

THE NEW GLOBAL CLASS ARCHITECTURE: NEOLIBERALISM AND CLASS FORMATION¹

EDDIE J. GARDNER

ABSTRACT

This paper will argue that within actually-existing neoliberal capitalism today there are crucial contradictions which cannot be overcome. Among these are the inability to generate sufficient employment, inequality on a global scale, the continuation of imperialism and imperialist wars, continued enclosure and pauperization, ecological crises, overproduction and under consumption, the enormous waste of human potential on a global scale, and the forging of a global working class which is in an ever more precarious position. At the same time, neoliberalism tends to fragment consciousness, drowning class awareness in a sea of consumerism, which is making organizing and class struggle more difficult. Resistance tends to take perverted or alienated forms as seen in religious fundamentalism, ethnic chauvinism and random terrorist acts, often in reaction to state terrorism. The ruling classes encourage these tendencies to help divert attention from the crucial contradictions of exploitation under capitalism and imperialism.²

¹An earlier version of this paper was presented at the conference: "Consequences of the Changing World Economy for Class Relations, Ideology and Culture," 9-11 January 2006, Hanoi, Vietnam.

²Thorstein Veblen noted that capitalism was a modern form of the "barbarian culture" in which exploit and war, embracing feudal and violent values, are

At the same time, the tools of propaganda in the global media have become more pervasive. Unable to deal with these contradictions, the powers at the helm of the global economy, following the reigning ideology, claim that the solution is more and deeper neoliberalism, which can only further exacerbate the crises. Neoliberalism, as we know, is not liberal and not new. It is statist, in the service of capital. Its adherents recognize that democracy slows capital accumulation. It is class struggle from above against workers and poor around the world.

Some indications of the unfolding global crisis of actually-existing capitalism will be observed below, followed by some observations about the process of class formation on a global scale. While the "essential product," the working class, is being formed on a global scale, the essential and unified class struggle has yet to emerge. While new and creative forms of class struggle are emerging, the theoretical historical process of transition to socialism, some superior and more rational economic system, remains uncertain. Clearly the seminal minds of socialist thought in the nineteenth century underestimated the difficulties of this dialectical movement. Actually existing capitalism, while brutal, bleeding and wounded, could not be brought down by the massive efforts to build alternative societies during the twentieth century. While this is the challenge of contemporary history, during and beyond the age of neoliberalism, and might prevent the onrushing demise of the human species, through weapons of mass annihilation, such considerations have today largely been buried beneath the "end of history" ideology of the neoliberal era. The global population, it seems, is being herded, lemming-like, in an opposite direction, toward an unseen sharp precipice.

KEYWORDS

Neoliberalism, Global class, US, World economy.

"worthy employments," whereas earning an honest living is "unworthy." "Under this common-sense barbarian appreciation of worth or honor, the taking of life-the killing of formidable competitors, whether brute or human-is honorable to the highest degree. And this high office of slaughter, as an expression of the slayer's prepotence, casts a glamour of worth over every act of slaughter and over all tools and accessories of the act." We can see from the modern age of warfare, since the book appeared in 1899, that this barbarian culture has indeed made admirable strides. *The Theory of the Leisure Class* New York: Dover Publications, 1994, p. 11.

"The modern bourgeois society that has sprouted from the ruins of feudal society has not done away with class antagonisms. It has established new classes, new conditions of oppression, new forms of struggle in place of the old ones."

*The Communist Manifesto*³

"And how does the bourgeoisie get over these crises? ...by paving the way for more extensive and more destructive crises, and by diminishing the means whereby crises are prevented."

*The Communist Manifesto*⁴

"Of all the classes that stand face to face with the bourgeoisie today, the proletariat alone is a really revolutionary class. The other classes decay and finally disappear in the face of modern industry; the proletariat is its special and essential product."

*The Communist Manifesto*⁵

"In really-existing capitalism, class struggle, politics, the state, and the logics of capital accumulation are inseparable."

*Samir Amin*⁶

Introduction:

I am struck by three contradictions which bear out the words of Marx and Engels in terms of how the bourgeoisie seek to overcome crises by "paving the way for more extensive and more destructive crises." The first is the crisis of capitalist accumulation in the United States, characterized by a long period of economic stagnation, after the 1960s, and brought about primarily by neoliberalism.⁷

³Karl Marx and Friedrich Engels, *Manifesto of the Communist Party* in Eugene Kamenka, ed., *The Portable Karl Marx* (New York: Penguin Books, 1983), p. 204.

⁴*Ibid.* p. 210.

⁵*Ibid.* p. 215.

⁶Samir Amin, *The Liberal Virus* (New York: Monthly Review Press, 2004), and Samir Amin, "U.S. Imperialism, Europe, and the Middle East," *Monthly Review*, 56 (6) November 2004, pp. 13-33.

⁷See "The New Face of Capitalism: Slow Growth, Excess Capital, and a Mountain of Debt," *Monthly Review* 53 (11), April 2002, pp. 1-14; "What

Government and corporate officials seek to overcome the crisis by first preventing national autonomous development in the periphery and secondly by now clamping neoliberalism upon the entire world. This leads to recurring imperialist wars, such as in Korea, Vietnam, Central America, Afghanistan and Iraq, in which many millions have perished since 1950.⁸ Some 3.4 million died in Vietnam alone, some three million in Korea, possibly as many as two million in Iraq since the 1991 conflict, and millions in containing indigenous nationalist movements in Latin America, the struggle ongoing. Counterinsurgency warfare, the thrust of the John F. Kennedy Presidency, became necessary in the interests of capitalist profits, essentially the prevention of revolutions or more specifically the prevention of people from fighting for the freedom.⁹ This is the fundamental contradiction gripping the world today. This imperialist enterprise continues to march forward today under the Orwellian rubric of a so-called "war on terrorism," which replaces the Cold War as a way of controlling global resources. If 9/11 had not happened, the "war on terrorism," or its equivalent, would have had to be invented to control global resources and markets and maintain the rate of capitalist accumulation and corporate profits. The so-called "emerging countries" will be allowed to "emerge" if and only if their economies are entailed within the orbit of US, European and Japanese capitalist system of imperialism.

The other two contradictions are linked to the first. The

Recovery?" *Monthly Review*, 54 (11), April 2003, pp. 1-13; "The Stagnation of Empliment," *Monthly Review* 55 (11), April 2004, pp. 3-17; "The Great Fear: Stagnation and the War on Social Security," *Monthly Review* 56 (11), April 2005, pp. 1-11.

⁸As expressed by Frantz Fanon, "Two centuries ago, a former European colony decided to catch up with Europe. It succeeded so well that the United States of America became a monster, in which the taints, the sickness, and the inhumanity of Europe have grown to appalling dimensions." *The Wretched of the Earth* (New York: Grove Press, 1968), p. 313.

⁹In his pioneering work, the late Harry Magdoff systematically drove home the economic imperialism of U.S. foreign policy. "The pressure to obtain external sources of raw materials has taken on a new dimension during the past two decades, and promises to become increasingly severe." Prophetic words, to be sure. *The Age of Imperialism: The Economics of U.S. Foreign Policy* (New York: Monthly Review Press, 1969), p. 195.

second is the crisis over the Constitution in Europe.¹⁰ This is a case where the elites of Europe seek to overcome the crisis of economic stagnation by clamping a neoliberal constitutional treaty on the entire continent, which would essentially lock in neoliberal institutions and mechanisms and lock out politics and democracy. This approach merely ratchets up the crisis to a new level. In particular, more surplus value is extracted from workers, both in Western Europe and Eastern Europe as there is a neoliberal leveling down of social welfare across the continent. Reserve countries in Eastern Europe wait in the wings until the further erosion of life standards is required for the maintenance of capitalist profits and accumulation.

The third of these contradictions is the debt crisis in the poorest countries such as Africa. This demonstrates clearly the absolute failure of capitalism on a global scale,¹¹ which has come to the point that addressing the issue could not be avoided at the G-8 meeting in Gleneagles, Scotland, in June 2005. It became necessary to address this crisis, while the leaders would obviously prefer to ignore it. The foreign debt of fourteen highly indebted poor countries has been cancelled and future aid promised contingent upon structural reform. The result, not surprisingly, is merely a band aid, and a deceptive sleight of hand, to prevent an embarrassing mass starvation of those on the African continent. Whatever is brought about, will most certainly be oriented to steering African countries further toward a neoliberal and "open-market direction." In other words, not only will the system that produced the crisis still be in place, its crisis-producing tendencies will become even more acute under further neoliberal reform.

A further crucial contradiction is that of ecological destruction,¹² but obviously the chiefs of the capitalist and neoliberal

¹⁰Eddie J. Girdner, "A Spectre Haunting Europe: The European Constitution, the Budget Crisis and the Limits of Neoliberal Integration." *Uluslararası İlişkiler*, Vol. 2, No 7, Fall 2005, pp. 63-85.

¹¹Still inordinately instructive is Paul Harrison, *Inside the Third World* (New York: Viking Penguin, 1979), although the neoliberal era has made things even worse for many.

¹²Eddie J. Girdner and Jack Smith, *Killing Me Softly: Toxic Waste, Corporate Profit and the Struggle for Environmental Justice* (New York: Monthly Review Press, 2002); Fred Magdoff, "Capitalism's Twin Crises:

locomotive are far from addressing this crisis in a serious way. Indeed, the furtherance of capitalism simply deepens the crisis.¹³ The chief of the "fossil-fuel" administration, in Washington, has only recently come round to acknowledging that global warming "is an issue."¹⁴ But from the perspective of the Bush Administration, the battle is how to keep the US emitting more than a quarter of all global emissions of greenhouse gases to promote American based corporations over the rest of the world. No one really expects that figure to be lowered at the expense of the bottom line of profits. The US is essentially an oligarchy with big corporations driving the government. The big emerging market countries are merely trailing in the wake of flagship, USA. British Prime Minister Tony Blair cannot be taken very seriously in his protestations about African debt relief and concerns about global warming, as the Iraq war showed where the true concerns of fellow nations with a continuing racist and colonialist mentality lie. Britain will continue to be a partner in global imperialism.

These contradictions serve to remind us that there is necessarily, at the same time, an emerging process of class formation

Economic and Environmental," *Monthly Review* 54 (4), Sept. 2002, pp. 1-5; John O'Neill, "Markets and the Environment: The Solution Is the Problem," *Economic and Political Weekly* 36 (21), May 26, 2001, pp. 1865-72,

¹³A glaring example, which the Western Press has managed to conceal, admirably, is the scourge of "depleted uranium" weapons. This is a form of sham recycling. Eddie J. Girdner, "Waste, War and Toxic Imperialism: The Political Economy of Depleted Uranium," *International Journal of Environment and Development*, 1 (No. 2), December 2004, pp. 281-300. Indeed, there is little serious environmental protection today where much of industrial production is taking place in developing countries.

¹⁴Eddie J. Girdner, "Texas as a Third World State: Governor George W. Bush and the Environment," *Scandinavian Journal of Development Alternatives and Area Studies*, 19 (4), December 2000, pp. 57-74. Indeed, the George W. Bush Administration has so much ignored the environmental problem that even capitalist industries and local U.S. states have begun to take the lead in reducing greenhouse gas emissions, seeing the future untenable problems for capitalism itself if more New Orleans-like catastrophes happen.

in almost every country today. It further reminds us that the dynamics of the current neoliberal dispensation, ostensibly to overcome the crisis, have only accelerated that process of class formation. The mechanisms are familiar. In fact, they are designed for the purpose of diminishing democracy. Among these devices we may note (1) the shift of power from governments to corporations, (2) corporate globalization, (3) the attack on social welfare and the working classes, (4) diminishing democracy, (5) increasing global inequality, both inside countries and between countries, (6) the hollowing out of politics and government, (7) and pauperization on a global scale. While there is an emerging consumerism, among the middle classes, which gives the illusion that everything is fine in big emerging countries today, such as Brazil, Mexico, Turkey, and so on, these are the potential bases for creating the conditions for an increasing class consciousness and class formation on a global scale.¹⁵

The Changing Global Economy as Historical Process: From Keynesianism to Neoliberalism

The revolution in the global economy and production, commonly mislabeled "globalization,"¹⁶ is essentially a class-war, a corporate-capital struggle from above, against earlier forms of production which emerged after World War II. These include the Keynesian modes, import substitution industrialization, indigenous nationalist development in China and the Soviet Union, under state-led accumulation of capital, and other essentially mixed economies, which often fashioned themselves as "socialist" economies.¹⁷ Today, the predominant form which has emerged, that of neoliberal or post-Fordist production, strips the previously guaranteed welfare from the working class to increase the rate of surplus to the bourgeoisie in order to accelerate capitalist accumulation.

¹⁵Eddie J. Girdner, "Globalization and the Turkish Economic Crisis," *Journal for Studies on Turkey* 17, 2004, Nos. 1 and 2, pp. 93-112.

¹⁶No one is against globalization as such. What protestors are against is capitalist globalization which turns global resources and capital over to firms in the US, Europe and Japan.

¹⁷Girdner, Eddie J., "China as a Capitalist State: From 'Primitive Socialist Accumulation to Neoliberal Capitalism,'" *The Turkish Yearbook of International Relations* 35 (2004).

Fordism was a historical compromise forced upon the bourgeoisie due to the fact that the possibility of an alternate economic system, which granted significant benefits to the working class, had not been completely defeated globally and locally. Consequently, considerable concessions could be wrung out of capital during the post-war historical period. Capital was forced to embrace this compromise, due to the vast opportunities for profits after WWII, with the opening up of former colonial areas for capitalist investment and exploitation. At the same time, capitalist forces bided their time, as wars of counterinsurgency were waged in the periphery, looking forward to the time when they could push their demands further upon the working classes. At the end of the Cold War, we have passed over into a "new world order," a "world-wide-web" of deeper exploitation, unimpeded by the fear that a model of an alternative economics is on the horizon.

Since the historically necessary shift to neoliberalism, necessitated by the ongoing crises in the actually-existing capitalist system, the global economy is being revolutionized. We see this ongoing everywhere, as well as in Vietnam. At the same time, there is a congruous revolution in the global political system, that of neo-conservatism, neo-Wilsonian millenarianism, which bases its rationale on the Bush II Doctrine of "Preemption" or compellance, that is, the use of force and the ending of multilateralism. The emerging totalitarianism in the economic sphere requires an attendant totalitarianism in the global political sphere as discussed below. Neoliberalism is antidemocratic; it embraces freedom for capital, not for labor. To some extent postmodernism has served this purpose.¹⁸ These ideological tools are meant to ensure that the resources of the entire world and the markets are laid willingly at the feet of the western global corporations. The people are merely subjects in the global rule of capital. We see the twin thrusts, political and economic, being played out today from the banks of the Potomac, to the banks of the Euphrates and the Yangtze. Socialists still embrace the hoary historical vision that this is a dialectical process vectored toward an eventual socialist dispensation, often without great conviction.

¹⁸Amin, *The Liberal Virus*, pp. 19-20

This is a global process that is on going right now that is forcing every nation into the same mold. At the same time, of course, this process is producing greater inequality and threatens major pauperization around the world.¹⁹ Wherever we look, we see the same global processes at work. There is the process of growing inequality, whether in China, the USA, EU, Turkey, India and so on. For the most part, there is a muted consciousness of what is going on in emerging societies, as people rush into the consumer revolution. While there are labor struggles, they are uneven. Again, the ideology of the ruling class is the ruling ideology; there is an established ideological hegemony.

Privatization, more accurately piratization, is universally loathed by those human individuals thrown on the scrap heap of unemployment, but they are given counsel that this is for the salvation of all mankind. They are given the glorious opportunity to worship the Bill Gates's the Lakshmi Mittals and the Warren Buffetts who profit by the demise of their welfare. These gurus are held up to remind them of how miserable they have failed.

From the standpoint of the ruling classes, any resistance is beaten down, sabotaged, in various ways, to produce a uniform totalitarian post-welfare world today. Every country, government, ruling class, is under the gun, so to speak, sometimes literally, to get with the program and renovate the old modes of production. Various forms of actually existing capitalism, that provided jobs and a good deal of social welfare in the past, are summarily abolished for new streamlined modes of exploitation and greater "productivity!" In some countries it is actually a law, as in the US corporate laws, that policies must serve the bottom line of profits. The goal is to clamp the rule of the global "corporatariat" upon all mankind.

At the same time, there is somewhat of a convergence occurring, not in terms of commanding capital and wealth, but in terms of production and social inequality. There is a uniformity being produced across societies where those with money live relatively the same everywhere, and those in the working class get proletarianized. As big emerging market nations develop, capitalist accumulation and

¹⁹Amin, *The Liberal Virus*.

economic growth is higher there, but the net flow of capital is to the center. This is because exploitation is greater in the developing societies. China, the former USSR, Eastern Europe, the so-called communist countries, have engaged in forms of state-guided capitalist accumulation. But the contradictions in the global economy have not ended but grown sharper. This will continue. That is, the global economy, while appearing to be more rational, is actually becoming more irrational. At the same time capitalism continues to produce imperialism and wars.

Wars to subdue any economic autonomy in the periphery, previously called counterinsurgency wars, and said to be for the purpose of stopping Communism, were actually wars of imperialism. They were for the purpose of stopping freedom and democracy and preventing autonomous nationalist development. The American public could not be told the truth about these wars, as it would not have appeared legitimate in the hinterlands of kind-Christian America. So the pretext was said to be "stopping communism," just as today such wars are said to be a "war against terrorism." It could not be admitted that these wars were wars against people fighting for their freedom from imperialism, capitalist exploitation, feudal exploitation and so on. The most recent have been the imperialist push since 1990 to secure control of the oil in Iraq, the larger Middle East, Central Asia and West Africa. The real aim is to launch preemptive strikes against the emerging potential of Russia, China and India, control the Eurasia heartlands, and consequently the world.²⁰ These are fictions to hide the truth about the political side of shoring up capitalist accumulation.

The global class struggle at the end of the twentieth century resolved itself into a situation where it was no longer possible for states to resist neoliberalism. In some states, there were internal coups against the working classes. In both the Soviet Union and China, these systems were taken apart by the indigenous elites, or comprador elements, from inside. It is not clear if this is happening in Vietnam under the policy of Doi Moi. Variations of this have happened all across the globe, orange and velvet revolutions, many of them funded by the US Government through the Orwellian-named National

²⁰John Bellamy Foster, "The New Geopolitics of Empire," *Monthly Review*, 57 (8) January 2006, pp. 1-18.

Endowment for Democracy (NED).

These are essentially class struggles by the ruling classes against the system, in place, that often guarantees a degree of social welfare to the workers. One sees a typical similar situation in Turkey today, where many social guarantees are being taken apart, not only for the purpose of securing IMF loans, but for the hope of joining the European Union. In one way or another, the surplus that has been produced by the workers over decades must be rendered into private hands for the purpose of capital accumulation. In Russia, and some Eastern European countries, it was a movement by the Mafia that resulted in the wealth getting into the hands of the private sector. The West did not care how they got the money; they only wanted to see it appear on the market (in the form of materials, buildings, companies, oilfields and rigs and so on). The West actually encouraged the Mafia operations to accelerate such forms of primitive capitalist accumulation.

The bottom line was the encouraging of social irresponsibility driven by greed, the maximum sabotage of society in the shortest time possible. The faster the society collapsed, the sooner the West could get their hands on the wealth. The local state is rendered relatively powerless to do anything to stop it; and officials know that it is not in their interests to stop it. What all this shows is that the genuine revolution, part of a larger historical process, was never completed in these societies. Countries must yet learn the lesson the hard way, it seems, until the forces of production are further developed.

Capitalism and neoliberalism are continuously dismantling and recreating the forces of production. Growth slows down in the developed countries as neoliberalism is established and moves to the periphery. Does that mean that production will mainly be situated in the emerging societies? Today this is largely the situation in the so called big emerging market states. Why should there be a shortage in such societies, when they are supplying the whole world with their produce and being sapped of capital? This is simply an indication of how surplus value is pumped out of these countries through the global system of imperialism; this is a means of forcing the working classes of the world to finance the deficits brought about by the imperialist wars against their countries. This is another contradiction of the global capitalist economy under neoliberalism, as seen in the

considerations below.

The Vietnamese War and the Policy of Doi Moi

Similar to the fifteen year long campaign against Iraq, the US war against Vietnam²¹ was about destroying the country in order to ensure that autonomous development outside the orbit of US controlled capital could not succeed. Therefore while the US did not achieve its goals in Vietnam, militarily, today they are being realized through the back door of neoliberal reform. The real fear during the Cold War was that an alternative model to the US controlled global capitalist system would be established. The United States had to ensure that this did not occur. That was the essence of the US wars of counterinsurgency. It was essentially about keeping peoples in capitalist bondage and ensuring that they would be forced to conclude that "there was no alternative." There was no alternative because any alternative was politically unacceptable to the world's most powerful superpower and would be ruthlessly crushed by any and all means available.

Today, Vietnam seems to be following in the footsteps of China down the neoliberal path of complete insertion into the global economy through the policy of Doi Moi.²² Vietnam has asked to join the World Trade Organization and is already experiencing many of the problems and distortions of neoliberal development in the rest of the world, such as inequality, and mass urbanization. Today the Vietnamese Government is torn between going for high economic growth through the import of foreign capital and extending social welfare. The policy of "building socialism through capitalism," however, is fraught with many contradictions as seen in China

²¹The literature on the Vietnam War is vast. Useful background can be found in Stanley Karnow, *Vietnam: A History* (New York: Viking, 1983) along with a useful bibliography. The Communist Party perspective is presented in Le Duan, *The Vietnamese Revolution* (New York: International Publishers, 1971).

²²Deb Reichman, "Vietnamese Leader Meeting With Bush," Associated Press, June 5, 2005. Robert Temple, *Shadows and Wind: A View of Modern Vietnam* (London: Penguin Books, 1999).

today.²³

Imaginary Capitalism, Imaginary Democracy

Empirically, we will examine the various forms of actually existing capitalist accumulation below. The global system is essentially logic-driven by the requirements of capitalism and by the contradictions which exist. Capitalism cannot generate an adequate number of jobs nor create social welfare for all. As taught in the universities around the world, there is an imaginary economics of an imaginary capitalism,²⁴ and an imaginary democracy of imaginary democratic systems, which do not work at all as they are described in the texts. Rather, we have what Samir Amin refers to as "a low-intensity democracy."²⁵ When economic crises are discussed, these are seen as exceptions rather than the normal operational state of the system. Therefore this serves the function that one has to be an intellectual dissident to view the system from without and get an insight into what is going on. In other words, neoliberal economic propaganda and "democratic" political propaganda continue on a global scale and the future guardians and functionaries of the systems must be steeped in this ideology.

This is a global process as a part of the historical process. There is nothing to indicate that the conceptualization and analysis made by Marx and Engels about the operation of capitalism in the nineteenth century was mistaken.

In the twentieth century, World Wars I and II were part of the same conflict among the imperialist powers. There was massive barbarity in the 20th century, in order to settle this question in Europe.²⁶ Tensions remained even after this. The United States could not dominate the whole world or even the whole continent of Europe

²³Eddie J. Girdner, "China as a Capitalist State: From 'Primitive Socialist Accumulation to Neoliberal Capitalism,'" *The Turkish Yearbook of International Relations*, No. 35, 2004, pp. 121-144.

²⁴Amin, *The Liberal Virus*, pp. 10-11.

²⁵*Ibid.*, p. 42.

²⁶Meszaros, Istvan. *Socialism or Barbarism*. New York: Monthly Review, 2001.

until today. There was no actual communist threat but the ideological construct of a communist threat helped the US to dominate Europe.²⁷ Today, some countries are still not completely dominated by transnational capital, and the US seeks to bring these countries into the global system. This global class struggle took the form of imperialist wars after WW II, in Korea, Vietnam, Cuba, Iraq, and so on.²⁸ Today Iran and Syria are in the sights as they threaten US-Israeli domination of Middle East energy resources and the opportunity for capitalist profits if the region can be "democratized" and integrated into the neoliberal order.

The Emergence of the New Global Class Architecture

The question we need to ask, then, is this: What is the result of a world that is essentially neoliberal on a global scale? To hide the reality, new mantras have been forwarded: "there is no Alternative," "the End of History," "the New World Order," "the War on Terrorism," "Preemptive War," "Weapons of Mass Destruction," "democratization." These mantras are essentially Orwellian. They enable the US and Western powers to control Iraqi oil and help ensure that genuine democracy will not and cannot emerge. In other words, "democratization" to be forged through tools under the control of the US CIA, is a campaign to ensure that democracy cannot and will not emerge.²⁹ We see this clearly in the recent rigging of the Iraqi elections, an action which has not actually succeeded in its goals.³⁰

²⁷The Cold War was necessary to enable the United States to control the "geopolitical heartland," the countries of the Middle East where most of the world's energy supplies are located. This continues today under the rubric of the "war against terrorism." See John Bellamy Foster, "The New Geopolitics of Empire," *Monthly Review* 57 (8), January 2006, pp. 1-18.

²⁸Eddie J. Girdner, "Operation Iraqi Freedom: Invasion, Occupation and Consolidation of US Hegemony in Iraq," *Punjab Journal of Politics*, 28, No. 2, July-December 2004, pp. 1-31.

²⁹Eddie J. Girdner, "The Greater Middle East Initiative: Regime Change, Neoliberalism and US Global Hegemony," *The Turkish Yearbook of International Relations*, Forthcoming.

³⁰Seymour Hersh, "Get Out The Vote," *The New Yorker*, July 18, 2005.

These are all propaganda “Weapons of Mass Deception,” launched on a global scale. Struggle with the ruling classes comes when the propaganda starts to break down. The Europeans reject the European Constitution. But these are just bumps in the road. The juggernaut rolls on. However, one can argue that the result of this dynamic, this dialectical process, is that a new class cleavage is emerging all across the world that cuts through all societies and countries, whether rich or poor, right across the world. This is bringing new forms of class struggle.

I will refer to this phenomenon as the New Global Class Architecture (NGCA). It is a new global architecture of class cleavage, that runs not between states and regions, but that runs right through existing societies and states. This new configuration of class cleavage, this paper argues, may be today producing the “essential product” which Marx and Engels wrote about in the Communist Manifesto. This is, of course, a long historical development. What is emerging is the global proletariat or class in opposition to capital, and the current historical form of capital, neoliberalism, which is generally misnamed globalization.³¹ This illustrates the local and global dynamics of pauperization that is taking place. There are extant forces that are driving the emergence of this new global class architecture.³²

³¹In the classical formulation of Marx and Engels, “Life is not determined by consciousness, but consciousness by life.” The imaginary “natural economy” of the classical political economists, formulated into an abstract model, was rejected. “We set out from real, active men, and on the basis of their real life-process we demonstrate the development of the ideological reflexes and echoes of this life-process.” Karl Marx and Frederick Engels, *The German Ideology* (New York: International Publishers, 1970), p. 47. For Georg Lukacs, “...the superiority of the proletariat must lie exclusively in its ability to see society from the centre, as a coherent whole. This means that it is able to act in such a way as to change reality; in the class consciousness of the proletariat theory and practice coincide and so it can consciously throw the weight of its actions onto the scales of history and this is the deciding factor.” *History and Class Consciousness* (Cambridge, Mass.: MIT Press, 1971), p. 69.

³²For E.P. Thompson, class was seen as a “historical phenomenon, not a “structure,” not a “category,” but “something which ... happens when some men, as a result of common experiences (inherited or shared), feel and articulate the identity of their interests as between themselves, and as

The forces behind US Imperialism in the 20th century have now been revamped to provide a new altered ideology of imperialism for the first decade of the twenty-first century. Twentieth century US imperialism was underpinned by Wilsonian millenarianism, a zealous crusading mixture of religious Calvinism, brutality and capitalism, as the basis for global empire. With Bush II, this has matured into a new "revolutionary movement,"³³ led by the neocons on the Potomac. A sort of crusading zeal has driven the neoliberal campaign. The neoconservative ideologues, such as Victor Davis Hanson at the US Naval Academy, are full-fledged imperialists and unilateralists. They promulgated the Bush Doctrine of preemptive war and elevated it to official policy. It is actually preventive war, which is illegal under international law. This is the new element in the Bush Administration, along with the provision that the United States is the only state which is allowed to use preemptive war. This doctrine has "scared the hell out" of the rest of the world. The elites of the world, with a few exceptions, largely go along with this dictatorship. One can argue that this, along with the fallout from the first application of the doctrine in Iraq, a tragedy and crime of world historical proportions, has been a boon to political consciousness of political rule around the world.³⁴ The US is no longer seen as a benign superpower. A recent public opinion poll in Turkey saw the US as the number one threat to Turkey.³⁵ Clearly, renewed US imperialism has contributed to an emerging class consciousness.³⁶

against other men whose interests are different from (and usually opposed to) theirs. The class experience is largely determined by the productive relations into which men are born- or enter involuntarily." *The Making of the English Working Class* (New York: Vintage, 1966), p. 9.

³³Victor Davis Hanson, "Democracy in the Middle East," *The Weekly Standard*, 8 (6), October 21, 2002. Hanson sees the Bush Doctrine of regime change and "democratization" as "revolutionary."

³⁴Eddie J. Girdner, "Preemptive War: The Case of Iraq," *Perceptions*, 9 (No. 4), Winter 2004-2005, pp. 5-30.

³⁵"Middle East Not Swayed by Bush's Democracy Pledge," *Angus-reid.com*, Dec. 7, 2005.

³⁶Eric Hobsbawm, "War, Peace and Hegemony at the Beginning of the Twentyfirst Century," *Mainstream* 43 (13), March 19, 2005. Vincent Navarro, "The Worldwide Class Struggle," *Monthly Review* 58 (4), September 2006, pp. 18-33.

To some extent, we can thank the George W. Bush Administration and the neoconservatives for this contribution to global political consciousness. At the same time, there is the deepening of capitalist exploitation under the logic of neoliberal capitalism. This process is global in scale. As neoliberalism settles into developed societies, as in America and Europe, the rate of economic growth slows down. This is seen in the figures.³⁷ Then exploitation must be accelerated in the periphery, to make up for the loss and maintain rates of capital accumulation. This process is happening in the rapidly developing countries such as China, India, Turkey, and Vietnam.³⁸ This "solution" to the crises only serves to intensify the crises, as Marx and Engels observed in the Communist Manifesto.

Class formation is accelerated as extraction of surplus labor is stepped up and as social welfare benefits and guarantees from the state are lost. Privatization cuts the possibilities of employment and urbanization creates greater pauperization. The extraction of surplus value on the periphery is rife with contradictions so that the extraction of surplus value is not a self-sustaining process. In addition, the global economy is unstable. If there is capital flight in any one country, an economic crisis occurs, which collapses the wages for a large portion of the society.

Further, the contradictions are deeper and sharper in the neoliberal version of capitalism than in the previous, old fashioned, version of Keynesianism, along with the Bretton Woods safeguards. The Keynesian pseudo-welfare state provided some cushion, which today is removed, under threat of IMF sanctions. Today the crises deepens. As Noam Chomsky has suggested, at this juncture of history, the drive for global hegemony and capitalist totalitarian

³⁷See Monthly Review, recent issues on the US economy, 2003-2006.

³⁸Today as India is being hailed in global capitalist quarters as yet another "new economic miracle" Istvan Meszaros notes that "... there are three hundred and thirty-six million people on the unemployment registers; and you can imagine how many more millions are not registered at all." *Socialism or Barbarism* (New York: Monthly Review Press, 2001), p. 94.

control begins to threaten the very human species itself.³⁹ All of these questions can be explored within a mass of extant empirical data that helps us to understand what is happening in the global economy.⁴⁰

The Possibility of Socialism

It can be argued that it is only at this time that the world has reached the historical stage that makes socialism possible, as well as necessary; only at this historical juncture have the productive forces been sufficiently developed.⁴¹ However, the question of the transition to socialism is extremely problematical. The seminal thinkers of this question clearly underestimated the difficulties.

The bare indisputable facts about the global condition today are a forceful condemnation of the abysmal tragedy and failure of actually existing capitalism for the overwhelming majority of humankind. Can humanity be proud that: half of humanity is malnourished; one billion people live in slums; half of humanity lives on less than what two dollars a day can buy in the United States; one billion have no access to clean water; two billion have no electricity; two and a half billion have no sanitary facilities; one billion children (half of them) suffer extreme deprivation because of poverty, war and disease.⁴²

In this argument, we assert that all hitherto existing societies and economic systems have been preparations for the possibility of a rational society. Capitalism seeks a solution to its contradictions in

³⁹Noam Chomsky, *Hegemony or Survival: America's Quest for Global Dominance* (New York: Metropolitan Books, 2003).

⁴⁰Soros, George. "The Capitalist Threat," *The Atlantic Monthly*, February, 1997.

⁴¹Socialism for the 21st Century, *Monthly Review*, 57 (3) special issue, July-August 2005. The policy of "using capitalism to build socialism," such as in China and Vietnam argues that the forces of production are not sufficiently developed for socialism. The assertion here is that from a global point of view, existing productive forces or technology make socialism possible.

⁴²Harry Magdoff and Fred Magdoff, "Approaching Socialism," *Monthly Review* 57 (3), July-Aug. 2005, p. 27.

neoliberalism. But in doing this, it only creates the conditions for its demise. The solution to the crises is seen as that which deepens the crises. Our argument is that all forms of economy from the 18th century up to the present time have been essentially various forms of actually existing "capitalist" society, or more accurately mixed forms. None were actually "capitalist," because that has not really been tried, but they were various types of exploitative economic systems which functioned for the purpose of accumulating capital, sometimes faster, sometimes slower, depending upon the forces driving the system. Social welfare, or even the means of survival, is withheld from nations under the fear that plentiful social welfare and leisure would result in the slowing of the rate of capitalist accumulation.

It should be pointed out that while the technical means of production exist, on a global scale, which make socialism possible today, the political means or possibility do not currently exist. The enforced global agenda of neoliberalism make the possibility of socialism in small countries like Vietnam is very difficult. This is because attempts at socialism can be successfully subverted or destroyed by the actually existing global capitalist economy under the neoliberal dispensation.

Also in the existing "socialist countries," such as Vietnam these countries lack the necessary technical means and capital for socialism. As a result, seeing the need for high economic growth, they may through a policy such as Doi Moi open up their country to outside capital. The argument is then made that this is a way to "build socialism through capitalism." The argument is made that this is so because within the dialectic of globalism, socialism will ultimately emerge.

The argument here is that this is merely a way of shifting to an essentially state-led capitalist economy, under the rubric of socialism. The dialectical argument that capitalism is preparing the way for socialism is meant to refer to a long historical process on a macro or global scale. Such logic should not be applied to a small country under a short time period. Such a policy as Doi Moi, it is argued here, at best is a way to develop the technical means of production in the country, where they are at a low level. But this will not build socialism. It will merely build another capitalist system with workers exploited and an emerging consumer market similar to what one sees

in all the emerging market economies today. Even if the government desires to put strict controls on capitalism, the logic of capitalist accumulation and the international political economy will mean that there will be severe restraints. Therefore, the policy of *doi moi* must be put into context. The country will suffer all the negative effects of capitalist "modernization" as seen in other developing countries. There are alternative strategies which may take into account the needs of the people, not merely economic growth. Small countries cannot go it alone. They must form coalitions with other like countries if they really do wish to raise the social welfare of their people with Venezuela, Cuba and other such countries and cooperate and not accept capital unless the capital is on terms favorable to the country. Some strategies have been suggested by Samir Amin, as discussed below.

The Global Economy Today: A Profile

Eric Hobsbawm has noted some salient features of the contemporary global world disorder. Establishing world order is more problematical than in the 19th century for two reasons. The first and most important of these is the growing inequalities due to free-market globalization, which are bringing "grievance and instability." The second is that there is no longer a "great power system" that could prevent a collapse into a war such as happened between 1915 and 1945. He observes that "historically empires have not created peace and stability in the world around them." There is not likely to be a "Pax Americana."⁴³

Samir Amin has summarized the malady plaguing the global economy today.⁴⁴ The prevailing ideas for describing how the global economic system works, are based upon an eighteenth century idea or "imaginary capitalism." Actually existing capitalism is something altogether different. He shows that actually existing capitalism is actually leading to pauperization on a global scale and a truly untenable system which cannot be sustained. Hobsbawm's conclusions about the control of the world by a single superpower are

⁴³Hobsbawm, "War, Peace and Hegemony."

⁴⁴Amin, *The Liberal Virus*.

similar. Such a system must break down and the only real question is how long it can be sustained at enormous cost.

The system which has produced the contemporary global economic and political contradictions has deep roots, going back to the beginnings of American empire at the end of the 19th century. The essential framework of Bretton Woods was set up after WWII, which has now matured into a globe-girdling neoliberalism with the end of the systems of state "socialism." There is a vast literature today which documents in great detail the contradictions of the neoliberal capitalist order. Some of the gurus of structural adjustment, such as Joseph Stiglitz and Jeffrey Sachs have become sharp critics of the neoliberal agenda.⁴⁵ This paper can only note a few points regarding this reality, which is papered over by the imaginary economics that is taught in universities and embodied in the prevailing global capitalist media today.

The world is witnessing a fundamentally different kind of capitalism from that established immediately after World War II. This was an era of "rational capitalism," an ideology provided by two of the most prominent economists of the twentieth century, John Maynard Keynes and Joseph Schumpeter, in response to the Great Depression. They understood that there were insoluble contradictions within the capitalist system, but believed that these could be "managed rationally". Departing from Say's law, Keynes argued that supply did not create its own demand, but that the state must guarantee effective demand. An important point was that this system could not be based upon the domination of financial capital, or speculation, but rather capital directed into productive enterprise. Of course today, we see the absolute domination of financial capital on a world-wide basis.⁴⁶

Safeguards were built into the Bretton Woods system that would ensure the comparative health of the global economic system, in spite of the contradictions of capitalism. Among these were (1) the "euthanasia of the rentier," (2) "the tempering of free trade," (3) "a

⁴⁵Joseph Stiglitz, *Globalization and its Discontents* (London: Allen Lane, 2002).

⁴⁶John Bellamy Foster, "The End of Rational Capitalism," *Monthly Review* 56 (10), March 2005, pp. 1-13.

degree of national self-sufficiency," (4) "creation of the GATT, IMF, WB", (5) and a degree of social democracy in the welfare state. This system of "greed and exploitation" might eventually develop a "new moral code" to lead society "out of the tunnel of economic necessity."⁴⁷

Both Keynes and Schumpeter rejected the philosophy of Friedrich Hayek of the "self regulating market." While Schumpeter did not believe that capitalism led to imperialism, he saw that capitalism, left to its own logic, would destroy itself and "undermine the sociological-cultural elements" necessary for capitalism. Under Bretton Woods, the third world was to be brought into the development process through the state management of the capitalist process, rather than the mechanisms of the market. Together these constituted the "myth of rational capitalism."⁴⁸

Of course, this system was sabotaged from the right by the financial community, the bankers, after the 1980s, and today financial capital has come to reign supreme. The necessary left critique of the "rational capital" paradigm was launched in the 1960s, by Paul Baran and Paul Sweezy, using the critique of Michal Kalecki and Josef Steindl.⁴⁹ The root of the argument of Baran and Sweezy was that prosperity experienced in the United States and Western Europe, following World War II, was a "special condition" and that under capitalism, the normal condition was "economic stagnation."

In other words, it was the special conditions which existed after World War II, which accounted for prosperity in the developed world. The specific factors included, (1) the consumer liquidity in the US built up during the war, (2) automobilization, rise of suburbs and highway building, (3) the rebuilding of the Japanese and European economies, (4) US hegemony and the global dominance of the dollar, (5) military spending (6), advertising and consumption (7) the new financial superstructure (growth on increasing household debt. But the system was an irrational one for a number of reasons, for Baran

⁴⁷*Ibid.*

⁴⁸*Ibid.*, p. 3.

⁴⁹Paul Baran and Paul Sweezy, *Monopoly Capitalism* (New York: Monthly Review, 1966).

and Sweezy.⁵⁰

This irrational system included militarism and imperialism as integral parts; the US hegemony must be maintained through wars; Keynesian demand creation could not offset the tendency toward stagnation; vested interests blocked the welfare state in the US; sales and advertising took the place of productive investment; monopolies replaced the rational entrepreneur; monopoly prices were used to maintain profits, wage exploitation increased, allowing less leisure time for individuals. The crisis of stagnation which Baran and Sweezy predicted set in after the 1970s, after the fall out from the Vietnam War, and the steam had run out of the post WWII recovery. Decades of deepening stagnation have followed. Since this time, the per capita growth rate of world output has kept slowing.⁵¹

Not surprisingly, the response of those at the helm of the global economy was the establishment of a system that would make the situation inordinately worse, that of neoliberalism. The era of Thatcher and Reagan and supply side economics began. It meant the end of Keynesianism, no more redistribution of income; no expansion of the welfare state; no more promotion of full employment and economic security; and no more aid to the Third World. Structural adjustment programs were brought in with restructuring, deregulation, privatization, a “free-market” system, globalization and neoliberalism.⁵²

This was, in fact, a classic class struggle from above, as a response to the general crisis. The attack from the ruling classes from above, led by Reagan and Thatcher, continues today and has been promulgated into a full-blown ideology of imperialism, and the disregard for international law. One can say that international law has become a fetter on capitalist profits today for the one global superpower. Preventive war is a new global grab of resources and markets, but has encountered resistance. The transparently false pretext is the “war on terrorism.”

⁵⁰Foster, “The End of Rational Capitalism,” p. 5.

⁵¹*Ibid.*

⁵²*Ibid.*, p. 8.

The war on terrorism is directed both outward at nations that would escape the tyranny of US transnational capital and the international financial institutions and inward at the working classes, which would wage class struggle for a decent wage and social welfare. Domestically, it is directed toward worker organizations and resistance. It is to make sure that neoliberal elites are in place all around the world in order to roll back working class movements, such as in India, in the new movements of Hugo Chavez in Venezuela and wherever else they come up. This is a class struggle from above on a truly global scale.

Under neoliberalism, financial capital has come to dominate the entire world with power shifting to the "financial markets." There is a sustained and ruthless attack on the global ecology. Neoliberalism has led to increasing barbarism.

Other elements of the emerging global economy today have been noted by Ismail Shariff. In the past fourteen years, with the end of the Cold War, there have been rapid changes in the global economy. Greater economic integration has occurred in the triad, the US, EU, and East Asia and market reforms have been forced in almost all developing countries. The major countries have instituted more protection from competition from emerging countries, while on the periphery, there has been growing impoverishment and growing foreign debt. While the world pool of foreign direct investment (FDI) has risen three-fold since 1990, from \$105 billion to \$326 billion in 2003, the US share has risen 8.7 times while US and foreign multinational corporations have had an "explosive expansion."⁵³ Clearly, changes in global business have benefited the developed countries the most.

Shariff notes four types of changes in the global economy. First there has been a restructuring of the business enterprise, with lean production, which essentially amounts to speedup of the work. A second significant change is seen in technology driven factors, such as cost performance, email and cheaper technology. A third change is in the large capital and development investments producing economies of scale and reducing costs. Fourth has been the role of

⁵³Ismail Shariff, "The Role of Foreign Direct Investment and Multinationals in Developing Countries," *World Affairs* 9 (1), Spring 2005, p. 46.

governments, in terms of favorable trade policies, with most of these benefits again going to the developed countries.⁵⁴

Multinational corporations may be defined as those companies which have at least six foreign affiliates, operate in oligopolistic markets, and usually originate in developed countries. This means the center dictates economic development.⁵⁵

Something further can be seen from the statistics on FDI flows. While developing countries have to open to attract FDI, the actual net flow of capital over the long haul is actually negative. Clearly, FDI has increased on a global scale, but this has to be seen in the context of what it actually means. Looking at FDI stocks (the combined inward and outward FDI stocks as a percentage of GDP) between 1985 and 2003, for the whole world, for 1985, FDI stocks were 14.2 percent of GDP in 1985 which rose to 41 percent in 2003. For developed countries, FDI was 13.6 percent of GDP in 1985 and 43.1 percent in 2003. For developing countries, FDI was 15.7 percent of GDP in 1985 and 35.9 percent in 2003. For Central and Eastern European countries, FDI was negligible in 1985, 1.8 percent of GDP in 1990 and 17.4 percent in 2003. Of course, to attract FDI, many countries give tax exemptions and subsidies to MNC's, favoring them over domestic companies. While the figures show a redirection of FDI to the developed world, the triad, this is somewhat misleading in that 70 percent of all new FDI in the triad was accounted for by mergers and acquisitions. Some four-fifths of these were in transport, communications, finance, and business services. This story goes along with the dominance of finance and the fact that all of these countries saw a slow-down in growth over these decades.⁵⁶

In developing countries, studies show that multinational corporations have a negative affect on at least 60 percent of the world's population. This is seen in three aspects. They have a negative effect on democracy, undermining the ability of the government to maintain employment, protect the money supply, prevent erosion of the tax base, and meet essential basic human

⁵⁴*Ibid.*, pp. 47-48.

⁵⁵*Ibid.*, p. 52.

⁵⁶*Ibid.*, p. 50.

welfare needs of citizens. Secondly, MNC's increase inequality around the world. Thirdly, MNC's misallocate resources by "following a narrow balance-sheet definition of efficiency." Further MNC's inhibit local competition or take over markets altogether. FDI from the developing world often is just a case of capital changing hands, buying local firms. All this does is lead to a net outflow of capital abroad. Such investments accounted for one-third of investments in American firms in Peru and Columbia between 1980 and 1997. In Latin America, only 17 percent of FDI was actual transfer of capital, since 87 percent of investments were locally financed. Moreover, foreign firms have an advantage over local firms since the financing is seen as more stable and funds available to local businesses decreases.⁵⁷

In terms of jobs and profits, in Latin America between 1980-87, US owned firms mostly provided unskilled jobs while 79 percent of their profits were taken out of the country. At the same time, new technology destroyed local jobs. A myriad of other tricks can be used by companies can be used to increase the amount of profits taken out of the country. These include transfer pricing to conceal the real rate of profit. This means that the net flow of capital over time is actually negative.⁵⁸ Case studies by UNCTAD for Columbia, India, Iran, Jamaica, Kenya, and Malaysia, show that only 21 percent of foreign owned firms showed a clear positive effect on the local country. Anthuvan has argued that "an economic and social earthquake of unheard of dimensions is now looming on the horizon." The current world unemployment or underemployment is some 700 million.⁵⁹

The state of the global economy is becoming more problematical and miserable. These are familiar statistics, but bear repeating. Of the 100 largest economies of the world, 52 are corporations, and 47 are US corporations.⁶⁰ Twenty-five percent of the world's resources are consumed by 5 percent of the world's

⁵⁷*Ibid*, p. 53.

⁵⁸*Ibid.*, p. 57.

⁵⁹M. Victor Louis Anthuvan, "Jobless Growth And Unemployment: A Global Phenomenon," *World Affairs* 9 (1), Spring 2005, p. 66.

⁶⁰John Perkins, "American Empire: Slaver or Saviour," *World Affairs* 9 (1), Spring 2005, pp. 18-19.

population in the center of the Empire, the United States. The income ratio of the one-fifth of the world's population in the wealthiest countries to the lowest one-fifth in the poorest countries continues to increase. In 1960, it was 1 to 30. By 1995, it was 1 to 74. Frequently noted also is that a couple of hundred years ago, the richest country was only 2 or 3 times as rich as the poorest. Today the gap is something like one to 300. On average, some 24,000 die every day in the poorest countries from lack of nutrition.⁶¹

John Perkins, who is a consultant to the World Bank, notes that more than 25 years ago, he was trained by an American covert operative to be an "economic hit man" These individuals recruit world leaders to promote US commercial interests. They are induced to get the country into a world of debt which insures future loyalty. He calls it a new form of slave trading. Economic hit men are "mercenaries employed by the US-led corporate empire to make developing countries submit to its economical and political control." They cheat countries around the globe out of trillions of dollars." They "funnel money from the World Bank and other organizations... to large corporations and ... a few wealthy families who control the ... natural resources." Anyone or any groups, such as trade unions, that pose a threat to the "corporatocracy" are "disfranchised."⁶²

How many countries succumbed to the debt trap after the 1970s is analyzed by Bienefeld. When commercial loans from banks dried up, the IMF stepped in, imposing structural adjustment requirements on countries all around the world. To correct balance of payments problems, countries were required to shift their economies to promote exports. If countries refused, they would be isolated from development capital. As bank profits grew steadily, countries sank deeper into debt.⁶³ Increasing numbers of economists have argued

⁶¹*Ibid.*, p. 16.

⁶²*Ibid.*, pp. 14-16.

⁶³Bagchi, Amiya Kumar, "Fluctuations and Turbulence of the World Economy," *Review*, 24 (2), 2001, pp. 253-99; Bienefeld, Manfred, "Structural Adjustment: Debt Collection Device or Development Policy," *Review*, 23 (4), 2000, pp. 533-82; Eddie J. Girdner, "The United States and the Emerging Global System: Neoliberalism, Inequality and the Uncharted Future." *The Turkish Yearbook of International Relations* 26 (1996). Published in 2000.

that the era of neoliberalism has failed. Clearly, the most successful countries have been those which resisted, such as China, India and Malaysia to some extent.⁶⁴

Samir Amin has pointed out the effects of continued enclosure by capitalist agriculture. The peasant question cannot be resolved by capitalism. Five billion peasants are to be replaced by 20 million efficient producers, the peasants destined for shanty towns, as outlined at the Doha Conference. He calls this a "call for genocide." Those in a "precarious position" in the periphery are some 70 percent of the popular classes. This number has gone from less than 250 million to 1.5 billion in some 50 years. This is the "modernization of poverty."⁶⁵

Among other neoliberal trends, Fred Mosely points out that the managerial ranks have expanded at the expense of the workers. Chris Tilly points out that "no other country has experienced the kind of collapse in job quality and surge in inequality that the United States has undergone." This has been brought about by "globalization, technological change and capitalist strategies." Robert Pollin points out that since there has been a dramatic decline in worker power in the United States, unemployment can fall without bringing on any higher wages and inflation.⁶⁶

In the 1990s, the US economic "prosperity" was "founded on a low-wage strategy" with the US Government assisting the "aggressive capitalist assault" on labor. In fact, the "net social wage" (social benefit to workers minus the taxes they pay) is zero. Workers have paid a net tax, even in so-called tax cutting times, without "even a bare bones safety net for many Americans." On the other hand, incomes have exploded at the top for CEOs. Europeans have been better off, with a higher consumption tax, but this too has been badly

⁶⁴Ilene Grabel, "Neoliberal Finance and Crisis in the Developing World," *Monthly Review* 53 (11), April 2002, pp. 34-46. See *Monthly Review*, special edition, June 2005 on labor in the Americas.

⁶⁵Amin, *The Liberal Virus*, pp. 31-40.

⁶⁶Janet T. Knoedler and Geoffrey E. Schneider. "Class, Political Economy, and Institutionalism: Toward a Rapprochement?" *Journal of Economic Issues*, 36 (4), December 2002, pp. 1112-15.

eroded by the recent neoliberal inroads.⁶⁷

What is called for is a genuine democracy, not an imaginary democracy as now exists to serve actually existing capitalism. "There is no socialism without democracy, no democratic progress without the socialist perspective."⁶⁸ The absence of such a possibility at the present time is pushing humanity on the periphery into religious, cultural, and ethnic cul-de-sac which results in alienating conflict. This appears to be a "civilizational conflict," and serves the purpose of the dictatorship of capital on a global scale. This can only be broken by a clear class struggle which confronts the actually-existing contradictions of capitalism.

Class Profile and Dynamics:

Eric Olin Wright has drawn attention to the "distinctively Marxist question": "What sorts of struggles have the potential to transform capitalist economic oppression in an emancipatory direction?" The concept of class can be understood in terms "exploitation and domination." For Wright, Marxist class analysis is not only a powerful tool for understanding the economic and political dynamics, but also "infuses class analysis with moral critique."⁶⁹

The Marxist analysis can explore the link exchange and production, conflict, power, coercion and consent, and a "historical comparative analysis" of class exploitation. The first is simply the relationship of the individual to productive resources, we can say in terms of access to capital. This question shapes the relationship of the individual to production and exchange. The location within this nexus determines whether the person is able to exploit labor or have his or her own labor exploited.⁷⁰

Second, in terms of conflict, class conflict can be seen in terms

⁶⁷*Ibid.*, p. 1115.

⁶⁸Amin, *The Liberal Virus*, p. 49.

⁶⁹Eric Olin Wright, ed., *Approaches to Class Analysis* (New York: Cambridge University Press, 2005).

⁷⁰*Ibid.*

of “antagonism of interests.” This approach is useful to cut through the obfuscating rhetoric of neoliberalism and analyze how workers and owners are exploited or benefit from processes going on in the real global economy. Power can be used to understand the existing situation and the potential for change. Power belongs to capital in actually existing neoliberal capitalism, but the working class have the potential to exert counter power, since capitalist accumulation is dependent upon the global exploitation of labor. This dialectic is useful for analysis and presents a fluid dynamic, in which labor has been on the losing end of power for some three decades, but which could potentially be reversed.⁷¹

In terms of coercion and consent, workers are typically coerced, but since workers have the potential to resist, it is necessary to secure their consent. This is a “dependency relationship.” Finally, a historical and comparative analysis of class exploitation is useful. It is possible that resistance in the periphery and inside even developed societies, such as the European Union and the United States, can swing the leverage against capital, given the potential for organization and struggle. This sort of analysis clearly helps us see that neoliberalism “harms” society, and that class struggle can move toward an alternative society that embraces “social justice.”⁷²

Recent work by political economists can help in adapting Marxian analysis to contemporary neoliberal capitalism. For example, Michael Zweig has defined social class by arguing that “class is about the power some people have over the lives of others, and the powerlessness most people experience as a result.”⁷³ In the United States, 62 percent are working class, and 38 percent are capitalist or middle class. Of these, only two percent are capitalists and 36 percent are middle class.

Using this concept, the working class is made up of “those who do the direct work of production and who typically have little control over their jobs and no supervisory authority over others.”⁷⁴ A

⁷¹*Ibid.*

⁷²*Ibid.*

⁷³Knoedler, “Class, Political Economy and Institutionalism,” pp. 1111-1112.

⁷⁴*Ibid.*, p. 1112.

Capitalist, on the other hand, includes “anyone who makes a living by owning a business.” But to qualify to be a capitalist one must be an owner who “no longer works directly with the workers,” an “owner or manager of a business with twenty or more employees,” one who “exercises control over the work force through at least one layer of middle management,” one who “becomes occupied full time with running the business as a senior strategist” and a “source of authority.” The “national economic elite,” those with real power, include the directors and high officers of the top 16,000 private corporations and can be considered to be part of the “ruling class.”

“Class still matters” is driven home by Zweig, pointing out that within the middle class of doctors, lawyers, professors, engineers, and so on, those closer to capitalists enjoy greater power than those closer to the working class. While not exactly orthodox in the Marxian sense, it seems that this approach is not a large-scale departure as it can be argued that it is still the “ownership of property and relationship to the means of production” which largely accounts for the power relationships described by Zweig above.

Political economists have made other useful observations about class in contemporary capitalism. For Howard Sherman, there are “multiple levels of class conflict” such as on the shop floor, political class conflict, and ideological class conflict. Bill Dugger has defined class in relation to four different social relationships: “relationship to income, relationship to work, relationship to wealth, and relationship to technology.” He notes that workers are worse off today than a generation ago and tend to “emulate the ruling class” going for more money, rather than principles of justice or equality.⁷⁵

Contemporary Directions

It is not possible to predict the future. But current global tensions seem to be reaching something of a critical stage that calls for action. If the remedy is not progressive, toward socialism and greater equality, then it is likely that resistance will take perverted or alienated forms, which we see happening to some extent today.

⁷⁵*Ibid.*, p. 1113.

Osama bin Ladin has been successful in pushing the world toward a destructive direction and the violent disruption of society through sporadic acts of the repressed classes through bombings. This direction is very likely to lead to the destruction of the human species itself, as noted by Chomsky.⁷⁶

On the other hand, we can observe developments led by President Hugo Chavez and others in Latin America, which are challenging imperialism in Latin America and involve a wider sphere of influence throughout the continent.⁷⁷ This movement is linked to the long and successful struggles in Cuba and Vietnam. In a similar vein, Samir Amin has suggested possibilities for a more effective class struggle from countries from below in order to reverse the gains made by neoliberalism in the last three decades. Among these are the following. The European Project needs to be redefined to depart from the agenda of US imperialism which could lead to a democratic and non-imperialist social Europe. The "solidarity of the peoples of the south" needs to be reestablished. This must involve the rejection of preventive war and the demand that the US dismantle its military bases in Africa, Asia and Latin America. The "reconstruction of a people's internationalism" is necessary, to prevent capital flight. Regional organizations need to be established to stabilize currencies and economies on a regional basis and to regulate foreign investment in order to protect people's interests. This can be positive globalization that works for the people. Traditional countries need to develop programs to protect the peasantry and free themselves from the global market in food. Debt collection by the IMF is a form of pillage which drains countries of their productive capital. Countries must challenge this system.⁷⁸

⁷⁶Noam Chomsky, *Hegemony or Survival* (New York: Metropolitan Books, 2003).

⁷⁷Martha Harnecker, "After the Referendum: Venezuela Faces New Challenges," *Monthly Review* 56 (6), Nov. 2004, pp. 34-48; David Raby, "The Greening of Venezuela," *Monthly Review* 56 (6), Nov. 2004, pp. 49-52; Michael A. Lebowitz, "Venezuela: Referendum and Revolution," *Monthly Review* 56 (4), Sept. 2004, pp. 5-11; Ashwin Desai, "Neoliberalism and Resistance in South Africa," *Monthly Review* 54 (8), Jan. 2003, pp. 16-28.

⁷⁸Samir Amin, pp. 87-106.

The possibility that the above agenda will not be stillborn is seen in the fact that the United States is more and more becoming a hollowed out power, economically, politically and morally. It can no longer command and control the entire world, since it has become dependent upon the entire world to finance its growing deficits. The world cannot be expected to go on financing the imperialist wars which rob their own people of the fruits of their labor. The time has come to call a halt to this charade. Bush and Blair are dancing upon the world's stage without clothes. Today this is obvious to the entire world. The time is crucial to demand real human rights, real human dignity and social justice. The only alternative is more bombs, more imperialist wars and the imminent end of the human species.

Conclusion: The Global Economy and the Essential Product

The essential product today is the working class, broadly speaking, a class of society that will reengage in struggle for a rational society which works for a sustainable society for all. The tenets of the imaginary economics of capitalism must be exposed. If there is a political consciousness in society as to where neoliberal capitalism is leading the society, then there can be struggle to arrest and roll back capitalist gains. This was seen recently in the votes in France and Holland against the neoliberal European constitution. This process must take place in the periphery but it must take place in the center also. The potential may be greater outside the United States, but even there, there are surely limits as to how far the degradation of the working class can go⁷⁹. Global processes will likely force upon the emerging generation a greater degree of class consciousness. The emergence of a strong class-conscious movement all across the world is surely the best hope for the human species.

⁷⁹AM, "Calcutta Diary," *Economic and Political Weekly* 36 (21), May 26, 2001, pp. 1793-95.