

The G 20, Global Capital, and the Conjuncture: An Interview

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ASHLEY SMITH - WHAT IS the G20, why was it formed, and what is its political function?

WALDEN BELLO - FIRST OF all, there are a great number of questions that must be posed regarding this meeting of the G20. The G20 is a body that was formed in the wake of the Asian financial crisis. The G8, the group of Western economic powers, included all its members and chose a select group of other members from the global south. It is an informal body and it really does not enjoy any legitimacy as an institution to formulate a response to the global crisis. Obviously it was an attempt to subvert the authority of the United Nations as a body. The UN is the only body with any legitimacy to deal with this crisis. It's also a kind of admission that the multilateral system, the main institutions of which are the World Trade Organization (WTO), World Bank, and the International Monetary Fund (IMF), have so little legitimacy. So to entrust the solution to the crisis to these organizations would enjoy very little support. So that's why the G20 came into being. It is a self-appointed body dominated by the United States and the European countries, with a few countries like China and Brazil and India thrown in for some sort of cover, but with no real authority that would be respected.

WHAT HAS the G20 strategy been during the current global economic crisis?

THE G20 is engaged in an effort to stabilize the global capitalist system. It's a desperate effort to try to maintain the system that has so thoroughly failed, especially in the last two or three years. The first and main element of their plan to stop the economic free fall, of course, has been the stimulus spending that has taken place. That part would be a strong repudiation of neoliberalism because of the way the G20 and each national economy has relied upon the state to attempt to address the economic crisis. But that stimulus spending has really little real progressive content aside from preventing the crisis from getting worse. Sure it has put some money in the hands of consumers, but it is very limited in its objective, which is mainly national capitalist stabilization.

The second thing they have talked about is regulating finance capital. They have bandied this about, rhetorically promising to enact a set of regulations that would tame the banks and make sure that

they don't engage in the same sort of unaccountable and irresponsible lending that led to the crisis. There will be a lot of talk about that, but whether or not they will be able to agree on a set of regulations they actually implement remains to be seen. It's now been a year since Lehman Brothers collapsed, but there is very little consensus and finance capital continues, despite the collapse that it caused and its lack of legitimacy, to have strong powers of resistance.

The third thing they have done is get the IMF to commit a couple of hundred billion dollars to supposedly arrest the crisis and support stimulus programs in some of the developing countries and the Eastern European economies. But the main goal of this was actually to save an institution that was on the way to irrelevance because it had been part and parcel of the crisis. It was blamed widely throughout the developing world for the Asian financial crisis.

The big question that everybody should ask is: Who gave these people this authority to deal with this crisis? That's what underlies the protest here in Pittsburgh against the G20 as well as throughout the world. People see that this group does not have any legitimacy or real strategic vision to deal with the crisis. They are merely defending the damage done by neoliberal deregulation to the system. But we have to see that this is not just a crisis of neoliberalism, which now even establishment critics like Paul Krugman or Joseph Stiglitz agree caused the crisis. This sense that neoliberalism is the problem now motivates many of the leaders of the G20.

But the roots of the crisis are deeper. They are just seeing the surface of things. This is really a crisis of capitalism. This is a working out of the crisis of overproduction; that is what caused the financialization of the economy. Surplus capital was invested in finance precisely because overproduction had created a crisis of profitability in the real economy. That deeper crisis of overproduction is what's working its way through the system right now. And the G20 has absolutely no solution to that.

WHAT HAS happened with third world debt during the current economic crisis, and how much have IMF policy actually changed from its neoliberal structural adjustment strategy?

EVEN BEFORE the crisis, the IMF boasted about its so-called debt relief programs, which have had some impact on some countries. But overall these changes were really face-saving measures and have had a minimal overall impact. These programs did not cut the debt load that much; they only affected the most impoverished countries. Most of the countries that were really heavily indebted, including the bigger ones like the Philippines, actually experienced a worsened debt load.

Amidst the current crisis, it would be rational to expect that there would be some kind of relief from the debt so that money could go to the domestic economies to stimulate demand. In fact, that has not happened at this time. Heavily indebted countries continue to plow a tremendous amount of their resources into repayment of the debt. Take the case of the Philippines. Twenty to twenty-five percent of its budget goes to paying the debt, even amidst this world crisis. That is the generalized pattern throughout the indebted countries.

Of course you expect the banks and international financial institutions even in the midst of crisis to act in their own interests. They are not going to allow any substantial kind of debt relief. But that's only part of the problem. The other part is the failure of our own political leaders in governments. This should have been the time for our political leaders to do just what Argentina did in 2002—renege or at least renegotiate the terms of debt. The indebted countries should be repudiating the debt because they have repaid this debt many times over. It should be the time to take advantage of the weakness of the international financial institutions to push their demands at this point in time. Unfortunately, you don't have that kind of political courage that was displayed by people like Kirchner in Argentina a few years back.

So this is a big opportunity that has been lost. In reality many of these countries would not need the stimulus programs of the IMF if they just stopped paying their debt. By accepting such stimulus aid, you are even more under the clutches of the IMF. And even though the IMF has put on a new mask, it still imposes the same old macroeconomic controls.

The new managing director of the IMF, Dominic Strauss Kahn, says the IMF has changed. He declares that we are all Keynesians now and support social democratic reforms. I don't trust that at all. The macroeconomic assumptions of the IMF—that the free market is the best way to run an economy—are still very deeply rooted. While they are supporting Keynesian state intervention right now during this emergency, once the system gets stabilized I have no doubt that the IMF will go back to neoliberal policies. They will say give more and more room to the market, liberalize trade, and deregulate your economy. I think these ideas are very deeply rooted in the IMF. The leopard has not changed its spots. It may have a smile on its face, but it's still a leopard. It's the same old IMF.

Instead of falling deeper into the clutches of this leopard, we have to continue to challenge it and the G20. We have the capacity to deal with the crisis if only our governments had the courage to break with the IMF, declare a debt moratorium and plow the money that would go to repayments into domestic investments and social reforms.

LET'S TALK more about the crisis. Right now the business press is talking about green shoots of recovery here in the U.S. as well as in China. Some are even talking about a delinking of the U.S. and China, with China becoming a new market for growth in the world system. What do you think about these claims?

I THINK these are all illusions. They have been talking about green shoots for the last seven to eight months. It is true that there might have been some effects of the stimulus program, particularly the Chinese who pumped about \$580 billion into the economy. It may produce some momentum, but it will be limited. First, the problem that China confronts is that it is an economy that is completely structured around exporting to the United States. Second, they have maintained low wages in order to pump out cheap exports. That obviously restricts the consumer base in their domestic market. So despite what the papers say, despite the continuing growth of China, I doubt very much if this is going to last very long.

The business press is naïve. Those who think that China could become an alternative engine of growth of the global economy are asking us to believe that Chinese peasants who have been deprived for so long are going to be a substitute for the American consumer. We know that the free-spending American consumer is suffering under so much debt and can no longer consume world exports. Chinese peasants and poorly paid workers are not going to replace that market; they simply do not have the money to purchase world exports. In reality, the whole engine of globalization was the United States and the U.S. middle class that was consuming based on debt backed by external finance, especially China. That era is over.

The big question that they have to answer is: Who is going to take the place of the American consumer? They have no answer to this right now. That's the larger picture that we don't get in the newspapers, precisely because there is a lack of analysis of the real causes of the crisis and the deeper dynamics of capitalism that goes beyond just the question of regulation of finance capital. The lack of regulation of finance capital is in fact the consequence of the crisis of overproduction instead of being the cause of the crisis. There is a real inability on the part of the establishment thinkers, including those who are critical of the free market, to come to grips with the fact that this crisis is rooted in the productive sphere of capitalism.

YOUR NEW book (*Food Wars*) makes the connection between the economic crisis and the

food crisis. How do these two fit together?

THE FOOD price crisis accelerated between 2006 and 2008, making it impossible for impoverished people to afford food. The new developments in the international capitalist food market thus caused starvation and food riots all around the world. The cause of this crisis, as many studies have shown, is first of all the speculation in commodities. It's the same speculation that hit real estate during the last period. The second cause was how agribusiness diverted a lot of land and corn from food production into producing biofuels as an alternative energy source to oil. These are two important causes, but there is also a deeper problem. The programs of structural adjustment imposed on indebted countries over the last three decades shattered the agricultural capacities of these countries and undermined their capacity for food production. Structural adjustment programs gutted government programs that were essential to food production up to the 1970s. They made indebted countries dependent on the international capitalist market in food.

In the last few years, we've seen the emergence of several interlocking crises. The food price crisis has become part of the larger global crisis, the financial crisis, the crisis of overproduction, and the climate crisis. We've also seen social movements, including the international farmers movement, take on a significant role in articulating a different kind of vision about the way that agriculture should be organized. We have also seen the environmentalist movement beginning to create a vision for the way that the economy should be organized in a manner that does not wreck our planet.

Many people are beginning to wake up to the need for fundamental change amidst these interlocking crises. It seems like social movements are not that strong at this point, nor visible enough to take advantage of the crisis of global capitalism. Nevertheless, there is a tremendous crisis of legitimacy of the system. It's not just a sense that you have to regulate the free market, but people are basically asking: is this the way to organize production, is this the way to organize societies? Whether we call this a socialist consciousness or democratic consciousness, people at this point in time are engaged in a great deal of questioning over what direction economies should be going.

I think there is space for a great deal of questioning of what direction economies should be going and to put forward a demand for greater popular control of the economy. Progressives should go beyond a critique of neoliberalism and push for more thoroughgoing social transformation that would put people in control of the economy. If they don't do it, then there are others that will do it from the right wing.

There is a big danger in many countries, which lack a strong progressive leadership for envisioning such a future and leading a fight for it, that the right will take advantage of the fears created by the chaos of the financial crisis and promote solutions of an exclusionist and a tribal sort. This is the conjuncture that we're in right now, where progressives have to rise to the challenge, provide a vision and solution, and head off a threat from the right. I really think that our current moment, in which the G20 provides a technocratic and broadly social democratic leadership behind Obama's leadership, is really temporary. The situation will polarize. Just look at Europe. In the last election the left was marginalized practically everywhere. What should be a crisis that should be redounding to our forces and our tradition is not, and this is dangerous. That's all the more reason for us to convince people that the way forward is thoroughgoing social or socialist transformation.

THAT'S A big question that the global justice movement has never quite answered—what's the nature of the other world we are fighting for? What do you think of the prospects for winning a new generation to socialism?

THE LABELS to me are less important. If the word socialism is a barrier because of being associated

with centralized bureaucratic socialism that fell in Eastern Europe, then let's use other words like democratic controls or democratic economies. But the important thing is to be able to articulate a vision that moves away from corporate driven globalization—I call it de-globalization. That means basically the revival of national and local economies and equity in the distribution of economic assets, not just for social justice, but for economic reasons as well, like increasing effective demand. We also have to pursue sustainable kinds of development that take into consideration the environment and the climate crisis. Equity in income distribution and assets is central to an ecological sensitivity in the way we organize our economies.

And of course, we have to pursue much greater democracy in all aspects of economic life. The people should decide which industry to establish and phase out and how much funding should be given to agriculture. These should not be left to the market or technocrats but should be subjected to democratic decision-making. Equity, environmentalism, and democratization are the key elements that many people have developed and organized around for the last forty years. We need to bring them together and present them to masses of people who are angry and searching for solutions. We have an alternative that is very attractive. That's really the kind of systemic and comprehensive transformation that the global justice movement should be thinking about. In many ways, the strength of the last period was the ability of the movement to focus in on different struggles; now is the time to bring those struggles together not only in a political sense, but also in a theoretical and ideological sense. Whether we call it socialism, economic democracy, or popular democracy, the labels are less important than the essence that is people's control of their lives and economy. That's really where the movement must head.

AT THE core of the global justice movement has been the social forum process. What's your assessment now of the social forum as a vehicle to bring together such a new movement?

THE SOCIAL forum has been a very important vehicle for bringing together people, making different movements more aware of one another, and integrating issues. That's a very important role it played. But I think it now has to go beyond this stage. I feel that the social forum should not just be a forum for discussion and debate, but also a movement, a political movement for action. That does not mean that everyone should agree on a thousand and one things, but there are certain key principles for which we must organize globally: against neoliberalism, against the WTO, against the war in Iraq and Afghanistan, and against the continued oppression of the Palestinians by the Israeli state. These are fundamental issues that can bring together a massive global movement. That idea was resisted in the social forum process because people thought that it should be kept as a site for discussion rather than used as an opportunity to mobilize a political movement.

There is just no going around the fact that we have to deal with the question of power. I think what Hugo Chávez said in Caracas in 2006 remains the same—what are you going to do about the fact that there are issues that have to be resolved at the level of power. You cannot just discuss these things. What is the strategy for claiming power? That is just not going to go away. That is the big question that is at the heart of whether the social forum will continue to be a major vehicle for the progressive movement. Will it begin to move away from just being a site for politicization and exchange of ideas to becoming a political movement? Of course there will be a number of forces that won't want to move in that direction. But there will also be people who will be excited and will say, OK, it's ceased to be a debating society and now it's really becoming a political movement to bring together energies for social transformation.

WHAT DO you make of the increasing militarization of the economic conflicts within the system, especially those between the U.S. and China?

THERE IS a very grave danger of increasing military conflicts of all sorts. In the United States, the elites are very quick to turn to military strategies to defend its prime position in the world, and especially to secure its access to natural resources—oil in particular. China is clearly the biggest competitor the U.S. faces down the road. There is a great deal of truth to the idea that U.S. policies in the Middle East are meant to contain China. There is this strong tendency for resource conflicts to eventually turn into wars. So I think that we should pay particular attention to this dynamic between the U.S. and China. There is a very strong element in the U.S. defense establishment that really views China as the enemy. Many of our studies in Focus on the Global South have shown how the whole thinking around the transformation of the U.S. bases is meant as a strategic containment of China. That is something that is really very dangerous at this point in time.

The current crisis makes militarization of economic conflict even more likely. If the kind of pump priming, social democratic attempts to stabilize global capitalism that governments are pursuing don't work, it is a real possibility that imperial powers will turn to military solution. Remember, during the 1930s, Nazi Germany pursued militarization to deploy surplus capital and maintain employment at high levels. I am not saying that this will happen but certainly there is a very great temptation that exists once the more peaceful Keynesian methods begin to fail that is always an option for the United States and other capitalist societies.

War and militarization are a very great danger as a result of the current crisis. That's why I think the fight for the transformation of the economy is very closely tied to the fight for peace. That's why the movement must push for real progressive economic transformation and oppose continued U.S. imperial adventures at the very same time. Afghanistan is the key at this point. Very central to the demands of the movement should be U.S. withdrawal from Afghanistan. I think this is going to be very important, because it would be very difficult for the movement to think that we can move along towards changing economic structures and relations without confronting and dismantling the military might of the United States. We have to do that now. That's why Iraq and Afghanistan are so central to making sure that the United States is not able to continue to exercise this sort of economic and political hegemony in the future.

WHAT ARE the tasks of the left right now?

IF WE look at the left as a broad movement for social, economic, and ecological justice, it has various strengths. Especially when it comes to the question of climate crisis, we have a lot of forces that can have a progressive impact. When it comes to social and economic transformation we are weaker. When it comes to the question of security, peace, and anti-imperialist struggles, that is an area where the anti-war movement has weakened. But at the same time, it is important to note the fear of awakening that movement again is making the U.S. very cautious.

We have three tasks right now in my opinion. First we should articulate a very strong position on the climate crisis and target the United States as the prime environmental renegade. We need to push for hard commitments for reducing greenhouse gases. That is what the U.S. should be forced to undertake at the Copenhagen Climate Summit. Second, we should approach this economic crisis and see it for what it is—a crisis of capitalism—and mobilize people around a socialist, democratic, or a people's economy vision of the future. Third, we have to mobilize to get the U.S. out of Iraq and Afghanistan. These are three very broad tasks.

We must move again to reconstitute and bring together the global justice movement to where it was in the late 1990s, and to move beyond where it was then. I think that's a possibility. My sense is that there is a lot of confusion and fear and a realization that things are falling apart. We need to have the courage of our convictions and also all exercise our political imagination to articulate the kind of comprehensive vision that will move people, especially young people, throughout the world at this

point in time. That's where the energy lies for the revitalization of the broad left. Globally, there is a mass of people, young and old from different classes, who are waiting to be mobilized. We better get them, because if we don't, other unsavory forces on the right are going to get them. Just as nature abhors a vacuum, so do history and politics. We must have a sense of urgency and commitment to fill that vacuum.

P.S.

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