

# Globalization, Regionalism and Democracy

## *An Interview with Samir Amin*

**S**amir Amin heads the Third World Forum in Dakar, Senegal, where he is leading an effort to strengthen regional ties among African nations. He is the author of many books, including: *Capitalism in the Age of Globalization*, *Delinking: Toward a Polycentric World* and *Unequal Development*.

After World War II, capital was unable to unilaterally impose the logic of profit maximization. That was the basis of high growth and accelerated rates of accumulation and development.

**Multinational Monitor:** *What do you mean when you say that the world capitalist system is facing stagnation?*

**Samir Amin:** After World War II, we had very high rates of growth for three decades in the three parts of the world: the capitalist world (the West), the socialist world (the East), and most parts of the Third World (the South). Three decades of high growth and investment, which had never been achieved in the history of capitalism before.

This is precisely because the markets were regulated — that is, because there was a balance of forces between capital on the one hand, and the working or popular classes on the other hand. This balance was less in favor of capital than it had been for a long time before, and was the result of a double victory — the victory of democracy over fascism and the victory of the people of Asia and Africa over colonialism.

These two popular victories created the conditions which compelled capital to adjust to the social demands of working people. The adjustment of capital to those demands is the meaning of the market being regulated. Capital was unable to unilaterally impose the logic of profit maximization. That was the basis of high growth and accelerated rates of accumulation and development.

Gradually, the balance of forces has been erod-

ed to the benefit of capital for a variety of reasons. If we look at the West in the capital centers, the pattern is that welfare states and democracy have been gradually eroded by the pressures of globalization — the opening of national economies to the pressures of the global system.

In the East, it is because of the internal limits of so-called socialism and the lack of democracy. In the South — especially in Asia and Africa — there was a period of strong national unity which started to be eroded by internal social conflicts.

This erosion of the regulation of the market which dominated after World War II led to a change in the balance of forces to the benefit of capital. We can say that Reagan and Thatcher were the announcement of that. But it was not just under Reagan and Thatcher. It was also due to the loss of legitimacy of most national radical popular regimes of the South, as well as the stagnation of the Soviet system.

That led to a comeback of the utopian capitalist dream of ruling the world as a market and reducing whole societies to just market-based relations. Which means the unilateral domination of capital.

**MM:** *And removing regulations on capital undermined growth?*

**Amin:** According to the so-called neoliberal view, “deregulation” of the market — which meant oppressing other social interests — should have led to higher growth. Instead, it led to the opposite.

Since the early 1970s, it led to a slowing of

the rates of growth, to about half of what they had been in previous decades. This happened not only in the West, but also in the East after high growth rates during the Soviet period of industrialization. It also happened in the South. In the 1960s, the rates of growth in Africa were roughly twice as high as they have been in the 1980s and 1990s — during the current period of structural adjustment. Simultaneously, rates of investment and the expansion of the productive system went down.

That led to a new kind of crisis characterized by a surplus of capital which does not find an outlet in the expansion of the productive system in the West, East and South.

In order to avoid this problem, the owners of capital are designing rules in order to open alternative financial outlets for capital. This is not leading to higher growth but to relative stagnation of growth. There is no absolute stagnation, but rates

communications on the one hand, and the specific effects of that revolution and other technologies on the relative achievements of the various partners — the U.S. vis-a-vis Europe, for instance.

With respect to the effects of the technological revolution, every period of deep structural crisis of capitalism has also been a period of industrial revolution. For example, take the deep structural crisis which happened from 1873 to 1896. That was also a period of the second industrial revolution, the first one occurring in the early nineteenth century. The second industrial revolution involved electricity, petroleum, the automobile and the airplane. These are the technologies that dominated industrial development in the twentieth century.

The current crisis started in 1971 with the end of Bretton Woods and the floating of the dollar. Along with the crisis, we have had a third industrial revolution, the basis of which is informatics

and biogenetics with all the dangers that it represents, as well as nuclear and space technology. By themselves those technologies are not enough to create the conditions of high growth, because growth depends on an equilibrium between the various social forces.

During each of these periods, capital interests have exploited the industrial revolution to their own unilateral benefit.

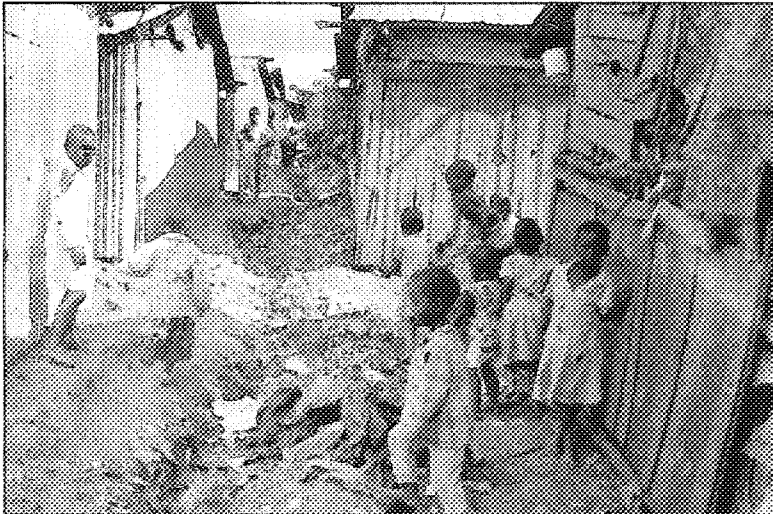
Because an industrial revolution also means that old industries are decaying, labor loses the advantages of collective stability and becomes

more vulnerable. Therefore capital is in a position to erode whatever rights the working classes have conquered in the previous period.

That's what's happening now. Along with an industrial revolution there is growing brutality, inequality — not just between capital and labor, but between a variety of workers — and an overall vulnerability of the working classes. As long as capital is able to mobilize unilaterally and use the industrial revolution to its exclusive benefit, it is not able to move out of the crisis.

We can also compare the atmosphere now to the atmosphere during what was called the *belle epoch* at the beginning of the twentieth century. That 15-year period was after a long crisis and before World War I. During the course of that time the discourse was exactly what we hear today — that the unilateral rule of capital is going to benefit everybody. It was a period of the weaken-

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Nairobi slum.

of growth in OECD countries are half of what they had been in the 1950s and 1960s.

There is deepening inequality. You have growing inequality everywhere in the world, within each nation state and at the global level between nations. It is more and more politically and socially unbearable and unacceptable to people.

The reason for the deep crisis of capital is precisely the utopian effort to realize the unilateral rule of capital. The system cannot function according to the unilateral rule of capital.

**MM:** *There has been a renewal of growth in the last couple of years in the United States at much higher rates. Do you think that the new communications technologies might revitalize the global economy?*

**Amin:** No. We should separate the eventual effect of the technological revolution and particularly

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ing of the working classes. The movement of the socialist parties to the right — like Tony Blair and Gerhard Schroeder, etc. — is exactly similar to the move to the right of the socialist parties at the beginning of the 20th Century. For exactly the same reasons.

I am not suggesting that the industrial revolution *per se* is or is not the basis of growth. It could be if social and political conditions established a better balance of forces — less unilaterally favorable to capital. That is one dimension.

Another dimension is how it works in different parts of the world. Particularly, for example, the U.S. vis-a-vis Europe and Japan. It is true that today's discourse, especially in the United States, stresses the relatively higher rates of growth. But this growth is socially unbearable in the longer run. It goes along with a growing inequality and with a growing vulnerability that the American working class will not accept indefinitely.

It is also artificial and at the expense of others. The success of the U.S. is proportionate to the lack of success elsewhere, particularly in Europe and Japan. This means that the so-called U.S. hegemony is very vulnerable.

In the nineteenth century, Britain, which was hegemonic at that time, had an enormous export surplus which was the counterpart of its ability to export capital. It was financing railways in Argentina and India, etc. If we look at the pattern of current globalization and U.S. hegemony, we find exactly the opposite. The U.S. balance of trade is in an enormous deficit, which means that hegemonic power is (draining) capital from other parts of the world. Who is funding that? The whole world, but especially the Europeans and Japanese. I don't think that they will accept that indefinitely. This doubles the vulnerability of the so-called high growth in the United States.

**MM:** *Andre Gunder Frank has argued that developing countries may benefit most when there is stagnation or contraction in the center countries. What is your perspective on that in the current period?*

**Amin:** I am a friend of Andre Gunder Frank and we agree on many things, but I am cautious about those kind of sweeping generalities. I think everything depends on class struggle and not on whether we are in an A phase or a B phase. Development changes are unequal throughout the world, because the balance of social and political forces are not similar from one place to another.

During the current period of crisis, not all of the countries of the Third World have suffered. Major countries, including China, to a lesser degree India, southeast Asia, Korea and Taiwan — and if you add up their populations, you get more

than half of the world — have not suffered from the crisis. They have had high rates of growth because they were less subject to the rule of globalization than others. They have controlled their own move into the global system. We could discuss whether they have been democratic or not, but the domestic ruling class has, to a certain degree, been in control.

We saw the exact opposite in Africa, the most vulnerable part of the Third World, where the local ruling classes do not control anything and where as a result the rates of growth are zero if not negative in some cases. Therefore we see that the differences in the same period depend on the capacity of the local ruling class — bourgeois capitalists in various shapes and forms — to control its relation to the global system.

**MM:** *You write that structural adjustment is not misguided but a part of the management of the crisis in the rich countries. What do you mean by that?*

**Amin:** Structural adjustment as it is imposed by the World Bank and IMF on most countries of the South and on the former socialist countries in eastern Europe and the Soviet Union is unilateral. That is, adjustment of the economies of those countries is to the needs of dominant capital. That means the needs of the triad — the U.S., the European Union and Japan — and nothing more.

This structural adjustment is not structural but a conjunctural adjustment. It is one of the tools of crisis management — that is, finding an outlet for the surplus of financial capital. That is the root of the external debt of the Third World and former socialist countries.

The effects are disastrous, as we can see in any part of the world other than in the dominant triad.

What we need is another pattern of globalization. The issue is not globalization or withdrawing from the world and going to the moon. There are many alternatives.

Globalization could be conceived as a pattern of regulated expansion of the markets at the international level, of channeling the surplus of capital towards productive investments. That would be a pattern of globalization that I would call structural because it would help change structures. It would also be multilateral rather than unilateral, an adjustment of each part of the world to another pattern of globalization — what I call a multi-polar pattern of globalization.

**MM:** *What is your perspective on calls for reforming the IMF to make it a "good" global regulatory institution?*

**Amin:** I think you cannot start from the top, by changing these international institutions. That

would be very naive, because the international institutions reflect the imbalance of forces at that level. Things must start from below, from national societies.

Again, it is the class struggle which is the key to understanding social change. Things must change at that level to the benefit of the working classes everywhere — in the U.S. as well as in Senegal.

That means reinventing new forms of organization, of action, of legitimate targets, etc. It has deep social dimensions.

That should be supported or enlarged by regional organizations. One can imagine that an average country in Latin America alone cannot go very far, but Latin America on the whole can. Similarly, no African country can go very far alone, but Africa as a whole could and can. Not to speak of India or China.

To think about a move from the top is a little naive, as if there are no interests behind the system as it is. There are interests, of course, and they are the prevailing interests of transnational capital and the triad states that are behind them, as well as compradors in the Third World.

**MM:** *If developing countries were to form regional blocs, what would be the institutional structure of region-wide economic management?*

**Amin:** It must be accomplished gradually. First, we must reinforce the complementarity between the industrial and agricultural developments of the partners. And that needs much more than just a free trade area, because it needs some degree of planning — a word that is not fashionable today — of investment to develop complementarity with a view to reducing the monopolies of the West — monopolies in technologies, in communications and media, in the use of natural resources.

But it also has a political dimension. It must gradually reinforce the capacity of those regions to ensure security, both internal and external security — not only in the police sense, but a security based on legitimate power, the whole

question of democracy. It must also work toward regional security, that is, reducing the causes of conflict. We'll never have a world without conflict, but we can reduce the causes.

**MM:** *How would you see the regions relating to external forces, especially the rich countries?*

**Amin:** That is where it would lead to institutional changes in the U.S. We have had this in the past during the decade after World War II, during that period of high growth, when we had negotiations at the global level, however weak. It was a time of UNCTAD [the United Nations Conference on Trade and Development]. There were negotiations on the transfer of technologies, etc. We need not have a remake of that, but a revival of its spirit. This would give back a role to the UN in serious international negotiations on those issues.

I don't want to be overly optimistic, but I think the last meeting of UNCTAD in Bangkok is indicative of a move in this direction. We heard there a majority of states, most from the Third World, speaking against globalization as it is.

**MM:** *What would be the regional approach to capital flows from outside the region or trading outside the region?*

**Amin:** There are a number of principles. One is that so-called hot money flows — capital that wants to get a quick profit — should be forbidden and countries should be allowed to establish exchange controls against that.

Second, we should look at productive investment, including that by transnationals, on a case-by-case basis. Getting certain technologies is difficult without accepting private investment of foreign capital. But that could be negotiated. There we come back to a series of old questions, such as the control over the export of profit, control over the degree of using local inputs, the transfer of technology, property rights, etc. These are important points of the agenda. It's not fashionable today to speak of that, but these are objectively needed. ■

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an advanced country like the United States. In the United States, almost anyone who wants a job can get a job. We have a good capital market. If you have a new idea, it's remarkable how easy it is to find finance. New enterprises are being created all the time. That's not the case elsewhere. Capital markets in many countries don't function. There's very little enterprise creation, very little job creation. When you lose a job in one part of the economy it isn't the case that you will automatically create a job elsewhere.

Labor market flexibility was designed to move people from low productivity jobs to high productivity jobs. But too often it moved people from low productivity jobs to unemployment, which is even lower productivity.

In a world in which there are large mobility costs, the issue of workers' rights becomes very important. Those issues — workers' rights, safety legislation and so forth — are appropriately within the purview of government. The right to collectively bargain and organize should be viewed as a basic right that is needed to redress the balance of power. ■