

cumulation is one of the most significant features of the neoliberal era. As Petras and Veltmeyer point out,

... the capitalist development process has separated large numbers of direct producers from their means of production, converting them into a proletariat and creating a labour force which at the global level was estimated to encompass 1.9 billion workers and employees in 1980, 2.3 billion in 1990 and close to three billion by 1995.

This represents a phenomenal growth in the size of the propertyless global working class in a remarkably short period of time. Globalization has meant dramatic dispossession and massive proletarianization of people – and the creation of a labour surplus for capitalists. As these people are forced off the land, they pour into cities, scrambling for the tiniest bit of substandard housing in the megaslums that now house the fastest growing section of humankind. And in these urban settings, close to half of this new proletariat is unemployed or under-employed “eking out a bare existence in the growing informal sector of the Third World’s burgeoning urban centres or on the margins of the capitalist economy.”⁵⁵ Globalization is thus also about global commodification of labour and globalization of poverty; it is about global proletarianization – the creation of a poor and dispossessed world working class for capital to exploit.

Enclosing Life Forms: “Charging a fee for what was once free”

Alongside the commodification of labour power, capitalism unleashes commodification throughout one sphere of human life after another. This logic of capitalism has been bluntly expressed by two mainstream economists who claim that “The history of economic progress consists of charging a fee for what was once free.”⁵⁶ Of course, as Polanyi and others have shown, this claim is nonsense. But, if we substitute the phrase “the history of capitalist

development,” then the logic of the contemporary world system is grasped beautifully here. For under capitalism, one thing after another upon which human communities depend has been seized, privatized and commodified. In the era of global commodification, these processes are proceeding much the way they did during the epoch of colonial land-grabs, but today the new enclosures have extended into unprecedented areas.

Commodifying the human genome

Under the banner of “intellectual property rights,” the WTO confers private patent rights on virtually any intellectual invention or discovery – even if this simply involves patenting something that people have known about and used for centuries (such as a plant form). Through its Trade Related Intellectual Property Rights (TRIPs) Agreement, the WTO establishes global patent rights whose violation can be punished by trade sanctions. Already, this is leading to major conflicts over medicines and medical treatments with respect to HIV-AIDS and other diseases.

These disputes originate in the fact that corporations can now “patent” specific human, animal and plant genes and claim intellectual property rights over them. As a result, anyone else dealing in any way with those genes – for research or treatment purposes, for instance – must pay the “owner” a royalty fee. Twenty percent of the human genome is now privately owned. A US-based biotech company owns the entire genome of the hepatitis C virus, while another firm owns the gene for diabetes. If you choose to do any research involving these genes, you must pay these firms for use of their “property.” And the exercise of these property rights can have terrible effects on human well-being.

One particularly glaring example involves an American firm called Myriad Genetics. Having established patents on two genes that can indicate susceptibility for breast cancer, and on the process of comparing a woman’s gene against the standard, the company has taken action against hospitals performing diag-

nostic testing involving these genes. Indeed, Myriad claims that it can block any woman from access to the contents of their own genes in this area, unless doctors treating them use the company's facilities. As a result, Canadian hospitals have been ordered to stop performing such tests (which cost about \$1,300) and told they must pay for them to be conducted at a Myriad lab in Salt Lake City at a cost of \$3,850. Unable to meet these costs, and frightened of having to pay Myriad large damages, cash-strapped hospitals in British Columbia have stopped the diagnostic test. That this could threaten the lives of thousands of women seems not to worry the corporation one bit: "We will protect our commercial rights," the Myriad president told a journalist.⁵⁷

Firms with patents on human embryonic stem cells similarly threaten treatment of maladies such as diabetes and Parkinson's disease. With 45,000 biotech patents on file in the US (sixty of them to Myriad alone), the prospects are chilling. Says the director of genetic-testing at North York General Hospital in Toronto:

There are hundreds of these patents coming. It's breast cancer today, prostate cancer and heart disease tomorrow. If they're all handled like this, it is the end of publicly funded health care.⁵⁸

The battle over HIV-AIDS treatment in the Third World

One of the most contentious battles over intellectual property rights has to do with pharmaceutical drugs. WTO and other agreements have increased patent protection for drug manufacturers and waged war on cheaper generic drugs. Nowhere have the results been more devastating than in Africa, heart of the world's HIV/AIDS pandemic.

Of thirty-six million people around the world infected with HIV/AIDS as of the year 2000, twenty-five million of them live in sub-Saharan Africa. In South Africa, at least 16 percent of the adult population tests positive for HIV. For pharmaceutical com-

panies, these people are a "growing market" for their high-profit commodities. In Kenya, for instance, the drug fluconazole, patented by Pfizer and used in AIDS treatments, costs \$18 per pill. On a typical regime of two per day for eight weeks, followed by one per day for life, a Kenyan would have to come up with \$1,080 for each of the first two months, then \$540 a month for life – in a country where a police officer earns \$43 per month.

Outraged by these impossible prices, the government of South Africa passed a Medicines Act in 1997, which allows for the use and import of affordable, generic drugs. In response, thirty-nine world-wide pharmaceutical firms launched a lawsuit defending their patent rights. Brazil and Thailand, facing major crises in treating HIV/AIDS, have enacted similar laws – all of them illegal under the WTO. In fact, in 2001 the United States won a WTO complaint against Brazil's violation of drug patents. The irony is that, by providing free anti-retroviral treatment to people, Brazil has had one of the most effective HIV/AIDS programs anywhere. In the case of Thailand, the government dropped plans to produce the anti-HIV drug ddI when it was threatened with trade sanctions. By policing its property rights in this way, the global pharmaceutical industry has enjoyed an explosion in sales from \$22 billion in 1980 to more than \$260 billion by the mid-1990s. A few of the global giants in the industry have filed thousands of patent applications

The battle over drug patents and the HIV/AIDS pandemic illustrates the contradiction at the heart of capitalism between private property rights and public needs and interests. While there are now noises about a "compromise" where AIDS/HIV drugs are concerned, the principle is clear: even when a life-threatening disease is at stake, the position of capitalist firms echoes the pledge of the president of Myriad that "we will protect our commercial rights."

Ownership of plant seeds and genes

Alongside monopolies in ownership of human genes, diagnostic testing and pharmaceuticals, other biotech firms have focused on plant life and seeds. As of the year 2000, patents had been granted or are pending on 500,000 genes and partial gene sequences in living organisms; and of these patents, fully three-quarters are owned by five life science corporations.⁵⁹ Many of these patent claims include plants and seeds that have been cultivated for centuries as gifts of nature, but over which nobody has claimed ownership. As of 2003, for example, about 7,000 patents had been issued based on indigenous knowledge in India, knowledge, which has long been the common property of society. The most notorious of the biotech firms in the agricultural sector, Monsanto, has filed a patent in eighty-one countries on soybeans containing certain genes or DNA segments from "wild" or "exotic" soybeans. The agreements that farmers must sign with Monsanto prohibit them from saving any seed for replanting, or supplying seed to another person. They must also agree to let Monsanto inspect their fields and to pay 120 times the technology fee plus legal fees if they are found guilty of violating the agreement. By February 1999, the biotech giant had brought 525 cases of legal action against farmers, and has added hundreds more since.

If any one development in this field perfectly captures the logic of capitalism in the biotech sector, it may be the development of terminator seeds, i.e. seeds genetically altered so that they do not reproduce. The world's farmers are being forced to buy these seeds year after year since nature's millennia-long gift to them has now been taken away. And, of course, as poor farmers struggle to meet costs, as they are forced to sell off their lands and enter labour markets, biotech firms will watch their profits and stock valuations soar.

Privatizing the world's water

Probably nothing will affect so many people in the coming years as the corporate rush to privatize water. According to the United Nations, more than one billion people lack clean drinking water at the moment. That number is expected to explode to 2.7 billion people, one third of humankind, within twenty-five years. In large cities in Asia, Africa and Latin America, fewer than half of all houses have running water. Salivating at the prospects of global water scarcity, multinational firms are moving to corner the market which is estimated at \$1 trillion (US). And they have been aided by the World Bank which has financially supported at least 84 projects involving water privatization.

Privatization of water supplies has been rushing forward for some time already. In one part of India, for instance, Coca Cola has been granted a license for the contents of an entire water shed, making it illegal for people to use water in wells on their own lands.⁶⁰ And much more extensive developments are afoot. US President George W. Bush has pushed for bulk water exports from Canada to the American South. Should Canada be reluctant to comply, charges before the WTO are likely. Indeed, Sun Belt Water of California is already suing the government of British Columbia for refusing to let it export water in bulk. Moreover, William Cosgrove, a former vice-president of the WTO, has already promised that water will be "a major agenda item of future World Trade Organization talks."⁶¹

In this context, it's not surprising that Monsanto is also getting into the water business. A company document states that "since water is as central to food production as seed is, and without water life is not possible, [Monsanto] is now trying to establish its control over water." The company further indicates that it "has launched a new water business with India and Mexico, since both of these countries face water shortages."⁶² And there we have it. Shortages drive up demand, prices, and profits. The fact that one or two billion people do not have ready access to

clean water, without which “life is not possible,” is not something to be bemoaned, but celebrated. Water-short countries like India and Mexico will be targeted for exploitation. Indeed, where water privatization has proceeded, costs have soared. While that is good for corporate profits, it has also provoked powerful resistance, since most people treat access to water as a right. This is deplored by the water industry. As a writer for Water Engineering and Management puts it, “water remains in many regions underpriced and oversubsidized.”

In short, water is not yet fully commodified. But the WTO, IMF and World Bank, along with multinational capitalists, plan to change all that. In fact, at the WTO ministerial meeting in Doha, Qatar in November 2001, a clause was inserted into the final text that moves a considerable way toward privatizing the world’s fresh water.⁶³ If the globalizers get their way, we will see terrible increases in disease and infant mortality throughout the poorest parts of the world. Fortunately, water has become a focal point for important resistance. Nowhere has this been more true than in Bolivia where, as I will discuss in chapter 6, an uprising of indigenous peoples and unions stopped privatization of the water supply in that country’s second largest city. Undaunted thus far, the privatizers continue to enclose the world’s water supplies. The consequences, should they succeed, will be enormous.

Commodifying the Psyche: Capitalism and Human Alienation

No concept is more central to Marx’s critical analysis of capitalism than alienated labour. Marx condemns capitalism not simply because of the exploitation and inequality it breeds, but also because it impoverishes our inner lives and degrades relations among people. As the young Marx argued in 1844, conscious, creative activity that shapes the environment in which we live is central to what makes us human. But under capitalism, this essential life activity – social labour – is transformed into work

done according to the dictates of capital. What is produced, how it is produced, according to what techniques and under what circumstances is determined by the logic of capitalist accumulation. Rather than an affirmation of our humanity, of our existence as creative beings making our lives together, labour under capitalism becomes drudgery, a detested, mind-numbing loss of life.

There are four essential aspects of alienated labour under capitalism. First the worker is alienated from the product of her labour, since this product goes into the hands of (or in the case of services is controlled by) the capitalist. Second, the worker is estranged from the process of production itself since this is controlled and determined by the employer, managers and supervisors. Third, the worker is alienated from her fellow-workers since, rather than cooperating in a shared and planned activity, she is divided from and pitted against other workers. And, finally, workers are estranged from their human capacity for creative self-development as members of a cooperative community.⁶⁴

An essential feature of alienated labour is the reduction of work to a set of repeatable physical motions, in which different workers specialize, and whose speed is relentlessly increased. The use of “scientific management” to break every work process down into its component parts, each subjected to the stopwatch, is known as *Taylorism*, after the American Frederick Winslow Taylor. While Taylorism was initially used in assembly line systems of manufacture, it now dominates most sectors of the capitalist economy. Let me offer two examples. The first comes from *A Guide to Office Clerical Time Standards*, a manual used by the likes of General Electric and Stanford University. Almost every imaginable office activity is subjected to time standards (based on fractions of a minute). Opening and closing drawers, stapling, typing (per character and per inch), opening envelopes are all time calibrated. Getting up from a chair should take 0.33 minutes, while swiveling a chair in order to perform another task should take 0.009 minutes.⁶⁵

My second example comes from Wendy’s burger chain, part of the ever-expanding global fast food industry. According to the

Wall Street Journal, time is of the essence, nowhere more so than in the growing drive-through part of the industry. Every six seconds shaved off time serving each customer at the drive through translates into a one per cent increase in sales. So, grillers keep 25 burger patties on the grill and place one in a bun within five seconds of receiving an order, "Once the meat hits the bun, the griller hands off to the sandwich makers, who have no more than seven seconds to complete each customized option."⁶⁶

An essential aspect of globalization has been a massive speedup of work processes, a drive to make production "lean," to use the jargon -- that is, to get more and more work out of fewer and fewer workers.⁶⁷ The results, as more and more commentators acknowledge, include physically exhausted workers who struggle with ever higher levels of work-related stress.

As a result of all these aspects of alienation, the very fabric of human life becomes degraded. A single, alienated goal -- the acquisition of money in exchange for estranged labour -- becomes the central feature of our lives. Everything becomes concentrated on this debased and debasing goal. Sacrificing our human potential in exchange for money warps and deforms all parts of our lives. Instead of a rich social life characterized by creative work, play and recreation, artistic expression, intellectual stimulation, love, solidarity and cooperation, our lives are impoverished. The rich diversity of human possibilities is mindlessly reduced to one narrow, alienated goal: accumulating private wealth. Owning things replaces all the other forms in which we can enjoy and experience life. In Marx's words:

Private property has made us so stupid and one-sided that an object is only ours when we have it, when it exists for us as capital or when we directly possess, eat, drink, wear, inhabit it, etc....all the physical and intellectual senses have been replaced by the simple estrangement of all these senses -- the sense of having.

Inherent in this multi-faceted process of estrangement is that we are pressed to think of ourselves as commodities. "Sell-

ing yourself" becomes an art in this society. And more and more people are taking it literally. In the United States, for instance, growing numbers of people are agreeing, for a price, to have company logos tattooed to their heads. "Human billboards," they are called -- and they sport logos of Toyota, among other companies.⁶⁸ And if our bodies are to be overtly commodified, then why not other essential features of our identities? In 2002, for instance, four Canadians whose last names are Dunlop agreed, for about \$6,000 each, to change their last names to Dunlop-Tire in order to advertise Goodyear Corporation's main brand of tires.⁶⁹

So, while estranged labour is at the root of human degradation under capitalism, multiple forms of alienation pervade all aspects of life: our identities; our connections with nature; our sense of our bodies and our sexualities; our emotional well-being; relations between genders, between young and old, between peoples from different parts of the world. All these spheres of life become yet more areas in which we are estranged from others and from ourselves.

Then, in a vicious circle of alienation, capitalism promises us fulfillment, sense of purpose and belonging through commodities, the very markers of our alienation. Having robbed our lives of meaning, capitalism pretends to sell it back to us in the form of things. Mere means of life -- cars, clothes, jewelry, and so on -- are offered up as life's ends. The result is "an inverted world" in which things are substituted for human relations.⁷⁰ In fact, in a virtual parody of Marx's theory, a whole philosophy of contemporary marketing uses a model in which a consumer brand such as Nike, Pepsi or Ford is meant to represent an actual human relationship.⁷¹ Rather than overcome alienation, these relationships with brands only deepen it. The more we pursue the things on offer from capitalism, the more estranged we become from the human qualities we most deeply seek -- cooperation, sense of purpose, belonging, solidarity, creativity.

While Marx's analysis offers us the richest account of the deep roots of human alienation in capitalist society, many studies

have confirmed much of what he has to say. A number of social scientists have been struck, for instance, by the fact that rising incomes in the dominant countries does not translate into higher levels of human happiness. Indeed, one analyst of this phenomenon chose to call his book *The Joyless Economy*. The author of this study noted that most people associate happiness with pleasures such as satisfying work, friendship, intellectual stimulation and so on – in other words, with non-commercial “goods.”⁷² A later study confirmed the same findings: “if the things that contribute most to well being are unrelated to money, we cannot buy them,” its author wrote; “this is the principal cause of money’s curious failure to produce happiness.”⁷³ Rather than creating a high level of human fulfillment and happiness, capitalist wealth merely perpetuates the emptiness and loss of meaning built into the system of alienated labour and capitalist property. It comes as no surprise to learn, then, that a very large proportion of Americans who seek psychotherapy complain of forms of “psychic deadness” such as chronic boredom, purposelessness, meaninglessness, and alienation from themselves and others.⁷⁴

Capitalism, Alienation and Destruction of the Natural Environment

An inherent part of capitalist alienation is that humans become estranged from their own bodies and their natural environment. After all, since it involves people sacrificing their physical, emotional and intellectual capacities in exchange for wages, capitalism encourages us to think of everything around us as commodifiable, as mere things that can be sold for money. The more alienated we are, the more we can treat our world and ourselves as detached, lifeless things with a commercial potential. Moreover, if we sell our bodies (even on a temporary basis), why not sell nature? As Marx wrote, “Nature is man’s inorganic body ... and he must maintain a continuing dialogue with it if he is not to die.”⁷⁵ Having been conditioned to sell our bodies and our human capacities,

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it is just a short step to doing the same with our inorganic bodies. The alienating outlook that permeates commodified social life conditions us to perceive the natural environment as a collection of resources ripe for commercial exploitation.

But there is more than merely an attitude at stake here. For capitalism is based upon laws of motion – social rules of behaviour, or imperatives – that require capitalists to minimize costs, exploit labour and degrade the environment. Because it is a system of competitive accumulation each capitalist must try to find a way of lowering costs, cornering the market and boosting profits. Those capitalists who can’t keep up lose market share and risk going under. If they are to survive this competitive struggle, it is imperative that capitalists discover every possible means of reducing their costs and producing goods more cheaply. This means regularly introducing new technologies that speed up the labour process, and cutting costs anywhere and everywhere. In a parody on capitalism, Marx wrote that its commandment is: “Accumulate, accumulate! That is Moses and the prophets!”⁷⁶

The cost-minimizing and profit-maximizing imperative of capitalism means that wind- and water-power, land, air, fossil deposits, rivers and lakes, trees, and minerals are treated as gifts of nature to be handled as ruthlessly as human labour. Consequently, industrial systems of high-speed production are created to exploit these elements of nature and then pump industrial waste-products back into them. Capitalists reject the idea that the social costs of degrading the environment should be imposed on them (since this would lower profits), so society as a whole suffers the consequences. Air and water systems are incessantly polluted, forests are leveled, fish and mineral stocks are exhausted to the point where the life-supporting capacities of the biosphere are imperiled.

A recent study determined, for instance, that when all social costs are tallied – including the costs of treating miners who contract black-lung disease – wind power is much cheaper than coal power. But, because both individuals and the wider society pick up the tab for healthcare, coal is still a cheaper energy source for

private companies to market, as they need only absorb the private costs their business incurs, not the social costs they create, such as sick people. The irrational logic of capitalism – that private interests can benefit while the public loses – is here thrown into sharp relief. As one environmentalist puts it:

From the point of view of society as a whole, sure, wind's a lot cheaper. But the utility [company] doesn't care about society as a whole. It only cares about its own profits and it's willing to sacrifice public health to increase its profits.⁷⁷

The world environmental crisis is a result of that logic writ large. The pell-mell pursuit of private profit degrades everything in its path. And the scale of the ecological damage that has been inflicted as a result is difficult to contemplate. One environmentalist offers a chilling description:

Everywhere on our planet, the picture is the same. Forests are being cut down, wetlands drained, coral reefs grubbed up, agricultural lands eroded, salinized, desertified, or simply paved over. Pollution is now generalized – our groundwater, streams, rivers, estuaries, seas and oceans, the air we breathe, the food we eat are all affected. Just about every living creature on earth now contains in its body traces of agricultural and industrial chemicals – many of which are known carcinogens or mutagens.⁷⁸

In fact, one recent study calculates that in the course of 12 months humans now use up natural resources that the environment requires 15 months to replenish. Put differently, in 1961 humans used 70 per cent of the planet's annual biological productivity every year. By 2002 we were using 125 percent of that productivity. Simple arithmetic says this is not sustainable. So, fish stocks disappear, animal and plant species die out, Arctic ice melts (more than a million square kilometres between 1978 and 2000) the seas and coral reefs degrade, and life on the planet becomes less and less sustainable.⁷⁹

At the same time, it is important to emphasize, as Dennis Soron does, that it is the behaviour of capitalist industry, not individual consumers, which is at the heart of the problem. Commercial agriculture and industry, for instance, account for 92 per cent of the world's water use, and the production of capital goods for industries is responsible for about 78 per cent of all energy use and 88 per cent of all toxic releases in the US.⁸⁰ The pell-mell industrialization of whole new regions of the globe, like huge parts of China, only worsens these problems. China is now the second largest consumer of oil among the countries of the world. Of the planet's 30 most polluted cities, 20 are to be found in China. Not surprisingly, given these figures, roughly 400,000 people are dying prematurely every year in that country due to air pollution.⁸¹

Rather than reversing these trends, rather than helping to save the planet and the species that inhabit it, the WTO and similar agreements have ominous implications in all these areas, since they make it illegal for governments to discriminate in favour of environmentally friendly products production processes. One trade ruling has decreed that nations cannot favour lumber from a selective cut of a managed second-growth forest over lumber from the clear-cutting of old growth forest. In another infamous ruling, the WTO (and its predecessor body, the General Agreement on Tariffs and Trade) declared it illegal for the US to restrict the import of tuna caught with nets that also trap and kill dolphins. The fact that laws protecting dolphins or old growth forests may be rational, humane, intelligent or far-sighted is irrelevant to bodies like the WTO. By deviating from the religion of "free trade" – which acknowledges only narrow economic efficiency, not social rationality – any trade policy based on societal or environmental goals is by definition "restrictive" and must be removed. Environmental protection is not to be an exception to the cult of the market, any more than is poverty or inequality. Not surprisingly, not a single environmental measure challenged before NAFTA, GATT or the WTO has survived; when the crunch comes, the environment is systematically subordinated to

the principles of the capitalist market.⁸² That these principles are destroying the ecosystems that sustain life illustrates the irrational logic of capitalism.

The Irrational Logic of Capitalism

“Irrational logic” may seem self-contradictory, but it is an appropriate description. There is a logic to capitalism, by which I mean that the system operates according to a set of regular and predictable rules. Yet these lead to results that are destructive of the interests and well-being of humankind. In short, the rules of behaviour in capitalist society systematically produce irrational consequences.

To say that capitalism has a logic is to claim, in other words, that all of the trends I’ve been describing – from the privatization of the global commons to the destruction of the biosphere – exhibit a systemic pattern. Critics who fail to understand this simply cannot get to the roots of the problems they identify. As a result, while numerous commentators have discussed many of the phenomena I’ve described above, their criticism is often cast in exclusively moral terms. Of course, moral outrage is necessary and laudable. But a purely moral response ignores the fact that capitalism requires its dominant participants to behave in an exploitative and destructive fashion. No amount of moral lecturing or enlightenment will change the behaviour of capitalists as a group, since only by doing what they do will they survive as capitalists. If they do not exploit the poor, grab land and resources, commodify the globe, and act in environmentally destructive ways, they will not persevere in the war of economic competition. The imperatives of cost-minimization and profit maximization compel capitalists to do these things. If a given company stops doing them, it will simply be replaced by others who will do so. For this reason, in addition to condemning the behaviour of the world’s dominant groups, we need to develop a critical understanding of the *laws of motion* of capitalism that dictate this behaviour. Once we do that,

we can grasp the societal logic that links together such disparate phenomena as impoverishment of the poor, privatization of life forms, and destruction of the natural environment.

I describe capitalism as a contradictory system since what is apparently rational at the level of the individual unit (in this case the corporation) is demonstrably irrational for human society as a whole. Ruthless, competitive, cost-cutting behaviour is generally the only way for the owners and managers of a capitalist enterprise to keep their business afloat. But, as general principles of action, adhered to by millions of actors, capitalist economic “rationality” will ultimately destroy the foundations of human life. Because it is based upon estranged, atomized, disconnected competitors, capitalism cannot produce a genuine social rationality; there is an inherent gap between what seems rational for a part of the system and what is in fact rational for society as a whole.

At the root of the social irrationality of capitalism is the unique structure of alienated relations that define the system. As we have seen, capitalism could not exist without separating producers from means of production (particularly the land). Once alienated in this way, direct producers lose control over their work, the products of their labour, and their social inter-connections as workers and as human beings. Connected with this structure of alienation is a system of class antagonisms. On the one side, capitalists strive to intensify their control over workers and the labour they perform in order to exploit them to the maximum degree possible – and thus turn a profit sufficient to stay alive in the world of capitalist competition. Workers, on the other side, struggle to reassert some control over their working lives, to reclaim some dignity at work, and to limit their exploitation. The result is the class struggle between labour and capital that I discuss in chapter 6. For the moment, however, we need to concentrate on a crucial point: alienated social relations produce a social system that is out of control, one that is prone to self-destructive crises. And when these occur, it is the poor and working people of the planet who pay the highest price.

Economic Crisis and Social Irrationality

One need only think of the horrific economic crisis of the Great Depression of the 1930s, out of which grew fascism and a world war, to realize that economic crises are among the most devastating manifestations of the irrational logic of capitalism. As our analysis implies, crises of this sort are not historical accidents. They are inevitable outcomes of a system that compels capitalists to do everything possible to increase the productivity of their enterprises. In order to keep pace with the competition, capitalists must introduce new technologies such as computers and fiber optics, that speed up the pace of work and lower the costs of their products.⁸³ But with every capitalist purchasing new machines and equipment, and building the most modern plants they can, several things happen. First, they take on huge new costs, often financed by borrowing from the banks. Second, they develop massive new capacities for producing everything from cars to computer chips – capacities that often greatly exceed any reasonable expectation of market demand. This results in what Marx described as a crisis of *over-accumulation*, in which capitalists have accumulated more facilities and means of production than they can possibly use profitably. Faced with massive overcapacity (and the attendant costs) and inadequate sales and profits, some capitalists begin to teeter on the verge of bankruptcy, or collapse. The entry of whole new players, like China, into a vast array of global industries has exacerbated these trends. In fact, China itself is experiencing massive over-accumulation in 11 of its largest industries.

In the world automobile industry today, for instance, firms have the capacity to produce seven to eight million cars more each year than the existing demand requires. That's the equivalent of a world excess of about eighty state-of-the-art car factories. Not surprisingly, when the global economic slowdown hit in early 2001, auto firms begin to lay off workers, close factories and cut costs dramatically: Ford announced layoffs of 5,000 workers in North America, while General Motor's European company Opel

gave pink slips to similar numbers. But even bigger shockwaves hit four years later, when GM alone announced plans to close 10 factories and lay off 30,000 workers. Ford followed with its own announcement of massive closures and job cuts. Before the shake-out in the auto industry is over, dozens of factories will close and tens of thousands of jobs will disappear.⁸⁴

Similar trends have hit the telecommunications sector where one company after another has been melting down. In an analysis that confirms Marx's basic theory of capitalist over-accumulation, a *Wall Street Journal* article on the telecom crisis reported, "Oceans of cheap capital and competitive one-upmanship drove telecommunications and Internet service providers to build far more capacity than realistic forecasts of demand could justify. Now, many of those companies are bankrupt, or close to it."⁸⁵ So over-built is the world's telecommunications infrastructure that, by one estimate, more than 95 per cent of fiber optics capacity is unused.

Capitalism has a two-part solution to a crisis of over-accumulation and declining profits. First, a recession or depression is required to bankrupt a number of firms, reduce capacity, and enable the survivors to produce profitably once again. With some firms knocked out of business, the survivors can increase their market share, while mass layoffs and mounting unemployment drive down wages and, as a consequence, reduce the costs of doing business. Recessions, depressions, layoffs and unemployment are thus the inherent mechanism the capitalist market uses to "adjust" to a crisis situation. As one North American economist recently put it, "It's better to let the free market work and let there be a bloodbath and get rid of some excess capacity."⁸⁶ That the cost of such a blood-letting is usually millions of jobs lost, the impoverishment of millions of people, and the crushing of lives and hopes seems never to worry pro-business commentators. The second aspect of the capitalist response to crisis is to take advantage of the fear and insecurity caused by layoffs and unemployment to launch an all-out offensive against workers' wages and benefits, and the unions that are meant to protect them.

The deepest and most lasting crisis of the twentieth century was the Great Depression of the 1930s, a depression that ended only with the carnage and destruction of a world war. But in the early 1970s, another global economic downturn emerged. From the mid-1970s to the early 1980s, world capitalism stumbled from one crisis to another: recession (1974-75), outbreaks of double-digit inflation, further recession (1980-82), and debt crises in countries such as Mexico, Poland and Brazil. By the early 1980s, capitalists had launched a coordinated counter-offensive under the banners of neoliberalism and globalization. Led by the likes of British Prime Minister Margaret Thatcher and US President Ronald Reagan, western governments slashed social programs, smashed unions, launched a "trade offensive" against countries in the Third World to force them into the neoliberal model, and started locking the world economy into the globalization mold through mechanisms like the WTO.

Increasing Social Inequality: Globalization and the Closed Fist of the Market

Everything we have learned about capitalism should lead us to expect that the neoliberal globalizers would be intent on two things: driving more people into the ranks of the proletariat (in order to expand the pool of cheap labour) and launching a battle to drive down workers' wages (in order to boost profits). And, predictably, both of these processes have been central to the globalization agenda of the past twenty years or more.

As we've seen above, the number of propertyless labourers (proletarians) around the world increased from 1.9 billion in 1980 to nearly 3 billion by 1995. This massive growth – caused particularly by driving Third World peasants off the land – swelled the ranks of the poor, casual, and unorganized working class, thus offering global capital a terrific opportunity for heightened exploitation of labour. Alongside these developments went the neoliber-

eral offensive against the wages, job security, and union rights of workers around the world.

Reagan's destruction of the US air traffic controllers' union at the beginning of the 1980s, and Thatcher's war in the middle of that decade against the British miners' union were just two of the most celebrated cases of a global offensive against the working class. In the US, the proportion of workers in unions fell from 25 per cent in 1980 to barely more than half that level by the mid-1990s. In France, the decline in "union density," as it's often described, was equally dramatic, plunging from 21 to 10 per cent. Workers in Spain experienced a staggering drop, from about 50 per cent to 10 per cent of all workers protected by unions.⁸⁷

But nowhere was the war against workers more brutal and devastating than in parts of Latin America. The combination of military dictatorships, state repression, and IMF-directed structural adjustment has had devastating results. The weakening of labour laws has meant that more and more people work without contracts or with contracts that lack earlier protections. By 1996, for instance, the proportion of workers without contracts, or with weakened contracts, had jumped to 30 per cent in Chile, 36 per cent in Argentina, 39 per cent in Colombia, and 41 per cent in Peru.⁸⁸ The consequences for workers' earnings have been devastating. In most western nations today, workers' wages make up about 40 per cent of the national income. In 1970 this was largely true of Latin America as well. But, as Table 3.3 indicates, the neoliberal era has witnessed a staggering reversal.

Table 3.3 – Wages as a percentage of national income

	1970	1980	1985	1989	1992
Argentina	40.9	31.5	31.9	24.9	n.a.*
Chile	47.7	43.4	37.8	19	n.a.*
Ecuador	34.4	34.8	23.6	16.0	15.8
Mexico	37.5	39.0	31.6	28.4	27.3
Peru	40.0	32.8	30.5	25.5	16.8

* n.a. = not available

Source: James Petras and Henry Veltmeyer, *Globalization Unmasked*, pp. 85-6.

A contraction in working class earnings of this magnitude – a reduction by half of their share in national income on average – cannot take place without calamitous effects. These have been brutally evident in the form of soaring levels of homelessness, poverty and malnutrition. Inevitably, the poorest wage-earners suffer the worst effects. Take minimum wage levels, for instance: by 1994 they had lost between 62 and 86 per cent of their 1985 values in Peru and Mexico.⁸⁹ In this context, the number of people living in poverty increased by 50 million in the 1980s alone. Not surprisingly, throughout this period we have witnessed large-scale growth in the shanty towns on the outskirts of a large number of Latin American cities.

Alongside this growth of poverty, an unconscionable improvement in the fortunes of the rich has taken place. In Argentina, for instance, the earnings ratio between the top 20 per cent and the bottom fifth of income earners tripled in just over twenty years: from 8:1 in 1975 to 25:1 in 1997. In Brazil, the top 10 per cent now takes in forty-four times what the bottom 10 per cent earn. The discrepancies are so palpable that one finds “different worlds” inside the same nation:

Today, 15-20 per cent of Latin Americans share a “First World” lifestyle: they send their kids to private

schools; belong to private country clubs ...; get face-lifts at private clinics; travel in luxury cars on private toll roads; and communicate via computer, fax, and private courier service. They live in gated communities protected by private police. They frequently vacation and shop in New York, Miami, London and Paris... They form part of the international circuit of the new imperial system.

The rest of the population lives in a totally different world. Cuts in social spending and the elimination of basic food subsidies have pushed peasants towards malnutrition and hunger. Large-scale redundancy of factory workers and their entry into the “informal sector” means a subsistence existence ... Cuts in funds for maintenance of water, sewage and other public services have resulted in a resurgence of infectious diseases. Declining living standards ... is the reality for two-thirds or more of the population.⁹⁰

When examined on a global scale, the inequalities involved are so obscene that words seem inadequate to describe them. While more than a billion people do not have access to clean water or adequate food and shelter, there are now 793 billionaires in the world whose combined wealth, according to *Forbes* magazine, is an almost incomprehensible \$2.6 trillion – more than the gross domestic product of all but six countries in the world.⁹¹ In fact, the assets of the world’s 200 richest people are greater than the combined income of 41 per cent of humankind.⁹²

What globalization has done, therefore, is accelerate the increasing social inequality that is at the heart of capitalism. In the United States, for example, the top one percent of households owned 57.5 per cent of all corporate wealth in 2003 – up from 38.7 percent a mere twelve years earlier.⁹³ Because it continually transfers massive amounts of wealth (surplus value) from labouring people to the owning/employing class, capitalism produces inequalities that escalate without end. Those who are poor get locked into a poverty trap from which they cannot escape, while

the wealthy continue to accumulate at their expense.⁹⁴ In Marx's words, "accumulation of wealth at one pole is, therefore, at the same time, accumulation of misery, the torment of labour, slavery ... at the opposite pole."⁹⁵

Even the World Trade Organization admits as much. In its 1999 study, *Trade, Income Disparity and Poverty*, the WTO points out that in 1985 the average American earned "5,500% more than the average Ethiopian." It continues: "These gaps defy the imagination ... and will double in a century and a half at the current trend."⁹⁶ Worse, these statistics apply merely to the average American income compared to that of an Ethiopian. Yet, inequality inside the US has been escalating too throughout the globalization era. As *Business Week* reports, the compensation packages of Chief Executive Officers (CEOs) of American-based corporations went from 85 times the earnings of their average blue collar employee in 1990 to 475 times what a blue collar worker makes by 1999.⁹⁷ Were we then to compare the earnings of an American CEO to those of an average Ethiopian, we would be looking incomes nearly two and a half million per cent greater! What the globalization era represents, then, is an acceleration of the persistent increases in inequalities within and between nations that are endemic to capitalism. As Table 3.4 illustrates, the whole history of capitalism has been characterized by a continuous multiplication in the ratio of inequality between the richest and poorest countries.

Table 3.4 – Share of world income received by the richest 20 per cent of the world's countries relative to the share received by the poorest 20 per cent

1820 – 3:1	1960 – 30:1
1870 – 7:1	1990 – 60:1
1913 – 11:1	1997 – 74:1

Source: United Nations Development Program, *Human Development Report* 1999, p. 38.

This table demonstrates conclusively that the history of capitalism is one of increasing inequalities – which is exactly what our analysis would predict. And, as the huge jumps between 1960 and 1997 indicate, the globalization era is distinguished by an acceleration of this trend. Rather than lifting "countless millions out of poverty" and making "the world a safer, richer, better place," as its defenders claim, globalization has done precisely the opposite.⁹⁸ The world today suffers under the greatest global inequalities it has ever known – and the neoliberal agenda will only continue to exacerbate them. In doing so, globalization intensifies the historical legacy of colonialism, racism and imperialism that has marked capitalism since its birth. The next two chapters examine this legacy. Then we will shift gears and investigate the growing global revolt against all these forms of oppression.

Notes

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- 4 Adam Smith, *The Wealth of Nations*, 2 vols., eds. R. H. Campbell and A. S. Skinner (Oxford: Oxford University Press, 1976), v. 1, pp. 267, 144. For a detailed discussion of Smith in these regards see David McNally, *Political Economy and the Rise of Capitalism* (Berkeley: University of California Press, 1988), Chs. 4 and 5, and McNally, *Against the Market: Political Economy, Market Socialism and the Marxist Critique* (London: Verso Books, 1993), Ch. 2.

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- 9 Marshall Sahlins, *Stone Age Economics* (Chicago: Aldine Publishing, 1972), p. 213.
- 10 As quoted by Donald Purich, *Our Land: Native Rights in Canada* (Toronto: Lorimer, 1986), p. 127.
- 11 Polanyi, *Great Transformation*, p. 73.
- 12 Karl Marx, "Results of the Immediate Process of Production" in Marx, *Capital*, v. 1, trans. Ben Fowkes (Harmondsworth: Penguin Books, 1976), p. 989.
- 13 See Karl Marx, "Estranged Labour" in Marx, *Early Writings* (Harmondsworth: Penguin Books, 1975), pp. 322-34.
- 14 Karl Marx, *Wage-Labour and Capital* (Moscow: Progress Publishers, 1952), p. 20.
- 15 For a wonderful description of the English commons see Jeanette M. Nesson, *Commoners: Common Right, Enclosure and Social Change in England, 1700-1820* (Cambridge: Cambridge University Press, 1993). A detailed account of these lands is provided by A. W. B. Simpson, *A History of the Land Law*, 2nd edn. (Oxford: Oxford University Press, 1986). For the meaning of common rights see E. P. Thompson, *Customs in Common* (New York: The New Press, 1991).
- 16 This discussion draws upon my earlier account in *Against the Market*, pp. 7-14.
- 17 Karl Marx, *Capital*, v. 1, p. 926. For discussions of resistance to enclosure see Roger B. Manning, *Village Revolts: Social Protest and Popular Disturbances in England, 1509-1640* (Oxford: Clarendon Press, 1988); Andrew Charlesworth, *An Atlas of Rural Protest In Britain 1548-1900* (Philadelphia: University of Pennsylvania Press, 1983); Buchanan Sharp, *In Contempt of All Authority: Rural Artisans and Riot in the West of England, 1580-1660* (Berkeley: University of California Press 1980);
- 18 *General View of the Agriculture of Hampshire*, as cited by Thompson, p. 163.
- 19 Many of these peasants might have taken wage labour only on a part time or seasonal basis, but slowly but surely they were being proletarianized, i.e. rendered dependent on the labour market.
- 20 Marx, *Capital*, v. 1, pp. 896-7.

- 21 As quoted by McNally, *Against the Market*, p. 39.
- 22 See the data in *Ibid.*, p. 40.
- 23 Polanyi, *Great Transformation*, p. 141.
- 24 The term "new enclosures" has been used by Pat Roy Mooney, "The ETC Century: Erosion, Technological Transformation and Corporate Concentration in the 21st Century," *Development Dialogue 1999*, n. 1-2, p. 83.
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- 28 Flavia Krause-Jackson, "Price of coffee futures plunges to 36-year low," *Toronto Star*, August 4, 2001; Anthony DePalma, "For Coffee Traders, Disaster Comes in Pairs," *New York Times*, October 28, 2001; Kim Bendheim, "Global Issues Flow into America's Coffee," *New York Times*, November 3, 2002.
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- 37 Devinder Sharma, "The Future Shock" in *The Great Grain Drain*, p. 83.
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- 39 Madhura Swaminathan, "A further attack on the PDS," *Frontline*, February 2, 2001, p. 30.

- 40 Sheila Bhalla, "Liberalisation, Rural Labour Markets and the mobilisation of Farm Workers: The Haryana Story in an All-India Context," *Journal of Peasant Studies*, v. 26, n. 2/3 (January/April 1999), pp. 30-33.
- 41 Utsa Patnaik, "Export-Oriented Agriculture and Food Security" in *The Great Grain Drain*, p. 53.
- 42 See Da Corta and Venkateshwarlu.
- 43 Michel Chossudovsky, *The Globalisation of Poverty: Impacts of IMF and World Bank Reforms* (London: Zed Press, 1998), p. 128.
- 44 This quote and much of the data on giant dams in India is derived from a series of illuminating articles on Narmada dams by Maggie Black in *New Internationalist* 336, July 2001.
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- 46 Yabut-Bernardino, p. 17.
- 47 Yabut-Bernardino, p. 21.
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4. THE COLOUR OF MONEY: RACE, GENDER, AND THE MANY OPPRESSIONS OF GLOBAL CAPITAL

You can't have capitalism without racism.

– Malcolm X

"I would annex the planets if I could," remarked Cecil Rhodes, who conquered much of southern Africa in the name of the British empire more than a century ago. Rhodes' statement encapsulates a crucial feature of capitalism – its limitless drive to appropriate land and to turn more and more people into propertyless labourers. Already, corporations are exploring ownership of parts of outer space. Yet, there is nothing qualitatively new about this; from the start capitalism had a globalizing impetus, systematically bringing more and more of the world into its orbit. Rather than the tranquil process of liberal myth, the internationalization of capitalism has been accomplished by means of invasion, conquest, war and plunder. The violence inflicted on the English peasantry during the birth of capitalism would soon pale by comparison with what was done to non-European peoples. With the British leading the way, European capitalism invaded Ireland, the Americas, Asia and Africa, exhibiting a barbarity and cruelty that is almost incomprehensible. The rivers of blood that capitalism dug grew ever wider and deeper, defying all but the most murderous imaginations. In the process, a colonial system and an