

Interview with Egyptian economist

‘There is no alternative to socialism’

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Samir Amin: “It was the financial corporations that asked the governments to step in and ‘nationalise’ them. The rescue package was drafted by them, and they are in control of most of the bailout money.”

THE financial crisis continues to spread rapidly across the world, crippling banks, stock markets and manufacturing industries and leaving hundreds of thousands jobless in its wake. Two days after the much hyped meeting of the Group of 20 in Washington, D.C., economist Samir Amin shared his insights into and analysis of the arduous road ahead for economic globalisation and the urgent need for a course change from capitalism and the possibilities of a new internationalism in the form of a Bandung II initiative.

Samir Amin: The dominant view in the media and in policymaking circles is that the current financial crisis is the result of undue deregulation and the greed of a few in Wall Street. We feel that we need to go beyond the superficial and descriptive framing of the crisis and understand it historically and politically. What is your analysis?

The financial collapse is only the tip of the iceberg. Under the surface there is a deep crisis of accumulation of capital in the real productive economy, and deeper even there is a systemic crisis of capitalism itself. Let us look at the tip of the iceberg first – the so-called financial crisis. This is not the result of mistakes or irresponsibilities of the banking system operating freely in a deregulated environment. This flawed analysis gives the impression that if regulations are put in place the crisis will be corrected. This has been the expected response of the G-20 in Washington, D.C. And this should not be surprising since the G-20’s feeble declaration has been prepared beforehand by the International Monetary Fund [IMF] in concert with the G8.

I would like to submit another vision of this crisis, and for this we have to get rid of the notion of seeing this as a result of neoliberal globalisation. This is limiting because it is descriptive and not analytical. The reality of the current system is the extreme centralisation of capital and a limited number of large oligopolies, some 5,000 in number across the world, that control power at the global, regional and national levels. It is their decisions that are shaping the world. We are at a level of centralisation that is far higher and stronger than we were just 50 years ago. This extreme centralisation of capital has led to a fundamental shift in the logic of the management of the system – instead of investing in the productive economy to produce surplus value, of course with the exploitation of labour, the focus is now on the struggle to redistribute the profits of that surplus value between the oligopolies. This redistribution of profits among them is done through financial investments. Each one of them tries to widen its sphere of financial investment in order to

redistribute the profits in its favour. These profits are of another nature – they are monopoly rents. And this is what is being called “financialisation”. And deregulation is essential in this struggle by the oligopolies for more profits through financialisation. And deregulation is not being fundamentally questioned as one can see from the new rules articulated in the November 15 G-20 communique.

The attempt of the oligopolies and their Western governments is to restore the system as it was, and this is not impossible in the short run. Let us assume that the injection of billions of dollars will avoid the breakdown of the major financial institutions and restore a minimum credibility of the monetary and financial system. The second condition for the system being restored is that protests of the victims of this crisis will be manageable. Through inflation, unemployment and reduced pensions, common people will pay, and their protests will be manageable, fragmented and will not disrupt the system. The third condition is that the global South accepts and plays by the rules of the game – that is, the need to maintain the globalisation of the monetary and financial system by being part of it. And that restoring the monetary and financial system needs the inclusion of the monetary and financial systems of the South into the global integrated one. That is the target of the meeting of the G-20 – to bring key emerging economies such as China, India, South Africa, Brazil and others into this project of restoring the system to what it was. Without having these countries on board, any restoration will not last long. Without having a crystal ball, I would say that even if it is restored it will not be for long. We will have another and deeper crisis within a few months, a few years, not much more than that.

What needs more research and more debate among us, people of the Left, is that the current breakdown is not the result of mistakes on regulation, etc. (which is the mainstream view), but a logic that is innate by the very centrality of the struggle for the redistribution of profits among the oligopolies. So the solution to this problem requires radical change, is long term and will come about when the oligopolies are nationalised with the objective of socialisation. This is, of course, not on the present agenda. And, therefore, we continue to be in a serious and continuous crisis of capitalism and imperialism, and not just of the financial markets. And this need not be the last one, and capitalism could come out of it sooner or later, but as long as cosmetic changes are applied, the world will continue to go from crisis to crisis.

Samir Amin: There is an impression that this crisis offers new possibilities for the global South. Prime Minister Manmohan Singh claims that a significant shift is taking place, and emerging economies such as Brazil, China and India now have an equal standing at the high table of geopolitics. He has also claimed credit for anticipating the global crisis, stating that several protective measures have been put in place in India. And in this context, the reformist calls for the reorganisation of the World Bank and the IMF so that they reflect the current global stature of developing countries have gotten louder. Will the presidency of Barack Obama listen to any of this and be any different?

The last question first. For sure, Barack Obama is better than a John McCain. Also, from the point of view of the evolution of U.S. society, it is something positive for an African American to be elected President. But from the point of view of policies and politics of the U.S. vis-a-vis the rest of the world, little will change. Perhaps the tonality, the language will change but the targets will be the same. Remember that during the campaign, while Obama promised many changes on the domestic social front, he did not say anything important in respect to the U.S.’ global geopolitical strategy. So I do not expect any major shift in policy with regard to Iraq, Afghanistan nor for that matter with China and Russia.

Now to the earlier set of questions, which are more important and complex. On the G-20, there is no need to go into details of the communique. I hold that the set of policies which aims to restore the system was already decided on at the onset of the financial crisis a few months ago. And this was not

decided by the governments of the U.S., Japan and Europe (the triad) but by the oligopolies themselves and accepted later by the former. It was the financial corporations that asked the governments to step in and “nationalise” them. The rescue package was drafted by them, and they are in control of most of the bailout money.

And simultaneously the calls for reform of the IMF are essentially moves to help the organisation function in a changed environment. In the past 10 years or so, several Southern countries have exited from IMF programmes because they got rid of their debt through export surpluses, etc. So the IMF became irrelevant, and the language of reform is now being used to integrate key emerging economies into the financial system. This way, the countries of the South will pay their share for restoring the system when they should logically be using the opportunity of the crisis to decouple and move out of the system. So you find the masquerade of the G-20 and the key countries of the South rubber-stamping the decisions of finance capital.

Let’s look at why China agreed to the G-20 measures. The G-20 communique is unimportant for China. It does not want a political conflict with the West and the U.S. in particular. China is not integrated in the global monetary and financial system and it is unlikely that it will move towards integration, so the decisions taken in the November 15 summit will have little consequence for it. There will be pressure on China to integrate with the system but it is unlikely to, and government officials have repeated this in the recent past.

But that is not the case for other countries of the South. Take India which is partially integrated with the global monetary and financial system. It has maintained exchange control, does not have capital account convertibility, has a number of major nationalised banks and has limited the operations of foreign banks. Instead of taking the opportunity of the crisis to move out of the system, the choice of the Government of India has been the opposite, that is, to move deeper into the system and accept empty flattery from the West of being an emerging global power with a seat at the high table. This is also related to political issues such as the nuclear cooperation agreement with the U.S. and the ambition of India to be a counter force to China in Asia with the support of the U.S. This is the choice of the ruling class in India. Whether this decision can be challenged by the Left and progressive forces and maybe even some sections of the ruling Congress party remains to be seen. If this remains unchallenged, it is very dangerous.

With respect to other countries in the G-20 such as South Africa, South Korea and Brazil, they are completely integrated with the system. Their only hope is that the system will not have them pay too much because of the current crisis. Malaysia did move out partially after the 1997 Asian financial crisis and could be in a situation similar to India’s.

This situation is indicative of the loss of legitimacy of the ruling classes in the South. One more related point on Prime Minister Singh’s statement that he had anticipated the crisis and had taken precautionary measures: this is pure political rhetoric, and to say that the crisis was expected is a lie. In terms of precautionary measures, the fiscal stimulus initiated by the Government of India is exactly what finance capital and big business wants.

All the conventional economists and therefore governments did not expect such a crisis. Even among the Left economists, there were very few who saw this coming. I wrote in 2003 in *Obsolescent Capitalism* that this continuous search for a redistribution of profits will lead to a breakdown of the financial system, but I also wrote that I did not have a crystal ball to predict when that would happen.

Samir Amin: Even before the crisis broke out, trade liberalisation was having a rough time. The World Trade Organisation’s (WTO) Doha Round of negotiations continue to flounder

into its 8th year. The WTO plus bilateral and regional free trade agreements are being negotiated but at a very slow pace. The crisis is likely to see a wave of protectionism in the developed world. President Obama will inherit an anti-trade U.S. Congress. Given this context, what do you see as possibilities for alternative frameworks outside of free trade such as the UNCTAD (United Nations Conference on Trade and Development)-led General System of Trade Preferences (GSTP) and the Latin American experiment with the Bolivarian Alternative for the Americas, or ALBA?

At a conceptual level we should distinguish trade from free trade. Being against free trade does not mean that you are against any kind of trade. Delinking from the free-trade paradigm does not mean moving to the moon. Unfortunately, for most Southern governments, speaking of trade has become synonymous with free trade. Free trade can be multilateral, regional or bilateral and it is undesirable in all three scenarios for the countries of the South. A third point is that the U.S. has been pro-free trade both at the multilateral and bilateral level, not for them but for their trading partners. The current U.S. Congress is opposed to free-trade rules being applied to the U.S. but it wants the same rules to access markets in the global South. This is very typical behaviour of a hegemonic power, that is, "you have to comply with international law, but I won't".

In all cases, free trade - multilateral or bilateral - is being questioned for a number of years. The blind alley into which the Doha Round has moved is just one example. The conflicts on agriculture subsidies and exports and services liberalisation will continue. So the current crisis is also a very good opportunity to move out of the concept of free trade to regulated and negotiated trade. This negotiation must be asymmetric because there is an objective asymmetry between the North and the South. This reminds me of a joke about the fisheries agreement between France and Senegal. "The French fleets are allowed to fish in the Senegalese waters and vice versa." [Laughs] This kind of hypocrisy is not acceptable.

Indeed, UNCTAD has always suggested principles for global and regional trade negotiations. Among the proposals from the South, ALBA is the best and most advanced of the lot. ALBA is a project not of economic market integration of South America but of building complementarities that are planned, decided and negotiated by governments. This, importantly, also includes a common political stand. Unfortunately, ALBA is not effective yet because Brazil rejects the logic of ALBA. And an ALBA without Brazil means Cuba, Venezuela, Ecuador and Bolivia and this is not enough to change the balance of forces in Latin America.

Samir Amin: You have been talking about the need for a Bandung II. Bandung I was underlined by a deep sense of idealism, with the participating leaders influenced by different kinds of socialisms. There is also a decline of the Left and its role as an emancipatory political force forging an alternative to capitalism. How do you see these processes?

When you say that there was a moral content in Bandung I, I would qualify it as nationalist. There was a nationalist feeling precisely because the states of Bandung were coming out of an emancipatory history of struggle for national independence, associated with radical reform like in China, or with semi-radical reform in some other countries, or with very little reform but still, nationalism. We can call it positive nationalism. But that was the limit of Bandung because it meant that nationalism was operated by the ruling classes, in the larger sense.

Today, most people have lost their confidence in nationalism. Bharat? What does it mean for an Indian child? Nothing. Other identities - Hinduism, regionalism, etc. - have become more important. This is a proof that the good nationalism which played its positive role in bringing together the peoples of India against the British is now losing credibility, but what is replacing it is not

internationalism of working people; it is illusions of pseudo-nationalism, we could call them new nationalisms. This is a very dangerous trend.

This is what I am calling the liberal virus. The Left must get rid of this liberal virus. The liberal virus is the belief in two or three things. One - that there is something called a market system.

There is nothing which would qualify as a market economy. Markets exist, but there are capitalist markets, there could be socialist markets. There were markets even before capitalism as in India and elsewhere. There are market subsystems in an overall system, and we are dealing with capitalist markets, not markets. That is one dimension of the virus - accepting the language of the dominant powers that there are two types of economy, planned, that is, administratively managed, or market managed. There is nothing of the two. These are two ideological pictures of reality. Let us get rid of that and understand that there is nothing called the market economy. There is a capitalist economy, of course with markets, but markets are submitted to the logic of accumulation of capital. It's not a market which produces, as a by-product, capitalist accumulation. Capital accumulation commands and controls the market.

The second belief is democracy separated from social questions. Today, democracy is being defined through parties, elections, fair elections more or less and some basic political rights. There is less concern about whether it is leading to social progress. What we need is democratisation of society, associated with social progress, not disassociated from it - associated with the task of giving full importance to social rights, to the right to food, to shelter, to employment, to education, to health, etc. This does not mean only putting them in the Constitution but creating the conditions where the exercise of those rights in order to achieve social progress limits the rights of property. The right of property can be recognised but [should be] submitted to the social rights.

This is a real revolution in the concept of democracy. Even the Left today accepts that pattern of, let's call it bourgeois democracy if you want, or representative democracy or some caricature of democracy or masquerade. It accepts it as if socialism should be submitted to the absolute recognition of property rights. There is an absolute contradiction there. Socialism is socialisation of property; it's not the absolute respect of property rights.

There are other dimensions to the liberal virus. The liberal virus is also working at the global level - that there is no alternative but to operate within the global system as it is dominated by imperialism; we have to unilaterally adjust to it.

That is part of the liberal virus, which has also been called structural adjustment; which is structural adjustment of India today to the requirement of accumulation of capital in the United States and not the opposite, of course. Not the adjustment of the United States to the needs of development in India. Now that is also something the Left has to get rid of.

Samir Amin: You have been saying for several decades now that capitalism is on the decline - with indicators such as the polarisation of wealth, the loss of productive capacities of peoples and the destruction of the environment - but the fact is that it is still hegemonic. So where do you see the impulses of a people-centred socialism coming from in this hegemonic environment?

I am optimistic because I think we are moving towards the possibility of a Bandung II. That is, of a common front, an alliance, a rapprochement and a convergence of most of the countries of the South against the North or independent from the North at least to a certain degree. The content of such an alliance should be the following. One, it should move out of the current monetary and financial system as far as possible. Some countries will be able to do this. China is an example and perhaps

Malaysia too. Perhaps, this will encourage other countries to move in this direction.

Second is to give priority to shift their internal development policies from outward-oriented export strategies towards the domestic popular market or the masses as far as possible. This is easy for continental countries such as China and India. There are signs that China is already doing this by moving out of the logic of global markets. India can do this but it is doing the opposite. China has six-odd special economic zones [SEZs] and they are highly regulated, and India is on the flawed path to set up some 500 SEZs, which will be practically open and unregulated. The other countries that are not as big as these two should give priority to regional cooperation instead of focussing on the markets of the North. Regional cooperation is not easy in South Asia because you have India, which is big, and the rest are small countries. And there is a rightful fear of Indian sub-imperialism in the region. But if you take Asia with China, India, South Asia and South-east Asia, then you get a more balanced picture and there is more room for genuine trade and economic cooperation. Such a response with key countries from Africa and South America is what I would like to call Bandung II.

And this will be different from the first Bandung conference with Asian and African states in 1955. The focus now can also be on issues like technology. These states, especially China, India and Brazil, are now in a position to develop technologies by themselves. This is a huge difference from the 1955 meeting because at that time these countries had hardly any industries and the level of technical and scientific knowledge was very low. So despite the lofty goals of the conclave, they had to import technologies and submit to the conditions of the West. UNCTAD did try to set up initiatives to absorb and learn from technologies and some countries did benefit.

Now the situation is different, and the challenge of the monopoly of technologies by the North can now be countered by the South. It is therefore no surprise that the WTO (through the Agreement on TRIPS [trade-related aspects of intellectual property rights]) is being used by the North to overprotect that monopoly. I think China is de facto using mechanisms to overturn this monopoly, and this is why you hear protests on China not protecting intellectual property rights. India could also do this but it is not. The city of Bangalore is a services powerhouse but sadly not geared towards the development of India but for the primary benefit of transnational corporations and raising their monopoly rents. And this is done with cheap but highly educated Indian professionals.

So Bandung II should be conceived very differently even at a political level. Bandung I was a meeting of the states and its peoples. China had just come out of a revolution, and India, Indonesia and Egypt were newly independent from colonialism. So to a large extent, these governments were legitimate in the eyes of their own people and there was a progressive nationalistic outlook. But now we are faced with ruling classes that are much more comprador and that benefit from their integration with the global system. And, therefore, they have little legitimacy, and Bandung II must be a Bandung of the people. If this popular mobilisation of the people can happen, maybe some governments will change.

In other words, this means it has to be a Bandung of the Left. And this obviously means that the Left does not act like it does now, that is, that there is no alternative to capitalism. What I am trying to say here is that the clear message should be that "there is no alternative to socialism" in the long run. And this is where the importance of internationalism comes in. If a new internationalism does not happen we will be faced with more of the crisis situations of the rise of political Islam, political Hinduism, political ethnicism and the like. This is an imminent danger because when people lose confidence in the power structures they will be easily manipulated by those illusions. And we should bear in mind that this is absolutely acceptable by imperialism, provided they don't go too far into so-called "terrorism".

Samir Amin: The World Social Forum is entering its ninth year. It is going to be held in

Belem. You have been quite critical about the WSF. What are your thoughts on that, as well as the role the WSF should be playing given the current crisis? Given that across the world, even in pockets, even if it is fragmented and disorganised, there is growing resistance to capitalism, how do you see us building the transitions? Institutionally, politically, organisationally, in terms of a new internationalism - somewhere you called this the fifth international?

Well, this also relates to the question of the World Social Forum. I think the gloomy years were very short. The first half of the 1990s, from the breakdown of freely existing socialism, the move on the capitalist road by China. Then movements of resistance and of protest started again. Everywhere in the world, in the North and in the South, in the East and in the West. Because the consequences of the implementation of the so-called neoliberal - it's not neoliberal, its ultra reactionary, full stop.

Whether it was growing pauperisation, growing inequality, growing unemployment, growing precariousness, etc., it's only normal that the people started resisting and organising themselves and protesting. It's also absolutely normal that the resistance and its beginning is one, fragmented; because everyone is fighting on the immediate front to which he or she is confronted. Two, that they remain basically defensive that they want to defend what was acquired before, whether in the North defending the social democratic welfare state or in the South defending land reforms or the rights to education, free public health and free education or against privatisation and all that.

Now, the World Social Forum came naturally as a result of that growing protest and resistance as a forum open to all movements of protest. I'm not negative about it. I'm considering that it is positive to the extent that we, the World Forum for Alternatives, existed before the World Social Forum and played a role in it and will continue to do so. But, we believe that this is not enough, and that the challenge is far more serious than many of the social movements believe. They believe that through their fragmented resistance they can change the balance of forces.

I feel that this is wrong. The balance of forces cannot be changed unless those fragmented movements forge a common platform based on some common grounds. We, the World Forum for Alternatives, call it convergence with diversity, that is, recognising the diversity, not only of movements which are fragmented but of political forces which are operating with them, of ideologies and even visions of the future of those political forces; and that this has to be accepted and respected. We are no more in the situation where a leading party alone was creating the common front with transmission belts, etc. etc. It's very difficult building that convergence in diversity, but unless this is achieved, I think the balance of forces will shift in favour of the popular classes.

Samir Amin: There is a growing trend of religion playing a more strident and aggressive role in politics, often deciding its course. And there is, therefore, a growing shift towards the Right, towards greater social conflict and violence, towards the kind of fragmentation that we are seeing. We are also witnessing a marriage of convenience between this religious Right and the forces of economic globalisation. Where do you see the potential for democratic political forces to intervene in this, to bring some constructive political outcome?

That's a very difficult question. My judgment on this political Islam, political Hinduism is very negative. They are reactionary. It's not because they are religions. It's because of the content. And they are manipulated by the ruling classes.

I don't think that this political Islam, political Hinduism has been the spontaneous product of the popular classes. To a great extent, they are operated and mobilised in order to avoid the Left. With a view to creating a wall which prevents the Left from penetrating the popular classes. It's an illusion.

It has worked precisely because the political elite has lost its credibility and its legitimacy. And these forces appear as alternatives.

If we look within their programmes, these are not only socially and culturally, in most cases, reactionary but they are economically and socially reactionary. They accept, de facto, existing capitalism, existing imperialism, and they compensate their submission to them by creating an internal enemy. Whether the Muslims here, the Hindus there or the Christians elsewhere. And this is really dangerous.

Now, how do we deal with this reality? It's not easy for the Left. It's a real challenge. And the Left cannot just remain at the level of principles. To say that the alternative is a secular state which separates itself from religion is not enough. It has also to develop how the influence of those reactionary forces on the popular classes can be defeated. Through the Left moving into the masses to defend, not in rhetoric but in fact in action and through action, their real economic and social interests. This is the only way to marginalise the centrist and reactionary forces. As long as the Left is doing nothing within the popular classes, as long as most of their analyses and programmes are only on paper or in their political rhetoric, they will continue to be a marginal force. Nothing more than that.

P.S.

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