

2000: The Year of Global Protest against Globalization

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The last year will probably go down as one of those defining moments in the history of the world economy, like 1929. Of course, the structures of global capitalism appear to be solid, with many in the global elite in Washington, Europe, and Asia congratulating themselves for containing the Asian financial crisis and trying to exude confidence about launching a new round of trade negotiations under the World Trade Organization (WTO). What we witnessed, nevertheless, was a dramatic series of events that might, in fact, lead to that time when, as the poet says, “all that is solid melts into thin air.”

For global capitalism, the year began a month early, on Nov. 30-Dec. 1, 1999, when the Third Ministerial of the WTO collapsed in Seattle. It ended earlier this month with an equally momentous event: the unraveling of the Climate Change Conference in the Hague.

Seattle: the Turning Point

The definitive history of the Seattle events still needs to be written, but they cannot be understood without the explosive interaction between the militant and unrelenting protests of some 50,000 people in the streets and the rebellion of developing country delegates inside the Seattle Convention Center. Much has been made about the different motivations of the street protesters and the Third World delegates and the differences within the ranks of the demonstrators themselves. True, some of their stands on key issues, such as the incorporation of labor standards into the WTO, were sometimes contradictory. But most of them were united by one thing: their opposition to the expansion of a system that promoted corporate-led globalization at the expense of social goals like justice, community, national sovereignty, cultural diversity, and ecological sustainability.

Still, the Seattle debacle would not have occurred without another development: the inability of the European Union and the United States to bridge their differences on key issues, like what rules should govern their monopolistic competition for global agricultural markets. And the fallout from Seattle might have been less massive were it not for the brutal behavior of the Seattle police. The assaults on largely peaceful demonstrators by police in their Darth Vader-like uniforms in full view of television cameras made Seattle's mean streets the grand symbol of the crisis of globalization.

When it was established in 1995, the WTO was regarded as the crown jewel of capitalism in the era of globalization. With the Seattle collapse, however, realities that had been ignored or belittled were

acknowledged even by the powers-that-be whose brazen confidence in their own creation had been shaken. For instance, that the supreme institution of globalization was, in fact, fundamentally undemocratic and its processes non-transparent was recognized even by representatives of some of its stoutest defenders pre-Seattle. The global elite's crisis of confidence was evident, for instance, in the words of Stephen Byers, the UK Secretary for Trade and Industry: "The WTO will not be able to continue in its present form. There has to be fundamental and radical change in order for it to meet the needs and aspirations of all 134 of its members."

Seattle was no one-off event. Bitter criticism of the WTO and the Bretton Woods institutions was the not-so-subtle undercurrent of the Tenth Assembly of the United Nations Conference on Trade and Development (UNCTAD X) held in Bangkok in February. Indeed, what brought an otherwise uneventful international meeting to the front pages of the world press was the pie-splattered face of outgoing IMF Managing Director Michel Camdessus, who was on the receiving end of a perfect pitch from anti-IMF activist Robert Naiman.

From Washington to Melbourne

Naiman's act helped set the stage for the first really big post-Seattle confrontation between pro-globalization and anti-globalization forces: the spring meeting of the IMF and the World Bank in Washington, DC. Some 30,000 protesters descended on America's capital in the middle of April and found a large section of the northwest part of the city walled off by some 10,000 policemen. For four rain-swept days, the protestors tried, unsuccessfully, to breach the police phalanx to reach the IMF-World Bank complex at 19th and H Sts., NW, resulting in hundreds of arrests. The police claimed victory. But it was a case of the protestors losing the battle but winning the war. Just the mere fact that 30,000 people had come to protest the Bretton Woods twins was already a massive victory according to organizers who said that the most one could mobilize in previous protests were a few hundred people. Moreover, the focus of the media was on Washington, and the first acquaintance of hundreds of millions of viewers throughout the world with the World Bank and IMF were as controversial institutions under siege from people accusing them of inflicting poverty and misery on the developing world.

From Washington, the struggle shifted to Chiang Mai in the highlands of Northern Thailand, where the Asian Development Bank (ADB), a multilateral body notorious for funding gargantuan projects that disrupted communities and destabilized the environment, held its 33rd Annual Meeting in early May. So shaken was the ADB leadership by the sight of some 2000 people asking it to leave town that soon after the conference, ADB President Tadao Chino established an vice presidential level "NGO Task Force" to deal with civil society. Fearful of even more massive protests in 2001, the ADB also shifted the site of its next annual meeting from Seattle to Honolulu in the belief that the latter would be a secure site.

Chiang Mai had significance beyond the ADB, however. With a majority of the protesters being poor Thai farmers, the Chiang Mai demonstrations showed that the anti-globalization mass base went beyond middle class youth and organized labor in the advanced countries. Equally important, key organizers of the Chiang Mai actions, like Bamrung Kayotha, one of the leaders of the Forum of the Poor, had participated in the Seattle protest, and they saw Chiang Mai not as a discrete event but as a link in the chain of international protests against globalization.

The battle lines were next drawn Down Under, in Melbourne, Australia, in early September. The glittering Crown Casino by Melbourne's upscale waterfront had been chosen as the site of the Asia-Pacific Summit of the World Economic Forum (Davos Forum) which had become a leading force in

the effort to put a more liberal face to globalization. The casino, many activists felt, was a fitting symbol of finance-driven globalization. In nearly three days of street battles, some 5,000 protesters were at times able to seal off key entrances to the Casino, forcing the organizers to bring some delegates in and out by helicopter, again in full view of television. And again, as in Seattle, rough handling of demonstrators by the police, many of them mounted, magnified the global controversy over the event.

The Battle of Prague

Later that month came Europe's turn to serve as a battleground. Some 10,000 people came from all over the continent to Prague, prepared to engage in an apocalyptic confrontation with the Bretton Woods institutions during the latter's annual meeting in that beautiful Eastern European city in the most beautiful of seasons. Prague lived up to its billing. With demonstrations and street battles trapping delegates at the Congress Center or swirling around them as they tried to make their way back to their quarters in Prague's famed Old Town, the agenda of the meeting was, as one World Bank official put it, "effectively seized" by the anti-globalization protesters. When a large number of delegates refused to go to the Congress Center in the next two days, the convention had to be abruptly concluded, a day before its scheduled ending.

As important as the protests in Prague was the debate held on Sept. 23 at the famous Prague Castle between representatives of civil society and the leadership of the World Bank and the IMF, an event orchestrated by Czech President Vaclav Havel. Instead of bridging the gap between the two sides, the debate widened it, since, in response to concrete demands, World Bank President James Wolfensohn and IMF Managing Director Horst Koehler were not prepared to go beyond platitudes and generalities, as if worried that they might overstep the bounds set by their G-7 masters. George Soros, who defended the Bank and Fund at the debate, said it all when he admitted that Wolfensohn and Koehler had "performed terribly" and had blown their most important encounter with civil society.

After Seattle, much talk about reforming the global economic system to bring on board those "being left behind" by globalization was emitted by establishment personalities like Bill Gates, Bill Clinton, Tony Blair, Kofi Annan, and Nike CEO Phil Knight. The Davos Forum, in fact, placed the question of reform at the top of the agenda of the meetings it held for the global elite.

A year after Seattle, however, there has been precious little in the way of concrete action.

The most prominent reform initiative, the Group of Seven's plan to lessen the servicing of the external debt of the 41 Highly Indebted Poor Countries (HIPC) has actually delivered a debt reduction of only \$US 1 billion since it began in 1996-or a reduction of their debt servicing by only 3 per cent in the past four and a half years!

One year after the Seattle collapse, talk about reforming the decision-making process at the WTO has vanished, with Director General Mike Moore, in fact, saying that that the non-transparent, undemocratic "Consensus/Green Room" system that triggered the developing country revolt in Seattle is "non-negotiable."

When it comes to the question of the international financial architecture, serious discussion of controls on speculative capital like Tobin taxes has been avoided. An unreformed IMF continues to be at the center of the system's "firefighting system." A preemptive, pre-crisis credit line at the Fund (which no country wants to avail of) and a toothless Financial Stability Forum-where there is little developing country participation-appear to be the only "innovations" to emerge from the Asian,

Russian, and Brazilian financial crises of the last three years.

At the IMF and the World Bank, similarly, there is no longer any talk about diluting the voting shares of the US and European Union in favor of greater voting power for the Third World countries, much less of doing away with the feudal practices of always having a European head the Fund and an American to lead the Bank. The much-vaunted consultative process in the preparation of "Poverty Reduction Strategy Papers" (PRSP) by governments applying for loans is turning out to be nothing more than an effort to add a veneer of public participation to the same technocratic process that is churning out development strategies with the same old emphasis on growth via deregulation and liberalization of trade, with maybe a safety net here and there. At the Bank, strong resistance to innovations that would put the priority on social reforms led to the resignation of two reformers: Joseph Stiglitz, the chief economist, and Ravi Kanbur, the head of the World Development Report task force.

Debacle in The Hague

The protests throughout the year had a strong anti-TNC strain, with the World Bank, IMF, and WTO regarded as servitors of the corporations. A strong distrust of TNCs had, in fact, developed, even in the United States, where over 70 per cent of people surveyed felt corporations had too much power over their lives. Distrust and opposition to TNCs could only be deepened by the collapse in early December of the Hague Conference on Climate Change, owing to US's industry's unwillingness to significantly cut back on its emission of greenhouse gases. At a time that most indicators are showing an acceleration of global warming trends, Washington's move has reinforced the conviction of the anti-globalization movement that the US economic elite is determined to grab all the benefits of globalization while sticking the costs on the rest of the world.

Assessing the post-Seattle situation, C. Fred Bergsten, a prominent advocate of globalization, told a Trilateral Commission meeting in Tokyo last April that "the anti-globalization forces are now in the ascendancy." That description is even more accurate now. With the global elite itself having lost confidence in them, a classic crisis of legitimacy has overtaken the key institutions of global economic governance. If legitimacy is not regained, it is only a matter of time before structures collapse, no matter how seemingly solid they are, since legitimacy is the foundation of power structures. The process of delegitimation is difficult to reverse once it takes hold. Indeed, what we might call, following Gramsci, as the "withdrawal of consent" is likely to spread to the core institutions and practices of global capitalism, including the transnational corporation.

2001 promises to be an equally trying time for the globalist project.

P.S.

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