Another World Is Possible

Globalization & Anti-Capitalism

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3. THE INVISIBLE HAND IS A CLOSED FIST: INEQUALITY, ALIENATION, AND THE CAPITALIST MARKET ECONOMY

"If you think the IMF is scary, wait until you hear about capitalism."

- Placard carried by an anti-IMF protester in Washington

Many in the anti-globalization movement, particularly in North America, have displayed a definite shyness about using the term "capitalism," though this has started to change, especially in Latin America. Perhaps fearing they will be seen as crazy radicals, or identified with the legacy of authoritarian Communist Party regimes, many global justice advocates in the North have tended to finger ideological beliefs such as "neo-liberalism" or "free-market economies" when assigning responsibility for the growing gaps between rich and poor, the destruction of the natural environment, and other ills of globalization.

Yet, this avoidance of the term "capitalism" comes with a cost: it encourages critics and activists to see the problem not as the system that organizes our lives, but merely as a set of policies pursued by those currently at the top. The effect is to de-radicalize the movement by proposing to change merely the ideology that drives government policy, not the system as a whole. Consistent with this, critics reluctant to name capitalism as the problem fre-
quently confine their aims to building a citizen’s lobby to revamp government policy within a capitalist framework.

Those who favour this approach typically call for replacing the free trade agenda with fair trade policies. This orientation, often associated with mainstream non-governmental organizations (NGOs) and social-democratic groups, holds out the hope that capitalism could be made to function fairly — without outrageous social inequalities, environmental degradation or growing disparities between nations. It maintains that there is nothing objectionable in principle about global trade agreements so long as they are fairly constructed. Of course, there are limited circumstances in which producers and activists have been able to carve out fair trade practices through which Third World cultivators of goods like coffee and tea are guaranteed a basic subsistence price for commodities like coffee, sugar and cocoa regardless of fluctuations in world markets. While these practices are commendable, their results are often quite meager. Furthermore, such practices can affect only a tiny proportion of all the commodities in the world. There is simply no way that these arrangements could be devised for trade in the likes of steel, oil, tool and dye machines, combine harvesters, automobiles and so on.

The idea that capitalism could be made to function according to fair trade was first advanced by Adam Smith (1713-1790), the celebrated founder of liberal economics. Contrary to liberal myth, Smith was not an apologist for capitalists. He argued, in fact, that capitalists always seek “to deceive and oppress the public” by conspiring to inflate their prices and profits. As a result, Smith condemned “the mean rapacity, the monopolizing spirit of merchants and manufacturers,” and urged that governments should always be on guard against their treachery. Yet, these views did not make Smith a critic of capitalism per se. Instead, he maintained that a properly governed capitalist society could benefit the vast majority. So long as governments prevent monopolistic behaviour (such as cornering markets and rigging prices), said Smith, the “invisible hand” of the market will reward everyone.

In short, capitalists are the real threat to free trade. Protected from their deviousness, however, genuinely free trade, a market economy without monopolies or collusion by capitalists, could be made to function fairly.

Radical and socialist critics had little difficulty demonstrating the fundamental flaws in the analysis Smith developed in the Wealth of Nations. Even when capitalists don’t collude and monopolize, the market system will systematically benefit them at the expense of the poor. This follows from the inherently unequal relations of exchange between large property owners and those who are propertyless. If the latter risk hunger and deprivation in the event that they cannot find a buyer for their labour, they are at a structural disadvantage. It is more than a little difficult to accept the fiction, familiar in mainstream economics texts, that we are all just buyers and sellers treated equally by the market; it is something of a stretch to believe that the invisible hand of the market is blind to the inequality of power between multinational capitalists and the world’s poor. This is especially so when most of the poor are selling the only commodity they have to offer — their labour — and the global elite can find millions of these poor labourers in country after country. As we shall see, it is this structure of social inequality that makes labour markets systematically exploitative. This is why, for the world’s poor, the invisible hand of the market feels a lot more like a closed fist.

By suggesting that meaningful rules and practices of fair trade can be constructed within capitalism, the fair trade theory fails to confront the systemic structures of inequality between capitalists and propertyless labourers that constitute the core of capitalism. Problems such as global poverty, sweatshops and lack of labour rights are treated as aberrations, susceptible to correction with a bit of fine-tuning, rather than as phenomena intrinsic to the system. Fortunately, growing numbers of global justice activists have become deeply skeptical about this approach. As Naomi Klein points out, activists increasingly recognize that “the conduct of the individual multinationals is simply a product of a
broader global economic system." And with increasing frequency, that system is being named. The Economist magazine, for instance, now speaks of global justice protests as "outbreaks of anti-capitalist sentiment."

Yet, the word sentiment is significant here. The anti-capitalist feeling that frequently emerges is not the same thing as a full-fledged anti-capitalist consciousness. For that, we need a thorough-going critical analysis of capitalism.

**Markets and Capitalism**

It is a commonplace of liberal ideology that capitalist market economies are natural. Proponents of capitalism love to insist that humans have an instinct to trade, or what Adam Smith called "a natural propensity to truck, barter and exchange one thing for another." Since trade is said to be inscribed in our genes, it follows that capitalism accords with human nature. Every attempt to organize a human society on non-capitalist lines is by this logic doomed in advance to failure, and attempts to so reorder things can only be foolhardy, if not outright dangerous.

This argument is so widespread - trumpeted by the mass media, politicians, teachers and ostensible intellectuals - that it comes as a shock to realize that every bit of it is false. The liberal argument is nothing but a convenient fiction constructed on the most superficial and shoddy of theoretical arguments. There is simply no truth to the claim that most human economies have been organized on market principles. More than this, the liberal outlook completely confuses the exchange of goods with the regulation of economic life by market principles. Yet, the difference here is so fundamental that, once grasped, the whole liberal argument crumbles.

Examining a variety of human societies, the renowned economic anthropologist and historian Karl Polanyi observes that "never before our own time were markets more than accessories of economic life. As a rule, the economic system was absorbed in the social system ... the self-regulating market was unknown." Noting that throughout history market exchanges have usually been "accessories" to economic life, Polanyi distinguishes between markets and market-regulation. There is no doubt that market exchanges have often played a role at the margins of economic life, but they have rarely been central to it. Non-market principles have generally predominated - which is what Polanyi intends with his claim that markets were generally "absorbed in the social system."

Polanyi demonstrates convincingly that most human societies have been organized according to two principles: reciprocity and redistribution. Reciprocity refers to the idea that every member of society has duties and obligations to all others. Coupled with this is the notion of redistribution, the principle that the community systematically transfers wealth to those who have less. Consequently, the idea that economic life should be organized to maximize individual accumulation had no place in these societies. Instead, the guiding principle was a collective one: ensuring the well-being of all the members of the community. In such societies, therefore, "the individual is not in danger of starving unless the community as a whole is in a like predicament."

Consistent with this, as many anthropologists note, most human societies have accorded the greatest prestige not to individuals who accumulated immense private wealth, but to those who shared wealth most widely and generously. In fact, the only motive for accumulation recognized by most cultures is sharing. Summarizing the evidence from a range of societies and cultures, anthropologist Marshall Sahlins remarks: "The objective of gathering wealth, indeed, is often that of giving it away."

In short, had they encountered them, most human cultures would have abhorred capitalist motives and values. The idea that individuals ought to hoard, exploit, cheat and deceive in order to amass private fortunes would have been considered bizarre, anti-social behaviour. Far from being eternal, market economics and the profit motive are recent developments, established only
by forcibly extinguishing practices of reciprocity and redistribution. In Canada, for instance, governments outlawed the potlatch ceremonies in which native peoples would redistribute goods to those in need. Five years after first criminalizing the potlatch in 1884, the federal minister of Indian Affairs explained government policy in these terms: "The policy of destroying the tribal or communist system is assailed in every possible way and every effort made to implant a spirit of individual responsibility instead." In other words, the spirit of individual self-seeking, acquisition and accumulation could only be promoted by destroying older communal and cooperative practices. Similar efforts to destroy indigenous communalism took place from the United States to Australia.

While it is important not to romanticize pre-capitalist societies, since they often had their own relations of inequality and domination, it is equally vital to recognize that the anthropological and historical records completely debunk claims for the naturalness of capitalism. It is only with capitalism that all goods and services become market commodities and, most significantly, that land and labour are commodified. Yet this - the systematic commodification of land and labour - is a phenomenon without historical precedent, one that requires destroying the fabric of all previous social life. While many societies accepted the buying and selling of some goods, most would have found repulsive the idea that the land or a person's labour could be bought and sold. Only thoroughly-going commodification of all aspects of life - notably human labour - could produce a capitalist society in which literally everything has a price. How that immense revolution in human affairs came about is crucial to understanding the world in which we live today.

Creating a Market in Labour: Capitalism's First-War Against the Poor

The distinguishing feature of a capitalist society is the commodification of human labour - and it is this that differentiated early modern England from all other nations. England was not the first country to develop long-distance trade or to plunder other parts of the world; throughout the fifteenth, sixteenth and seventeenth centuries, countries like Portugal, Spain and Holland exceeded England in these regards. What set English society of the time apart from its European rivals, however, was that it alone established an extensive labour market, the key to capitalist development.

The very term labour market can be deceiving, however. There is a world of difference, after all, between a market in a particular good - such as grain, cars, or computers - and a market in labour. Only in the latter do we encounter the buying and selling of human powers and capacities. Labour markets, in other words, do not just trade a specific good but, rather, an essential part of the life-activity of human beings (which is sometimes described as human labour power). As Polanyi noted, one cannot buy and sell the commodity labour power "without affecting also the human individual who happens to be the bearer of this peculiar commodity." On the labour market, every economic transaction touches directly on essential qualities of human life - material, social and moral. In exchange for wages, those who sell their labour power surrender to the capitalist ultimate control over the work to be done, its conditions, pace, and organization. Rather than treating our creative energies as a unique source of personal identity, "the owners of the conditions of production treat living labour-power as a thing." The result is a profound personal alienation, a hollowing out of the meaning of life. This is why the poor, as we shall see, have historically resisted being driven into labour markets as their only means of survival.
Reflecting on this relationship, Karl Marx described work under capitalism as "alienated labour: Relinquishing control over her labour, the worker suffers an estrangement from an essential part of her humanity." As Marx put it in one succinct passage:

But the exercise of labour power, labour, is the worker's own life-activity, the manifestation of his own life. And this life-activity he sells to another person in order to secure the necessary means of subsistence. Thus, his life-activity is for him only a means to enable him to exist. He works in order to live. He does not even reckon labour as part of his life, it is rather a sacrifice of his life. It is a commodity which he has made over to another.

For the worker, in other words, work is a means to life, but not life itself. Real life begins after work, during "free time," i.e. time away from labour. The familiar expression, "Thank God it's Friday," is a depressing acknowledgment that work is, for the majoriy, oppressive, alienating, boring and dehumanizing. Of course, things look very different from the vantage point of the capitalist.

Since the worker alienates control of her labour to the employer, the capitalist is in a position to exploit that labour – to force the labourer to perform an amount of work that exceeds the value of the wages paid. Indeed, this is the whole point of the transaction for the capitalist: to make a profit on the purchase of labour by getting workers to produce more value than what they are paid. And this difference between labour's output and the wages paid – called surplus value – is the secret to the massive inequalities of capitalism: enormous amounts of the wealth produced by workers accumulate in the hands of the owning class.

But why should workers agree to this exchange? Why should they submit to exploitation? The simple fact is that across different societies people have always resisted this arrangement. Given virtually any other semi-viable option, people overwhelmingly prefer to cling to precarious conditions as farmers, fishers, hunters and the like rather than sell their human capacities to a buyer. It is only when there is literally no other way to survive – when, in short, all other economic options have been taken from them – that people reluctantly accept a life as wage-labourers.

In sixteenth- and seventeenth-century England, the creation of a class of wage labourers was accomplished by depriving millions of peasants of their land. Only when they were thoroughly dispossessed of both land held as personal possessions (often on some kind of lease basis) and of access to what were known as common lands did large numbers of the English poor turn to waged work and submit to the disciplines of the labour market.

In the feudal society that pre-existed capitalism, particularly in its earliest periods, villages consisted of land that belonged to the lord (most of which was worked by peasants in exchange for rent and services) and lands that belonged to the community as a whole, such as fields and forests, where all could graze animals, raise crops, hunt, fish and gather wood. Access to these lands was considered a common right, something everyone had simply as a result of membership in the village community. These millions of acres of European common lands were indispensable to the very survival of the poor. Often having only a small plot for the personal use of their own families, they relied heavily on the game, fish, berries, wood, and grazing land (if they owned a cow, a pig, or a few sheep) that the common lands provided. In addition, much of Europe was organized in terms of open farming, where fields were not fenced in (or "enclosed"), and peasants had access to their own small plots or common fields by crossing land that was held by someone else.

As dramatic social and economic change swept the English countryside throughout the sixteenth and seventeenth centuries, the emerging class of capitalist landlords and rich farmers launched a battle to dispossess peasants of their lands. By driving up rents, disputing peasant ownership in the courts, and foreclosing on debts, English landlords forced hundreds of thousands of peasants to give up their lands. As rich farmers took over these
plots, constructed large farms, and paid increased rents to landlords, they also hired landless peasants as wage workers. Still, large numbers of dispossessed peasants resisted entering the labour market. Many erected small cottages on the common lands, hoping to survive there rather than sell their labour to an employer. As a result, the emerging capitalist class launched a war against the common lands, turning them wherever possible into their own private property.

A key part of the process was known as enclosure - literally the erection of fences and hedges to close off land that had previously been open to all - but pure and simple eviction also played a central role. It’s not surprising to discover that most anti-enclosure riots consisted of peasants tearing down these fences. Yet, through extortion, intrigue, violence and manipulation, more and more English land was enclosed - perhaps 30 per cent of all the land in the country between 1600 and 1760. A social order in which common lands played a central role was systematically eroded by a regime of privatized ownership.

Once the rich and powerful had set in motion the destruction of the common land system (and the common rights that accompanied it), they sealed the process by turning to Parliament. There, in the midst of other rich landowners, they introduced private Enclosure Acts which enclosed the commons, gave legal title to it to rich landlords, and deprived the poor of vital sources of livelihood. Between 1760 and 1830, at least six million acres of common lands were enclosed by parliamentary decree. These Acts often ignited a class war on the land as the rural poor fought desperately to preserve their livelihoods. But with the backing of Parliament, the courts, troops and superior weapons, the authorities crushed peasant resistance. The new capitalist order emerged, as Marx put it, “dripping from head to toe, from every pore, with blood and dirt.”

As is so often the case, the privatizers and enclosers tried to present their battle not as the greedy and violent property grab it was, but as a great moral crusade that would lift the poor out of poverty and idleness. Defending “the appropriation of the forests,” one land surveyor claimed it “would be the means of producing a number of additional useful hands for agricultural employment, by gradually cutting up and annihilating the nest and conservatóry of sloth, idleness and misery, which is uniformly to be witnessed in the vicinity of all commons, waste lands and forests.”

Yet, while presenting the greed of his class as an uplifting human service, the author of this tract also tipped his hand by acknowledging that the purpose was to produce “a number of additional useful hands for agricultural employment.” The creation of a landless class of wage workers - people who had no means of survival other than the sale of their labour - was at the very heart of capitalist development since this working class, or proletariat, produces the surplus value (the excess of the value labour produces over the wages paid) that makes capitalist profit and accumulation possible. The following tables indicate the enormous scale on which such a class was created.

<table>
<thead>
<tr>
<th>Date</th>
<th>Population (millions)</th>
<th>Number of landless peasants</th>
</tr>
</thead>
<tbody>
<tr>
<td>1086</td>
<td>1.1</td>
<td>66,000</td>
</tr>
<tr>
<td>1279</td>
<td>3.3</td>
<td>330,000</td>
</tr>
<tr>
<td>1381</td>
<td>2.1</td>
<td>42,000</td>
</tr>
<tr>
<td>1540-67</td>
<td>2.9</td>
<td>360,000</td>
</tr>
<tr>
<td>1600-10</td>
<td>3.7</td>
<td>1,312,500</td>
</tr>
<tr>
<td>1620-40</td>
<td>5.0</td>
<td>2,000,000</td>
</tr>
</tbody>
</table>

Source: Adapted from Table 1.1 in D. McNally, Against the Market, p. 9.

The hundred years from 1540 to 1640 saw an explosion in the number of peasants without land: from just over a third of a million to about two million; from about 10 per cent (to 40 per
cent of the population of England and Wales. In the course of a century, the conditions of life for millions of people had been dramatically and irreversibly transformed. No longer did they work land in village communities where their families had lived for countless generations; they were now uprooted members of the landless poor compelled to sell their labour on the market to rich buyers. As Table 3.2 shows, before the seventeenth century was out, a majority of peasants had become wage labourers. 10

Table 3.2 Proportion of English Peasants Employed as Wage-Labourers, 1086-1688

<table>
<thead>
<tr>
<th>Date</th>
<th>% of peasants employed as wage-labourers</th>
</tr>
</thead>
<tbody>
<tr>
<td>1086</td>
<td>6</td>
</tr>
<tr>
<td>1279</td>
<td>10</td>
</tr>
<tr>
<td>1380</td>
<td>12</td>
</tr>
<tr>
<td>1540-59</td>
<td>11</td>
</tr>
<tr>
<td>1550-67</td>
<td>12</td>
</tr>
<tr>
<td>1600-10</td>
<td>35</td>
</tr>
<tr>
<td>1620-40</td>
<td>40</td>
</tr>
<tr>
<td>1688</td>
<td>56</td>
</tr>
</tbody>
</table>


Of course, there was always an alternative to wage labour: begging. So, to close this option off, severely punitive Vagrancy Acts were passed to criminalize requests for alms by healthy individuals. In 1530, legislation decreed that sturdy vagabonds were to be whipped until blood streamed from their bodies, after which they could be imprisoned. A 1547 Act allowed a complainant to take as a slave anyone who refused work and to keep them in chains and whip them. According to a law of 1572, unlicensed beggars were to be brutally flogged and branded on the left ear. 20 The purpose of all these Acts was to drive people to labour for wages. Two centuries later, the battle continued: under the Vagrancy Act of 1744 magistrates were empowered to whip or imprison beggars, peddlers, gamblers, strolling actors, gypsies, and "all those who refused to work for the usual and common wages." 21 Far from being natural, people had to be driven into wage labour. And, as today, those unable or unwilling to submit to labour market discipline were simply jailed; the numbers imprisoned and executed soared in the late-eighteenth century, the take-off period for the "industrial revolution" so crucial to capitalism. 22

Capitalism emerged, then, through violent and bloody struggles against previous non-capitalist forms of life. Only by driving peasants off their land, enclosing the commons, tearing down the cottages of the poor, criminalizing "vagrancy," and erecting a new system of punishment was a capitalist labour market created. Rather than a natural form of social life that evolved spontaneously, "free market capitalism" was built by destroying previous social arrangements. Or, as Polanyi puts it with just a touch of irony, "laissez faire was planned." 23 And the same is true today. The neoliberal utopia of unrestrained capitalism is being created by a war against the poor and the commons. In fact, the "new enclosures" are a sign that the struggles that marked the birth of capitalism are still very much alive.

**Globalization and Enclosure of the "Global Commons"**

Just as the rise of capitalism saw widespread enclosure and privatization of community resources — the common lands in particular — so contemporary capitalism continues and intensifies these processes. While the capitalist economy has been around for a few hundred years, large parts of the natural, human and social environments have so far escaped being commodified — turned into privately owned commodities that can be bought and sold.
Throughout history, most societies have treated a wide range of essential goods and services as communal property, things that make up the common stock of the community. Oceans, lakes and rivers have usually been considered public goods, as have space and the atmosphere. A wide range of knowledge and human practices with respect to farming and seeds have similarly been treated as the traditional common "property" of various communities. Today, however, all these things are being privatized and commodified – from the genetic structures of the seeds farmers use, to the human genetic code. Items that have been part of the global commons – like water, plant seeds, rain forests, and the genetic make-up of life – are now being privatized and marketed as commodities. In the same vein, social services such as education and health care, which have frequently been regulated as public goods accessible to all, are being rapidly commodified.

Common wealth is in the process of being transferred from the public domain to the private sector. Alongside the most ironclad protection of the rights of private investors, globalization is extending commodification farther than most people ever imagined. Indeed, if we were to choose a shorthand definition of globalization, we could do much worse than selecting the term global commodification. Or, drawing on the original rise of capitalism, we could say that we are witnessing the "new enclosures." The same drama that resulted in the birth of capitalism in Britain – massive property grabs, dispossession of the poor, and their displacement onto the labour market as propertyless workers – is being enacted in one part of the world after another. And, once again, suffering is being inflicted on millions of lives.

Globalization, Agriculture, and the Struggle over Land

Few aspects of the globalization agenda are more cynical than WTO, IMF and World Bank approaches toward agriculture in the "developing world." These institutions have supported agricultural protectionism in the North while encouraging large-scale, export-oriented farming in the Third World. The results have been disastrous for self-sufficiency in food, and for the livelihoods of peasants and small farmers throughout the South.

The cynicism of the globalizers begins with the protection of western agriculture provided by ostensible "free trade" deals. As discussed in chapter 2, Europe, the United States and Canada massively subsidize their agricultural sectors to the tune of about $360 billion per year – subsidies that were effectively locked in to the WTO Agreement on Agriculture. By financially underwriting huge numbers of farmers in Europe and North America, these subsidies generate a global glut of farm products that depress prices for agricultural goods. Third World producers are thus forced to compete on glutted markets against heavily subsidized commodities from the West, a competition they can never win.

Let me take just two examples: sugar and cotton. In the European Union, sugar producers are paid four times the world market price for the sugar they produce. Then the EU spends a billion dollars more in subsidizing exports of this sugar into world markets. Rather than "free," then, the market is rigged, with European producers receiving anything but the market price. But thanks to these subsidies, a huge glut of sugar drives world prices about one-third lower than they would otherwise be. And it is poor farmers in Mozambique, Brazil, Thailand and South Africa who lose out. The same thing takes place with the US cotton industry. There, the US Department of Agriculture provides nearly $5 billion in subsidies – more than all US aid to Sub-Saharan Africa – to America's 20,000 cotton farmers. As in the case of sugar, these cotton subsidies depress world prices and inflict untold hardship on poor farmers in African countries like Mali, Burkino Faso and Benin. Indeed, the drop in cotton prices due to US subsidies is believed responsible for a huge jump in poverty rates in Benin, from 37 to 59 per cent of the population, in 2001-2. Behind the sickeningly hypocritical talk of free trade, millions
endure poverty as a direct result of the protectionist practices of the world's strongest governments.

All of these dynamics are worsened when governments of poor indebted nations, desperate for foreign currency (without which these debts can't be paid), promote export-oriented farming. After all, production for local markets does not bring in foreign funds; only agricultural exports can do that. Yet, as one poor nation after another promotes exports, markets are flooded and prices plummet, often impoverishing Third World farmers. A vivid example of this trend can be observed in the world coffee market. Under pressure to finance its debts, Vietnam in particular has converted more and more land to coffee production and export, now eclipsing Colombia as the world's second-largest producer after Brazil. Yet, the influx of massive new supplies onto the world market simply succeeded in driving prices down to a thirty-six-year low in mid-2001. Then, as bountiful rainfall in South America raised expectations of a record harvest, futures contracts for coffee (which track future prices) plummeted to record lows – as low as 42.5 cents per pound, compared to $3.05 a pound as recently as 1997. By 2002 in fact, coffee growers were taking in $8 billion less for their exports than they had only five years earlier. All of this spells disaster for coffee producers and governments that depend on coffee revenues:

In Nicaragua, coffee pickers with malnourished children beg for food at the roadside. In Peru, some families have abandoned their land, while others have switched to growing drug crops in search of cash, just as they have in Colombia. From Mexico to Brazil, tens of thousands of rural labourers have been laid off, swelling the peripheries of cities in a desperate search for work.

Coffee is just the latest in a long line of agricultural commodities, from bananas to cocoa, that have followed this trend. As prices collapse and producers' earnings dive, poor farmers are driven into unsustainable debt. In such circumstances, they are often forced to sell their land, either to local rich farmers or to western agri-businesses. Just as their counterparts in Britain did a few hundred years ago, these landless peasants then move onto the labour market, swelling the ranks of the wage-earning poor. Land ownership becomes concentrated into fewer hands and capitalist employers find more poor people desperate for work at almost any wage. All these trends are encouraged by governments in the South because rich capitalist farmers export a larger share of what they produce (since poor farmers directly consume or barter much of their produce) and generate more foreign currency.

Taken together, western agricultural protection, Third World debt, glutted markets, falling agricultural prices, and policies promoting large-scale export-oriented farming converge to push millions of people off the land and into the labour market. Global and local capitalists thus find a growing pool of cheap labour available around the world. The proletarianization of ever-larger sections of the population is an inherent result of the struggle over the land.

### Environmental Destruction in the Third World

Alongside the undermining of traditional agriculture and land use, globalization policies also inflict horrific damage on the natural environment. Desperate to raise cash crops in order to feed themselves and their families, Third World cultivators are under enormous pressure to adopt farming methods that undermine the soil, forest life and bio-diversity. The cumulative effects are mind-numbing.

A recent UN study warns that, given uncontrolled logging, it will take a miracle to save the world's remaining healthy forests. Loss of forests has a devastating effect on wildlife and biodiversity, as well as removing timberlands which capture rain water and prevent flooding. Despite the risks, half the forests in Asia are already threatened; rain forests in Brazil and Indonesia have
been decimated; and Mexico has destroyed half its forests in mere four decades. In fact, in just eight years (1993-2000), Mexico lost 2.78 million acres of land – a deforested area equivalent in size to the whole of Ireland. Meanwhile, Brazil eliminates over 15,000 square kilometres of rainforest – an area nearly as large as Lake Ontario – every year. According to the 2004 meeting of the American Association for the Advancement of Science, the world’s cropland has declined by 20 per cent per person over a single decade; altogether, an area of 300 million hectares, about 10 times the size of Britain, has been so severely degraded that it cannot produce food. Forest destruction combines with global warming – itself the result of greenhouse effects caused by industrial pollution – to pose a huge threat to world food production. As a result of climate change, the UN predicts that the world’s poorest forty countries will lose roughly one-fifth of their capacity to grow food. By 2080, these countries will face shortages to the tune of sixty million tons of food, an astronomical figure for impoverished peoples.

Rather than allow us to reverse these trends, contemporary globalization can only exacerbate them. The rush to produce exportable cash crops invariably inflicts further damage on the environment. To take just one example, in the early 1980s indebted nations were pushed to replace organic, shade-grown coffee with sun-tolerant varieties since the latter have high yields. Desperate for foreign currency in order to repay loans, countries like Brazil and Colombia did just that. While shade-grown coffees protect trees and preserve biodiversity, sun-tolerant varieties do not. Consequently, deforestation has accelerated as growers abandon shade-grown coffee, thus worsening the environmental crisis – all at the urgings of the IMF and World Bank.

Similar trends are in play elsewhere. Haiti, for instance, has now lost 90 per cent of its forests, as 30 million trees are cut down each year by peasants desperate to make a living. And in the Congo, logging of rainforests destroys over 3,000 square miles of lush woods every year.

It is no accident that some of the worst environmental catastrophes are developing in the very Third World nations that have been coming under World Bank and IMF domination. Globalization has from the start had a neo-colonial character, with the Third World being seen as a ghetto of cheap labour and natural resources ripe for plundering, and as a place where the West can dump its garbage, industrial wastes and pollutants. In 1991, for instance, Lawrence Summers, then chief economist at the World Bank, distributed a memo in which he stated, “I think the economic logic behind dumping a load of toxic waste in the lowest wage country is impeccable.” So, while the biosphere is being destroyed, the damage gets unequally distributed – hitting the South and poor communities in the North especially hard.

For these reasons, there can be no environmental solutions without social solutions. Studying the legacies of imperialism and environmental destruction in Central America, Daniel Faber concludes, “like human poverty, the environmental crisis spreading through Central America stems from unequal distribution of land and natural resources.” Environmental crisis and social inequality, he rightly concludes, “are two faces of a single process.”

Crisis on the Land: Agriculture and Rural Poverty in India

The interconnections of land distribution, environmental degradation and rural poverty are thrown into sharp relief in the case of India, one of the World Bank’s agricultural “success stories.” The so-called “Green Revolution” of the 1960s launched Indian agriculture down the road of large-scale, centralized, chemical-intensive farming. Because prices of pesticides and chemical fertilizers raised the costs of farming, many small peasants were unable to make ends meet. As a result, despite land reform programs in much of India that allowed more of the rural population to own land, peasants often found themselves burdened with heavy debts. Consequently, even where land reform
was genuinely pursued, it was often undermined by the promotion of large-scale commercial farming. One analyst claims that whereas 18 per cent of India’s peasants had no land prior to the Green Revolution, fully one-third became landless afterward.  

These trends were accelerated in 1991 when India’s need for loans to refinance its foreign debt enabled the IMF to step in and impose its economic surgery (indeed, key policy documents of the Indian government were written directly by the IMF and World Bank for the country’s Ministry of Finance). Invariably, these organizations promoted a heightened emphasis on export-oriented farming. Land that once produced food consumed by the local population was increasingly converted to cultivating cash crops for export:

In Kerala, vast tracts of forests and paddy fields have been converted into rubber, coffee and coconut plantations. Every year about 25,000 hectares of good paddy land [for rice production] is diverted for non-paddy purposes. Such a structural transformation is not only peculiar to Kerala alone. It is happening in almost all parts of the country. Commercial crops are eating into the fertile land tracts meant for growing essential food grains …

As a consequence of the shift from subsistence to commercial farming, food supplies available for domestic consumption have contracted. Formerly self-sufficient Third World countries must increasingly import food, thereby giving European and North American agri-businesses the new markets they seek for their agricultural products. In such circumstances, the poor of the Third World, especially those driven off the land or struggling to hang on, find they cannot afford as much food as in the past — and this process triggers a rise in poverty and malnutrition. Calculated in terms of those whose diets are nutritionally deficient, the number of rural poor in India has gone up 10 per cent compared with the early 1970s. One extensive study indicates that 47 per cent of Indian girls and boys, aged four and under, are malnourished, as are 48.5 per cent of adults. These trends prevail even in parts of India that have enjoyed economic prosperity in recent years, such as the state of Haryana. As one analyst has shown, despite rising agricultural output and improving per capita income, the absolute number of people in poverty has risen throughout the 1990s. This can only mean that the benefits of economic growth are being shared more and more unequally — and that the gap between rich and poor is widening. This is the context in which thousands of poor and despairing peasants have committed suicide, as we saw in the last chapter.

The globalizers’ agenda has thus bred a reliance on export-oriented agriculture in an already-glutted world market, a dependence on food imports from the West, increasing social inequality and rising rural poverty and malnutrition. The overall pattern at work has rightly been described by one critic as “the economic re-colonisation of third world agriculture”:

The structural characteristics of the colonial syndrome in the agrarian sphere — the growth of exports and decline in the absorption of food staples by the poorer majority of local populations — is being replicated all over the developing world …

... Rising export volumes are squeezed out at falling prices as more and more developing countries are required to follow the same policies and compete against each other to export similar products. What we are witnessing today is the economic re-colonisation of third world agriculture …

A rise in the number of landless poor in the rural areas is a direct outcome of this agenda. And so is an increase in the number of members of rural households who, because their families cannot survive on the output of their own land, move into a variety of forms of labour for others. Women in particular have felt the brunt of this trend, particularly in the period of neoliberalism and structural adjustment that opened up in 1991. As a consequence of the IMF-imposed structural adjustments of 1991, for instance,
India removed subsidies on chemical fertilizers, leading to a 40 per cent rise in their prices. As huge numbers of poor peasants saw their farms go under, or found they could no longer subsist without finding work for wages, they flooded onto labour markets, depressing wage levels much to the delight of capitalist farmers and foreign agri-businesses.13

Perhaps nothing has so dramatically contributed to the growth of landlessness as the obsession of the globalizers and successive Indian governments with constructing giant dams. These construction projects are attractive to many governments because they represent huge investments fueled by massive funds from the World Bank. On top of this, Indian governments claim that giant dams will divert water to dry areas and encourage agricultural development. On scientific grounds, this reasoning is dubious. Moreover, of the 4,000 large dams built in India, virtually none has ever lived up to its promises to deliver water to the masses. What giant dams have done, however, is provide water to huge plantations producing export crops, such as the sugar cane estates in drought-stricken Gujarat. What they also do with great effect is displace millions of people from their lands and livelihoods.

Since 1950, at least twenty-five million people in India have been displaced by large projects and the actual number could be twice that high. In Bargi Nagar, for instance, a single dam submerged 162 villages and drove 114,000 people from the land on which they lived. Statistics indicate that of the millions displaced by these projects, at least half have been completely pauperized. Moreover, of those so displaced, 40 per cent are indigenous peoples—known as adibasis—although they represent only 8 per cent of India’s total population. While those affected by giant dams have fought back with breath-taking courage and determination (as I discuss in chapter 6), they are up against the overwhelming forces of capitalist globalization. All too often, in the face of court orders, police and troops, they have been the losers.

Here again, we see a familiar story of enclosure and displacement being played out. Rising costs, falling prices, land grabs by capitalist farmers and western agri-businesses, and environmentally dangerous giant dam projects have all converged to accelerate the proletarianization of the rural poor and expand the labour pool available to global capital. As one elderly displaced farmer told a writer for New Internationalist: “From Khatedars [land-owners] we became day-labourers and paupers.” It is a refrain heard in one Third World country after another.

And the Beat Goes On: Proletarianizing Peasants and Indigenous Peoples

It would not be difficult to provide detailed examples of the same pattern in one country after another. A handful of examples, however, will illustrate just how far-reaching these trends are.

- **The Philippines** — As a result of WTO and IMF pressures to boost cash crops for export, the amount of land planted with corn declined by one million acres over a ten year period. Food production for domestic consumption has dropped drastically: between 1993 and 1998 alone, corn production fell by 20 per cent and rice output by 24 per cent. The amount of land devoted to growing corn dropped by a massive 600,000 hectares between 1993 and 2000.18 Meanwhile, output of export commodities such as coconut, cane sugar, bananas and pineapple has soared. At the same time, reliance on imports of food from the West has grown dramatically. During the first four years of WTO accords (1994-98), imports of corn jumped by 500 per cent. Rice imports now equal 40 per cent of domestic production; and imports of wheat (not a traditional part of the diet) total 30 per cent of domestic output of rice.19 Here too we see the same processes of dispossession and proletarianization:

To entice investments in export production, the government has provided foreign and local companies with concessions and licenses over land and coastal
resource in the public domain. As a result of suchdrawings on the commons, subsistence farmers and indigenous peoples living in upland areas are driven from their land to give way to large mining and timber plantation companies.

- Indonesia - In a drive to clear forested areas, logging and palm oil plantation companies have displaced millions and displaced indigenous peoples, living in upland areas.

- Mexico - Well before NAFTA, farmers were shifting from the export-oriented, capital-intensive farming and displacement of plantations, indigenous peoples, and other natural resources. According to one estimate made in 2002, an average of 1,000 indigenous peoples were displaced per year, thousands upon thousands of hectares per year, thousands upon thousands of people continue to be displaced. The New York Times claims that, by the tens of thousands, peasants in Mexico are abandoning the small farms they have been their entire lives.