

# THE WORLD CAPITALIST SYSTEM IN THE PHASE OF GLOBALIZATION

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The argument in this paper is concentrated on an idea that the recent developments in the world capitalist order still within its rules and limits. The new is the transformation of the world capitalist order transformed into a new phase, globalization that replaces the current imperialist one, despite of the fact that it is still early to judge that it is a really matured phase.

## CAPITALISM IN THE ERA OF GLOBALIZATION

1. The era of globalization came as a result of a global economic crisis in the core, periphery, and the socialist camp. It is however, the core capitalist countries that were able to weather the storm, albeit with some serious social and economic injuries. According to the economic—social working mechanism of the core capitalist countries, this deep internal crisis was tackled in the manner of crisis management. There are many aspects that characterized this crisis management. Some of them include the campaign against labor rights, achievements, and women employment and the return of right wing political parties to power as well as the revival of fundamentalism in which the clergy became an *organic intellectual* for the capitalist class. Because this is the case, globalization has to be viewed not only as a ‘victory’ of capital over labor alone, but also over the popular classes in both the center and the periphery.

2. In its content, globalization works mainly at the level of financial capital rather than the industrial. Both of these capitals are merging and becoming interchangeable with one another to be monopolized and controlled by the banks. In other words, globalization can be more visible or palpable in the financial sphere rather than being restricted to the production site. Although in this era of globalization we are witnessing financial, more than productive, activities throughout the globe, it is important to acknowledge the crises that have also been born. This crisis has manifested itself through financial speculation in South East Asia, Russia, and Brazil in the 1990s. While speculation is a financial war among capitalists, its final impact on the ground, is actually on the daily life of the majority of the people in these countries. For instance, the 1997 crisis left 60 per cent of the Indonesian population under the poverty line. In other words, the effects of the economic crisis are not limited to the competition among financial speculators. The ultimate result is that tens of millions of people have sunk deeply below the poverty line.

3. In the era of globalization, the development in production (mass commodity, information, communications, and infrastructure) that is seen mainly in the core countries bred a parallel development within the nation state as well as the globe. The revolution of the forces of production enabled the financial capital to move on an international scale and was ultimately supported by a crystallized superstructure as manifested in the ideologies of the *Global village*, *Liberalization of trade privatization*, *re—adjustment*, and *open door policies*. It is important to note that the free movement of financial capital on a world scale does not work independently from the class issue in the core and periphery. This dependency occurs because the ruling comprador classes in the periphery (COP) are the ones who are applying this *open*

*door, free market* policies, which are designed by the ruling classes in the core (COCC). It should be noted that financial capital, especially its speculative activities, could not move geographically, as is the case now, if the world revolution was not defeated (i.e. the degradation and collapse of socialism in the former Soviet Union, the failure of the non—alleged movement, and the defeat of labor in the core countries). This internationalization of capital is due mainly to the collapse of national borders by the ruling comprador classes in the COP. Furthermore, this financial capital in the era of globalization does not move blindly or discriminately. On the contrary, it is selective in choosing the most profitable areas to invade. It moves according to the *law of attack and withdraw*.

4. It is interesting that the financial capital is able to plunder and move easily, while the factories are not granted this same freedom of movement. Even the unprecedented facilities and privileges, which were provided by the COP, failed to attract more of the industrial working capital. The situation of the world system now is that less globalization of production sites, in comparison to the ‘full’ globalization of the finance capital. But this is not a spontaneous development or due to obstacles imposed from the side of the COP regimes. As noted above, the superstructure is globalized through the COP openness and the finance capital relations of production since capital became more international in terms of money liquidity and share in transnational corporations.

5. Let’s assume that the globalization phase started by the 1970s. The world witnesses two forms of globalization: one for the center which is the openness of the periphery’s markets through ideological slogans, i.e. liberalization of trade, free markets...etc, and the other for periphery which maintains its development as a dependent one on that of the center. The center's export of working capital from core to the periphery is aimed at terminating the strategies of import—substitution of newly independent countries. This industrialization however, is still subjected to the rules of polarization.

## **OTHER ASPECTS OF GLOBALIZATION**

### SPECULATION AS A NEW USURY

6. In the era of globalization financial capital began to manifest itself in money laundering, speculation, and short run investment to in such profound ways that some countries, such as Russia, became controlled by the mafia! The departure of financial capital from the development of real economy to the lending of money liquidity for non—production activities in the periphery is in fact a modern usury model.

7. In the colonial and imperialist eras, investment in agriculture and industry was spread over a long period of time because it was investment in a sustainable productive economy. Speculation activities on the other hand do not occur over a stretched time period because they move as fast as shares, bonds, currency exchange, and the purchase of assets on the Internet.

### GLOBALIZATION AND MEDIA

8. The media monopoly is one of the main aspects of a high concentration of media power in the hands of capitalists who are also owners and partners in the political power of the state. This is the tightest amalgamation of power that has ever existed in history. Media gains victories over the class and political consciousness of popular classes that do not have their own alternative media machine.

9. As capital’s partner, the media’s role is to preach free market ideology, liberalization of trade, neo—liberalism, and the ‘fantastic’ American way of life to

name but a few. The media argues for a modernization approach to development, readjustment policies, and austerity in periphery. This is the mental and psychological artillery of economic and political globalization.

10. During the imperialist era, humanity was educated to believe that there are several trajectories for development; the capitalist or socialist or the so—called mixed ideologies of development. However, in the current era of globalization, media propaganda is devoted to create an image that there is absolutely no alternative for human development other than capitalism. What has enabled the core capitalist media to create this image? One of the means that has helped maintain this image is that the information/communication revolution has been monopolized by the capitalist to assure a one sided representation for human development. The other thing that is instrumental in propelling this ideology is the use of the intellectual comprador in the periphery as intellectual agents for the core capitalist culture, which markets this market ideology on to others.

#### THE INTELLECTUAL PROPERTY RIGHT

11. In the era of globalization, most of intellectual property rights has become a monopoly for the core countries. This right became a colonial investment producing a mental rent on a world scale.

12. It drains tens of billions of dollars out of developing nations through intellectual—property protectionism of the richest states — the costly, inefficient, and often murderous patent monopolies enjoyed by corporations based mainly in Europe and North America.

#### TAXING PEOPLE FOR CAPITAL

13. In the global era, we have unfortunately witnessed the phenomenon of *state power donation*. The state has allowed some transnational corporations to move into its boundaries of power and control, while keeping at bay other corporations. The facilities, access and direct support of money liquidity to the companies came from the collected tax of other classes.

14. The core countries, especially, the United States found the 9—11 events as an excuse to support its many bankrupt companies, especially those in the airline sector.

#### PROTECTING THE CORE AND OPENING THE DOOR TO THE PERIPHERY

15. The international financial institutions, World Bank, IMF and WTO, are the main vehicles of globalization and the cause of policies such as privatization and readjustment. Despite the fact that the WTO publicly states that it is devoted to the ‘liberalization of trade’, it proves time and time again that its inception and purpose is nothing more than to serve as a mere tool for the core countries. The meeting in Cancun—Mexico (September 2003) failed because the core countries insisted to maintain the protection subsidy measures for its agricultural products that are \$300 billion a year.

#### NATIONALISM IN THE ERA OF COUNTER REVOLUTION

16. While the 19<sup>th</sup> century was named by the Europeans the ‘century of nationalisms’, this name was applicable only to Europe, because at that time, Europe were colonizing the periphery whose century of nationalism arrived in the 20<sup>th</sup> century. Both waves of nationalisms were progressive.

17. A new wave of nationalism was born simultaneously with the era of globalization. It is the wave of comprador nationalism, a dependent nationalism that is being

exploited by the global powers, especially the United States. The regimes of this wave of nationalisms are reactionary and separatist particularly those in the Balkan region and the former Soviet Union.

#### THE RIGHT WINGERS JUMPS TO POWER

18. In the era of globalization, especially after the end of the post—war boom (1950—1973), the extreme rightwing faction of the capitalist class arrived to power in most of the core countries, specifically in the United States and Britain. The social democrats and labor parties, which always called leftist parties, who took over power in major European countries did adopt the same neo—liberal policies, which the far right wing regimes of the United States and Britain have adopted. Such policies include privatization, deregulation, and minimizing the state's role in social security, health, and education. This proves that when capitalism falls into crisis, the difference between its right and left wings easily vanishes.<sup>1</sup>

19. If one is to analyze the economic crisis and social deterioration of the core countries in the 1970s, one could see some parallels developments that are or have taken place in the countries of the periphery. The failure of economic development strategies of many bourgeois nationalist post—colonial regimes encouraged them to move towards a comprador role. These ruling classes made a u—turn to become comprador capitalist regimes.

#### THE DEFEAT OF THE SOCIALIST COUNTRIES

20. We have witnessed in the early stages of globalization, the collapse of the Soviet Union and most of the other socialist countries. What accelerated the collapse of the Soviet Union was the loss of its external periphery: the third nationalist waves in the COP that defeated the colonial powers and attempted to build independent economies such as Egypt, Syria, Iraq, Indonesia, and Ghana. As soon as the Soviet Union lost its closest periphery, Eastern Europe, it had no alternative but to collapse. Despite its deterioration into bureaucracy, the Soviet block served as a buffer zone between the aggressive capitalist—imperialism and the new independent COP trying to prevent its re—colonization. Accordingly, the collapse of the Soviet Union opened the road for the COPP to re—colonize countries of the periphery.

#### ONE EMPIRE SUBJUGATES SEVERAL IMPERIALISTS

21. Another characteristic of globalization is the decline of imperialist pluralism: the competitive battle between imperialists over control of the periphery. That competition decreased. There is no more equal re—division of the world to competing imperialist powers. There is one superpower, one empire, that of the United States that is able to distribute the shares of the sucked surplus among other second—class powers<sup>2</sup> which are semi—colonies while the rest of periphery are mere colonies.

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<sup>1</sup> The alliance of the British Labor Party with the right wing US Republican Party in the invasion of Iraq is a striking example.

<sup>2</sup> According to a high level strategy paper prepared for top officials of the Bush (senior) Administration envisioned a world in which the U.S. would be able to dominate its European and Japanese allies, isolate its adversaries and sustain its client regimes. The U.S. would be the undisputed world power capable of securing absolute control over strategic resources and a privileged place in the world market. "Defense Planning Guidance for the Fiscal Years 1994—99", *New York Times*, March 8, 1992, p. 14.

22. The classic internal imperialist rivalries that led to wars is now replaced by a single, brutal war against Third World countries. This war against the Third World is under the leadership of the new empire, which has dragged other old imperialists and left them no choice but to contribute, join, and finance the war. The wars against Iraq (1991) and Yugoslavia (1999) are good examples.

#### A GLOBALIZED CAPITALIST PUBLIC SECTOR

23. Following neo—liberal policies such as privatization and the elimination of the luxury state or the ‘public sector’, a new sector has been created in the core countries, especially in the United States. This new sector is the globalized capitalist ‘public’ sector<sup>3</sup> (GCPS). The tools for this sector are: the state as the political/power that acts on behalf of the ruling capitalist class, the multinational corporations as the economic tool, the Foreign Direct Investment (FDI) as the financial tool, and finally, if all of these tools fail to permit this sector to work freely and facilely in the periphery, or if the economic crisis becomes uncontrollable in the core, as is the case in the United states today, the state will launch a direct military aggression against the naturally endowed periphery, like Iraq.

24. The United States overseas investments are estimated at over \$5 trillion, in addition to its control over the WB, IMF and WTO. This development goes in parallel with the compradorization policies in the periphery such as the ‘Open Door’ policies, which facilitate the role and maturity of the GCPS of the core over that of the periphery. It is right that the globalized capitalist public sector is owned by the private sector in the core countries, and is protected by the state therefore becoming more and more a tool for the ruling capitalist class. It should be noted that the surplus generated by this sector from the periphery contributes in containing the social unrest in the core countries. The periphery’s sucked surplus by this sector enables the ruling class in the core countries to create jobs in their domestic economic sectors and finally to minimize the social tension and obstruct the radical social transformation in those countries. As mentioned above, if this sector falls short of satisfying the needs to offset the crisis in the core, as is the case in the United States, the ruling class, under the name of the state, will launch a war against a rich country, such as Iraq, to control its land and assets, including oil, to integrate it to the United States’ GCPS. To protect this sector properly, the US ruling class increases its military presence throughout the world. The US has girdled the globe with more than 700 military bases and installations — stationing over half—million troops overseas. The surplus drained by this sector, the GCPS, is spent and invested according to the needs of the core countries. Part of this wealth is used to offset its financial deficit and another part of it is to pay, in the form of salaries, its troops that are scattered throughout the globe.<sup>4</sup> This is why we can rest assured that the US troops sent to the

25. Globalization is a phase that can propel itself only when the world revolution is defeated. The issue here however, is not whether or not to solemnly submit to a defeat that the capitalist empire is trying to publicize, but rather to ask ourselves what are the mechanisms of resistance? Is there a power that is able to challenge the internationalism of capital, either on its economic scale or military might, and push forward the only alternative that will create a just world: labor, popular classes, and internationalism? It is only the People’s War that is able to challenge capital and its

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<sup>3</sup> See Adel Samara, *Epidemic of Globalization*, Chapter One, 2001.

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army. This People's War should be comprised of the anti—globalization movement, civil disobedience, guerilla war, city war, colonial antiwar movement as well as the Development by Popular Protection movement. This People's War might succeed at the national level as long as the nation—state is still there, and might work on a world level since the world is dominated by a semi—unified capitalist regime.