy that has overtaken the two institutions is so profound that they had to hold their annual conference under armed guard! Seemingly triumphant a decade ago, corporate-driven globalization is now in very deep crisis. What are the indicators of this crisis?

Well, first of all, as noted above, the loss of legitimacy of the key multilateral institutions that serve as the political canopy of corporate-driven globalization. Sebastian Mallaby, the influential pro-globalization commentator of the *Washington Post*, writes the globalist project is in trouble because “trade liberalization has stalled, aid is less coherent than it should be, and the next financial conflagration will be managed by an injured fireman.”²

In fact, the situation is worse than he describes. The International Monetary Fund (IMF) is practically defunct. Knowing how the Fund precipitated and worsened the Asian financial crisis, more and more of the advanced developing countries are refusing to borrow from it or are paying ahead of schedule, with some declaring their intention never to borrow again. These include Thailand, Indonesia, Brazil, and Argentina. Since the Fund’s budget greatly depends on debt repayments from these big borrowers, this boycott is translating into a budget crisis. The upshot of these developments is that payments of charges and interests, according to Fund projections, will be cut by more than half, from \$3.19 billion in 2005 to \$1.39 billion in 2006 and again by half, to \$635 million in 2009. These reductions have created what Ngaire Woods, an Oxford University specialist on the Fund, describes as “a huge squeeze on the budget of the organization.”³

The World Bank may seem to be in better health than the Fund, but, having been central to the debacle of structural adjustment policies that left most developing and transitional economies that implemented them in greater poverty, with greater inequality, and in a state of stagnation, the Bank is also suffering a crisis of legitimacy. Robin Broad, one of the leading experts on the Bank, claims, in fact, that the crisis of the Bank is really more profound than that of the Fund, but that, unlike the IMF, the Bank has a well-oiled PR machine that transmogrifies questionable research into sound-bite friendly factoids.⁴ But even so, the Bank now finds that more and more governments are reluctant to borrow heavily from it. Since the Bank, like the Fund, is mainly supported from debt repayments, this is, as Woods points out, leading to a budget crisis as well.

But perhaps the crisis of legitimacy is most acute at the World Trade Organization, where the Doha Round of global negotiations for more trade liberalization unraveled abruptly last July, when the talks among the so-called Group of Six collapsed in acrimony. A key reason for this is that developing country governments, under pressure from their citizenries, no longer want to open their agricultural markets to dumped goods from the European Union and the United States and to allow their manufacturing industries and services to be bankrupted or taken over by transnational corporations. The pro-free trade American economist Fred Bergsten once compared trade liberalization and the WTO to a bicycle: they collapse when they are not moving forward. That point of collapse may be nearer than it seems.

Dimensions of the Crisis of Globalization

But the crisis of the multilateral system of world economic governance is but the most noticeable sign of the crisis of the globalist project. There are other, deeper indicators. A decade ago, the

writings of the globalists celebrated the emergence of a functionally integrated global economy, the so-called borderless world. Ten years later, despite runaway shops and outsourcing, what passes for an international economy is still a collection of national economies—interdependent no doubt, but economies whose dynamics are still largely determined by internal factors.

Ten years ago, we were told that state policies no longer mattered and that soon, corporations would dwarf states. In fact, states still do matter. The European Union, the United States government, and the Chinese state are today stronger than they were a decade ago as economic actors. Moreover, state policies, such as industrial policy and trade policy—that is, interfering with the market in order to build up industrial structures or promote welfare policies—still make a difference. Indeed, over the last ten years interventionist government policies have spelled the difference between development and underdevelopment, prosperity and poverty. Malaysia's imposition of capital controls during the Asian financial crisis in 1997-98 prevented it from unraveling like Thailand or Indonesia. It was also strict capital controls that insulated China from the economic collapse engulfing its neighbors.

A decade ago, we expected the emergence of a transnational capitalist elite that would manage the world economy. Indeed, this was a project of Bill Clinton and his Secretary of the Treasury Robert Rubin. The adoption of a strong dollar policy in the mid-nineties that would assist the recovery of the Japanese and German economies, even at the expense of US firms, was Washington's way of saying that it had the long-term strategic interests of global capital, not just US capital's interests, in mind. A strong dollar translated into cheaper Japanese and German products in the US and European markets relative to US products, thus acting as a boost to Japanese and German recovery, as Robert Brenner pointed out.⁵ But the Clinton project was aborted under Bush. The transnationalized fractions of the different national capitalist classes

have been overwhelmed by the nationalist fractions, and what we have today are national elites in sharp competition with one another, seeking to beggar one another's economy. For instance, the US elite does not sign the Kyoto Protocol in order to get the European and Japanese elites to absorb most of the costs of global environmental adjustment and thus make US industry more competitive against them.

Causes of the Crisis

Pointing to the stalling of globalization leads to the question: what are the factors responsible for this? I think we can identify three factors. One, already alluded to above, is the preference of national capitalist classes for a strategy of shifting the burden of adjusting to the global crisis of overproduction, stagnation and the environmental crisis to each other rather than forging one common, cooperative response. While cooperation may be the rational strategic choice from the point of view of the system, it may not be the case from the point of view of national capitalist interests.

A second factor has been the corrosive effects of the double standards brazenly displayed by the hegemonic power, the United States. While the Clinton administration did try to move the United States towards free trade, its successor, the Bush administration, has hypocritically preached free trade while practicing protectionism. Indeed, the trade policy of the Bush administration seems to be free trade for the rest of the world and protectionism for the United States.

A third reason is the gap between ideology and reality. There has been too much of a dissonance between the promise of globalization and free trade and the actual results of neoliberal policies, which have been more poverty, more inequality, and stagnation. One of the

very few places where poverty diminished over the last fifteen years is China, and it has not been neoliberal policies but interventionist state policies that managed market forces that were responsible for lifting 120 million Chinese out of poverty. There are, of course, many major problems with China's high-speed growth, but we will return to this issue later.

Another example of great dissonance was that between the prosperity promised by the elimination of capital controls and the actual collapse of the economies that took this policy to heart. The Asian financial crisis and the collapse of the economy of Argentina, which had been among the most doctrinaire practitioner of capital account liberalization, were two decisive moments in reality's revolt against theory.

But perhaps the most critical factor has been resistance, people's resistance. The battles of Seattle in 1999, Prague in 2000, Genoa in 2001, the massive global anti-war march on Feb. 15, 2003, when the anti-globalization movement morphed into the global anti-war movement, Cancun in 2003, and Hong Kong in 2005—these were critical junctures in the decade-long people's counteroffensive that has resulted in the equivalent of a Stalingrad for the neoliberal project. But they were merely the tip of the iceberg, the summation of thousands of struggles in thousands of communities throughout the world involving millions of peasants, workers, students, indigenous people and many sectors of the middle class. We should never overestimate our influence, but we must never underestimate ourselves either.

In this regard, let me say that action is a condition for the emergence of truth. What I mean to say is that for over a decade before Seattle, the United Nations Development Program and other agencies had been publishing data showing the negative impact of structural adjustment programs, neoliberal reforms, and corporate-driven globalization. However, these remained lifeless statistics that were largely ignored by the media, the academy, and policymakers that

held on to faith-based assumptions about the beneficial impact of these measures and processes. Seattle, by bringing the message of the protestors so forcefully to world attention, turned abstract statistics into brutal facts. It forced many influential actors to reconsider, then to backtrack on their assumptions.

In other words, to break through to world consciousness, truth needed a world-historic event like Seattle. It is doubtful if people like the Nobel Prize-winner Joseph Stiglitz or the star economist Jeffrey Sachs or financier George Soros would have detached themselves from the mainstream and begun to criticize corporate-driven globalization so forcefully had Seattle not occurred. Paradoxically, Seattle made anti-globalization opinions respectable. We were no longer Luddites. We had perhaps graduated to being barbarians at the gate—people you feared but had a healthy respect for—but we were no longer out-of-touch, out-of-synch Luddites.

Down but not Out

But while corporate-driven globalization may be down, it is not out. With things not moving at the WTO, the big trading powers are putting the emphasis on free trade agreements (FTAs) or economic partnership agreements (EPAs) with developing countries. These agreements are in many ways more dangerous than the WTO since they often require greater concessions in terms of market access and tighter enforcement of intellectual property rights. Moreover, the massive flow of corporate investment from the US, Japan, and Europe to China continues, with tremendously negative consequences for workers in these countries as well as workers in China.

However, things are no longer that easy for the trading powers and the corporations. When it comes to FTA's, people in the South are becoming aware of their dangers and they are beginning to resist. The Free Trade of the Americas (FTAA)—the grand plan of George W. Bush

for the Western Hemisphere—was derailed by the opposition of key South American governments—under pressure from their citizenries—during the Mar del Plata conference in November 2005. Also, it must be pointed out that one of the reasons many people came out to resist Prime Minister Thaksin Shinawatra in the months before the recent coup was his rush to conclude a free trade agreement between the United States and Thailand. In fact, some people would date the beginning of the end for Thaksin to January 9, 2006 when some 10,000 protesters tried to storm the building in Chiang Mai, Thailand, where negotiations were taking place between US and Thai officials.

When it comes to China, a superficial view is that the flow of labor from the rural areas, where some 700 million Chinese make an average of \$285 a year per capita, will ensure that wages will forever remain low and attractive to foreign capital. There is, however, another reality that is emerging: increasing resistance of migrant labor and peasants to the low wages, loss of land, and environmental poisoning that has accompanied the foreign–capital intensive export–oriented model of growth. In 2004, the Public Security Bureau reported that the number of "mass incidents" had risen to 74,000. In 2005, the number jumped another 13 percent. According to David Zweig, an expert on Chinese politics at Hong Kong University of Science and Technology, "A protest begins in China every five minutes. If the protests run longer than five minutes, then there are two going on at the same time."⁶ All this has the leadership worried, and it is now apparently turning one ear to the so-called "New Left," which is proposing a very different path. That path would be that of hitching China's growth to the internal market, and in order for that to happen, local wages would have to rise significantly to create consumers with purchasing power. That could mean the end of China as the nirvana of cheap labor and the haven

of transnational corporations. This could also be accompanied by measures to take China on a more environmentally sustainable path.

Of course, the odds are still against this sea change occurring, but it is by no means impossible, and our role is to support the voices within China urging this alternative path. Indeed, with the crisis of neoliberal globalization, an alternative path is a project that we urgently need to come up with not only for China but our own societies. For although neoliberal policies have become discredited all over, neoliberalism continues to be the default mode that technocrats and academics resort to because they do not perceive a credible alternative. We are in a situation akin to that familiar scene in the old western movies: the outlaws have shot the engineer, but his hand remains on the throttle of the train. We are like the passengers trying to break into the engine room in order to get his dead hand off that throttle. In the meantime, the train picks up speed and is going to round the bend at high speed. Will we be able to get in there in time and peel those fingers off that throttle? Neoliberal policies are like that dead hand of the engineer.

The World Social Forum

When it comes to alternatives to neoliberalism, among the names that immediately come to mind is the World Social Forum (WSF). Founded in Porto Alegre in January 2001 as a counterpoint to the World Economic Forum taking place in Davos, the WSF elicited widespread enthusiasm in its early years. Now international civil society seemed to have some sort of an institutional home. Proclaimed as an “open space,” the WSF in the next few years became a magnet for global networks on all sorts of issues, a place where they could come together, compare notes, and debate. Soon regional versions of the WSF were spun off, the most important being the European

Social Forum and the African Social Forum, and in scores of cities throughout the world local social fora blossomed.⁷

The WSF and its offspring were significant not only as sites of debate but as democracy in action. Agenda and meetings were planned with meticulous attention to process. But, through a combination of periodic face-to-face meetings and intense email and internet contact in between, the network was able to pull off events and arrive at consensus decisions. This could be very time consuming and also frustrating, and when you were at the center of organizing efforts involving hundreds of organizations (as Focus on the Global South was during the organizing of the 2004 Social Forum in Mumbai), it could be very frustrating. But this was direct democracy, and direct democracy was at its best in the WSF. One might say, parenthetically, that the direct democratic experiences of Seattle, Prague, Genoa and the other big mobilizations of the decade were institutionalized in the WSF or Porto Alegre process.

What is interesting is that there has hardly been an attempt by any group or network to “take over” the WSF process. Quite a number of “old movement” groups participate in the WSF, including old-line “democratic centralist” Marxist Leninist parties as well as traditional social democratic parties affiliated with the Socialist International. Yet none of these have tried to steer the WSF towards more centralized or hierarchical modes of organizing. Perhaps a sense that the new movement networks would never allow this to happen is the main deterrent. The closest there has been to a “takeover” is when a Trotskyite formation allegedly collaborated with Ken Livingstone, the mayor of London, to micromanage the 2005 European Social Forum in London. The reaction to that was so strong that it is doubtful that that kind of process will be repeated.

Yet there have been strong criticisms of the WSF from within its own ranks. One of them is that the WSF is unanchored in actual global political struggles, and this is turning it into an

annual festival with increasingly limited social impact. There is, in my view, some truth to this. Many of the founders of the WSF have interpreted the “open space” idea to the WSF not formally endorsing any particular struggle, though its constituent groups are free to do so. In the view of others, including Focus on the Global South, this is a mistake because the energy of civil society networks is their being engaged in political struggles. The WSF tries to stand above the fray, and this will increasingly lead to its becoming some sort of neutral forum, where discussion will be isolated from action. The reason that the Forum was so exciting in its early years was because of its affective impact: it provided an opportunity to recreate and reaffirm solidarity against injustice, against war, and for a world that was not subjected to the rule of empire and capital. The WSF’s not taking a stand on the Iraq War and on the WTO is making it less relevant and less inspiring to many of the networks it had brought together.

This is why the sixth World Social Forum held in Caracas on January 2006 was so bracing and reinvigorating, for it inserted some 50,000 delegates into the storm center of an ongoing struggle against the empire, where they mingled with militant Venezuelans engaged in the process of social transformation while observing other Venezuelans, mostly the elite and the middle class, engaged in bitter opposition. Chavez himself warned delegates about the dangers of it becoming simply a forum of ideas with no agenda for action. He also told participants that they had to address the question of power. “We must have a strategy of ‘counter-power.’ We, the social movements and political movements, must be able to move into spaces of power at the local, national and regional level.”⁸

A second criticism is that while the WSF has been critical in facilitating the exchange of ideas, especially on alternatives to neoliberalism, it has not been central in producing significant advances in this enterprise. A frequently repeated refrain is that the same ideas have been

circulating since 2001, and there is no cumulative build-up towards a breakthrough. This is a criticism that is less justified than the first because the elements of the alternative are already there, and how they are brought together will and is taking place in many contexts, in the WSF and beyond the WSF.

Deglobalization

The key thrusts of an alternative program, I submit, are not difficult to discern. They have been articulated in many contexts and in different ways by people who have done work on alternatives to global capitalism over the last thirty years. I have labeled this alternative approach “deglobalization.” Others have used other terms, such as the solidarity economy or economic democracy, but we have one thing in common: we have shamelessly borrowed and lifted ideas from one another in blatant disregard of intellectual property right. In my particular formulation, there are two levels at which what I call the process of “reconstruction” takes place: the global and the national or local.⁹

At the global level, the aim is to disempower the centralized neoliberal bureaucracies—meaning the WTO, IMF, and World Bank—and empowering such institutions as the United Nations Conference on Trade and Development (UNCTAD), multilateral environmental agreements, and regional economic associations such as a transformed MERCOSUR in order to create a mutipolar system of global economic governance marked by checks and balances. The aim is to create the space for national economies to have space to devise strategies of development.

At the national or local level, the key elements for an alternative program would be:

- moving away from export-oriented production to production for the domestic market;

- maintaining production of vital agricultural and industrial products, as well as key services, at the local level instead of shipping them out elsewhere, if this can be done at reasonable cost; this is otherwise known as the principle of subsidiarity.
- undertaking income redistribution to create a vibrant internal market as well as promote ecologically sustainable development;
- institutionalizing fair, managed trade instead of free trade;
- democratizing economic decision making, that is, letting the electorate make the key economic decisions, such as creating or phasing out industries, and not leaving this process to the market and to corporations;
- creating a system of regulating the market and the private sector that involves not only the state but civil society.

These are general principles. How they get articulated by different societies into specific strategies and policies will depend on their needs, their values, and their rhythms as societies, and this is why there will be internationally a diversity of economies, just as there is a diversity of individuals within a species. Elimination of diversity is pathological—yet this is what neoliberal economics does, and this is why we must junk its dystopian dream of one functionally integrated global economy.

I think the best way of describing this process of moving toward the alternative is a movement from an arrangement where the market, to use the words of the great Hungarian economist Karl Polanyi, has been disembedded from society and drives society to one where the market is reembedded in society and is driven by society. We are talking about systematically subordinating the operations of the market to the higher values of justice, cooperation, and community. Often, when neoliberal economists and policymakers say we have no alternative to offer, they are really asking: what system can you offer that would be more effective than capitalism in promoting efficiency, that is reducing the unit cost of production? Well, no, that is

not what we are offering. We are, in fact, talking about supplanting the economics of efficiency, where the key criterion is the reduction of unit cost, with effective economics, one that, instead of disintegrating national and local economies, like globalization does, reintegrates them, thus promoting stability, the general welfare, and happiness.

I would like to end by saying that we live in a period of great contradictions, where there are signs of despair as well as signs of hope. The future is not fixed. It is, as Michel Foucault and the postmodernists have so rightly asserted, contingent. Corporate-driven globalization is not irreversible since it is the actions of human beings alienated from themselves by the dynamics of global capital that have made globalization possible. We must replace our alienated selves subjected to man-made laws with our real selves as agents that consciously create our economic and social worlds. With this liberated consciousness, we can work across borders to bring about a different but all too possible world built on cooperation and not on a race to the bottom, on diversity and not on what Vandana Shiva describes as global monoculture. Only then, as an interesting thinker told us over 150 years ago in a for-my-eyes only document known as the *1844 Manuscripts*, will we truly move from the realm of necessity to the realm of freedom.

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Endnotes:

- ¹ The description is that of Mike Moore, the second director general of the organization.
- ² Mallaby, S. "Why Globalization Has Stalled." *Washington Post*. (2006).
- ³ Woods, N. "The Globalizers in Search of a Future: Four Reasons Why the IMF and World Bank Must Change, and Four Ways They Can." *CDG (Center for Global Development) Brief*. (2006).
- ⁴ Broad, R. "Research, Knowledge, and the Art of Paradigm Maintenance: the World Bank's Development Economics Vice Presidency." *Review of International Political Economy* 13.3. (2006): 387-419.
- ⁵ Brenner, R. *The Boom and the Bubble: The U.S. in the World Economy*. (London: Verso, 2002). 127-133.
- ⁶ Kwong, P. "The Chinese Face of Neoliberalism." *Counterpunch*. (2006).
- ⁷ There are a number of articles on the WSF. Among the best is Rodríguez, G.C.A., and De Sousa, B. *Law and Globalization from Below: Towards a Cosmopolitan Legality*. (Cambridge, UK: Cambridge UP, 2005).
- ⁸ Bello, W. and Malig, M. "The Sixth WSF in Caracas: A Shot in the Arm for Global Civil Society." *Focus on the Global South*. (2006).
- ⁹ Bello, W. *Deglobalization: Ideas for a New World Economy*. (London: Zed, 2002).

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