

# **Macroeconomic 'Superexploitation': The African Case**

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# Macroeconomic 'Superexploitation': The African Case<sup>1</sup>

## 1. The Superexploitation of Africa

Unequal trade and investment relationships are nothing new for Africa, although in recent years the world's attention was drawn to Africa's plight as never before. However, in contrast to the neo-orthodox strategy implied by Gordon Brown, Bono, Bob Geldoff and other mainstream campaigners, Africa's deepening integration into the world economy has typically generated not wealth but the *outflow* of wealth. Such an outflow can be considered 'looting' or, in this formulation, 'superexploitation': i.e. the withdrawal of value in an economic power relationship that *transcends the market*. There is new evidence available to demonstrate this, just as the current fusion of neoliberalism and neoconservatism consolidates.

In fact, the deeper global power relations that keep Africa down (and, simultaneously, African elites shored up) should have been obvious to the world over the past two years. Since early 2005, numerous events were held to ostensibly help liberate Africa from poverty and powerlessness, to provide relief from crushing debt loads, to double aid and to establish a 'development round' of trade. Consider the mobilization of NGO-driven campaigns like Britain's Make Poverty History and the Global Call to Action Against Poverty; Tony Blair's Commission for Africa; the main creditor countries' debt relief proposal; the G8 Gleneagles debt and aid commitments; Live 8 consciousness-raising concerts; the United Nations' Millennium Development Goals review; a large debt relief package for Nigeria; the various negotiations at the World Trade Organization's ministerial summit in Hong Kong and subsequently in Geneva; (December 2005); IMF/World Bank meetings that postured about the need for a louder African 'voice'; the rising fear of Chinese interimperial competition after a major Beijing-Africa aid/investment initiative; and most recently, the reassertion of US military interests in the Horn of Africa.

These all revealed global-elite hypocrisy and power relations which remained impervious to advocacy, solidarity and democratization. At best, partial critiques of imperial power emerged amidst the cacophony of all-white rock concerts and political grandstanding. At worst, polite public discourse tactfully avoided capital's blustering violence, from Nigeria's oil-soaked Delta to northeastern Congo's gold mines to Botswana's diamond finds to Sudan's killing fields. Most of the London charity NGO strategies ensured that core issue areas – debt, aid, trade and investment – would be addressed in only the most

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1. A longer version of the argument under the title *Looting Africa: The Economics of Exploitation* was published by Zed Books in July 2006; a forthcoming article in *Voluntas* includes material from the second half of this paper.

superficial ways, with celebrity-chasing tactics aimed at intra-elite persuasion rather than pressure. Tragically, the actual conditions faced by most people on the continent continued to deteriorate, even as commodity prices were surprisingly high.

Today, Africa is still getting progressively poorer, with per capita incomes in many countries below those of the 1950s-60s era of independence. If we consider even the most banal measure of poverty, most Sub-Saharan African countries suffered an increase in the percentage of people with income of less than \$1/day during the 1980s and 1990s, the World Bank itself concedes.<sup>2</sup> Not just poverty but also inequality must be central to the analysis, for Africa hosts some of the world's worst cases. The following countries exceed a 0.50 Gini coefficient score, placing them at the very top of the world's ranking: Namibia, Botswana, the Central African Republic, Swaziland, Lesotho, South Africa, Zambia, Malawi, The Gambia and Zimbabwe.

**Table 1: African inequality  
(Gini coefficients by country, early 2000s)<sup>3</sup>**

Namibia	72	Burundi	41
Botswana	65	Nigeria	41
Central African Republic	62	Burkina Faso	40
Swaziland	61	Angola	39
Lesotho	58	Senegal	39
South Africa	57	Mozambique	39
Zambia	53	Mali	38
Malawi	51	Ghana	38
The Gambia	50	Guinea	38
Zimbabwe	50	Mauritania	37
Madagascar	46	Benin	36
Cote d'Ivoire	43	Tanzania	35
Kenya	42	Niger	33
Uganda	42	Ethiopia	28
Cameroon	41	Mauritius	19

Source: World Bank (2005), *World Development Report 2006: Equity and Development*, Washington, p.39.

The superexploitation of Africa has also been intensely gendered. Women are the main victims of systemic poverty and inequality, whether in productive circuits

2. World Bank (2005), *World Development Report 2006: Equity and Development*, Washington, p.66. For a critique of the \$/day measure, see Reddy, S. (2005), 'Counting the Poor: The Truth about World Poverty Statistics', in L.Panitch and C.Lays (Eds), *Telling the Truth: Socialist Register 2006*, London, Merlin Press and New York, Monthly Review Press.

3. A Gini score of 0 is perfect equality while 100 indicates that one person has all the income and all others have none. Scores above .50 represent quite extreme conditions. Bank staff calculated Gini coefficients from household survey data, and dates differ by data availability.

of capital (increasingly subject to sweatshop conditions) or in the 'sphere of reproduction' of households and labour markets, where much primitive accumulation occurs through unequal gender power relations. There are many ways, Dzodzi Tsikata and Joanna Kerr have shown, that markets and mainstream economic policy 'perpetuate women's subordination.'<sup>4</sup>

In particular, the denial of Africans' access to food, medicines, energy and even water is a common reflection of neoliberal dominance in social policy, as people who are surplus to capitalism's labour power requirements find that they had better fend for themselves - or simply die. In even relatively prosperous South Africa, an early death for millions - disproportionately women - was the outcome of state and employer reaction to the AIDS epidemic, with cost-benefit analyses demonstrating to the state and capital that keeping most of the country's five to six million HIV-positive people alive through patented medicines cost more than the people were 'worth'.<sup>5</sup>

The decimated social wage is one indicator of Africa's amplified underdevelopment in recent years. In the pages that follow, however, we focus on the material processes of Africa's underdevelopment via trade and extractive-oriented investment, largely through the depletion of natural resources. This is an area of research that has already helped catalyse the ecological debt and reparations movement, and that has sufficient intellectual standing to be the basis of a recent World Bank study, *Where is the Wealth of Nations?*<sup>6</sup> (A similar critique could be levelled against financial processes, showing how the June 2005 G7 Finance Ministers' debt relief deal perpetuates rather than ends debt peonage.<sup>7</sup>)

The story is not new, of course. We can never afford ourselves the luxury of forgetting the historical legacy of a continent *looted*: trade by force dating back centuries; slavery that uprooted around 12 million Africans; land grabs; vicious taxation schemes; precious metals spirited away; the appropriation of antiquities to the British Museum and other trophy rooms; the 19<sup>th</sup> century emergence of racist ideologies to justify colonialism; the 1884-85 carve-up of Africa into dysfunctional territories in a Berlin negotiating room; the construction of settler-colonial and extractive-colonial systems - of which apartheid, the German occupation of Namibia, the Portuguese colonies and King Leopold's Belgian Congo were perhaps only the most blatant - often based upon tearing black

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4. Tsikata, D. and J. Kerr (2002), *Demanding Dignity: Women Confronting Economic Reforms in Africa*, Ottawa, The North-South Institute and Accra, Third World Network-Africa.

5. In the case of the vast Johannesburg/London conglomerate Anglo American Corporation, the cut-off for saving workers in 2001 was 12%. The lowest-paid 88% of employees were more cheaply dismissed once unable to work, with replacements found amongst South Africa's 42% unemployed reserve army of labour, according to an internal study reported by the *Financial Times*. For more, see Bond, P. (2005), *Elite Transition: From Apartheid to Neoliberalism in South Africa*, Pietermaritzburg, University of KwaZulu-Natal Press, Afterword to the 2nd edition.

6. World Bank (2005), *Where is the Wealth of Nations?*, Washington, July.

7. One of the strongest recent overviews of African debt is Capps, G. (2005), 'Redesigning the Debt Trap', *International Socialism*, 107; see also Bond, P. (2006), *Looting Africa*, London, Zed Books, Chapter Three.

migrant workers from rural areas (leaving women vastly increased responsibilities as a consequence); Cold War battlegrounds - proxies for US/USSR conflicts - filled with millions of corpses; the post-Cold War terrain of unipolar power; other wars catalysed by mineral searches and offshoot violence such as witnessed in blood diamonds and other precious metals and minerals such as coltan (the cellphone ingredient found in the eastern Democratic Republic of the Congo); poacher-stripped swathes of East, Central and Southern Africa now devoid of rhinos and elephants whose ivory became ornamental material or aphrodisiac in the Middle East and East Asia; societies used as guinea pigs in the latest corporate pharmaceutical test; and the list could continue.

As is also abundantly clear, Africa also suffers a systemic cultural and ideological impoverishment in the North. International mass media images of Africans were nearly uniformly negative during the recent period. It was from West Africa that the neoconservative, neoMalthusian writer Robert Kaplan described for his frightened US audience a future defined in terms of 'disease, overpopulation, unprovoked crime, scarcity of resources, refugee migrations, the increasing erosion of nation-states and international borders, and the empowerment of private armies, security firms, and international drug cartels'.<sup>8</sup> As the 'dark continent', Africa has typically been painted with broad-brush strokes, as a place of heathen and uncivilized people, as savage and superstitious, as tribalistic and nepotistic. David Wiley has shown how western media coverage is crisis driven, based upon parachute journalism, amplified by an entertainment media which 'perpetuates negative images of helpless primitives, happy-go-lucky buffoons, evil pagans. The media glorify colonialism/European intervention. Currently, Africa is represented as a place of endemic violence and brutal but ignorant dictators.' Add to this the 'animalization of Africa via legion of nature shows on Africa that present Africa as being devoid of humans', enhanced by an 'advertising industry that has built and exploited (and thereby perpetuated) simplistic stereotypes of Africa'.<sup>9</sup> Thus it was disgusting but logical, perhaps, that African people were settled into a theme village at an Austrian zoo in June 2005, their huts placed next to monkey cages in scenes reminiscent of 19<sup>th</sup> century exhibitions. In an explanatory letter, zoo director Barbara Jantschke denied that this was 'a mistake' because 'I think the Augsburg zoo is exactly the right place to communicate an atmosphere of the exotic.'<sup>10</sup>

The picture is not entirely negative, for there has been a slight upturn in the terms of trade for African countries thanks to higher commodity prices associated with East Asian demand. But this should not disguise the profoundly unequal and unfair system of export-led growth, which has impoverished Africans in many ways. Ironically, the World Bank's ecological economists have conceded as much

8. Kaplan, R. (1994), 'The Coming Anarchy', *Atlantic Monthly*, 273, p.46.

9. [http://exploringafrica.matrix.msu.edu/curriculum/lm1/1/lm1\\_teachers.html](http://exploringafrica.matrix.msu.edu/curriculum/lm1/1/lm1_teachers.html).

10. Hawley, C. (2005), 'African Village Accused of Putting Humans on Display', *Spiegel Online*, 9 June, <http://service.spiegel.de/cache/international/0,1518,359799,00.html>.

in their calculations of natural resources depletion: petroleum, other subsoil mineral assets, timber resources, nontimber forest resources, protected areas, cropland and pastureland. Indeed, the Bank calculates that much of Africa is poorer not wealthier the more its comparative advantage in resources is pursued. *Where is the Wealth of Nations?* makes several crucial adjustments to gross national income and savings accounts. By subtracting fixed capital depreciation, adding education spending, subtracting resource depletion and subtracting pollution damage, the Bank finds that some countries are vast losers via export processing.

However, trade liberalization's damage is not limited to the primary product export drive with all its adverse implications. In addition, African elites have lifted protective tariffs excessively rapidly, leading to the premature deaths of infant industries and manufacturing jobs, as well as a decline in state customs revenue. As a result, according to Christian Aid, 'Trade liberalization has cost Sub-Saharan Africa \$272 billion over the past 20 years... Overall, local producers are selling less than they were before trade was liberalized.'<sup>11</sup> Deconstructing African countries according to whether there was rapid or slow trade liberalization from 1987-99, Christian Aid found a close correlation between trade openness and worsening poverty. One reason was falling commodity prices during the 1980s-90s.

These topics are taken up in the first half of the paper. However, it is critical to first provide a brief summary about the theoretical underpinnings of the argument, by reference to new work on imperial dynamics of capital accumulation.

### 1.1 Accumulation by dispossession

Nearly a century ago, the linchpin of imperialism was identified by Rosa Luxemburg, who considered polarisation between the 'developed' and underdeveloped worlds to be functional, not irrational, just as the apartheid polarisation between white cities and black rural areas was functional to South African capitalism. This was the ultimately contradictory logic behind uneven global and combined development. In her book *Accumulation of Capital*, Luxemburg wrote of 'the deep and fundamental antagonism between the capacity to consume and the capacity to produce in a capitalist society, a conflict resulting from the very accumulation of capital which periodically bursts out in crises and spurs capital on to a continual extension of the market.'<sup>12</sup>

Luxemburg's thesis was straightforward: 'Capital cannot accumulate without the aid of non-capitalist organisations, nor ... can it tolerate their continued existence side by side with itself. Only the continuous and progressive disintegration of non-capitalist organisations makes accumulation of capital

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11. Christian Aid (2005), 'The Economics of Failure: The Real Cost of 'Free' Trade for Poor Countries'. See also Kraev, E. (2005), 'Estimating Demand Side Effects of Trade Liberalization on GDP of Developing Countries', London, Christian Aid, May.

12. Luxemburg, R. (1968)[1923], *The Accumulation of Capital*, New York, Monthly Review Press, p.347.

possible.' She continued, 'The relations between capitalism and the non-capitalist modes of production start making their appearance on the international stage. Its predominant methods are colonial policy, an international loan system - a policy of spheres of interest - and war. Force, fraud, oppression, looting, are openly displayed without any attempt at concealment, and it requires an effort to discover within this tangle of political violence and contests of power the stern laws of the economic process.'<sup>13</sup>

This fine description alerts us to similarities between early 20th and early 21st century global apartheid. Today, the international stage offers us views of a new colonial policy (HIPC, PRSPs, NEPAD, donor aid, the Pentagon and all the other processes that Washington and its allies deploy to maintain control). Today, we have an international loan system that corresponds to spheres of interest writ large, and not only via banking relations on colonial-geographical lines. Today, persistent wars in Africa and around the world reflect the tensions associated with capitalist crisis, interimperialist rivalry and barbarism.

We need continual reminding of earlier debates in the same spirit, prior to reviewing opportunities at the global scale, and finally returning to local ways that people can make a difference in the fight against global apartheid. A grassroots anticapitalism is emerging and linking across the globe to change power relations and fight a mode of capital accumulation that has degenerated via, in Luxemburg's word, 'appropriation.' For Luxemburg and many contemporary critics, capitalist crisis tendencies were translated into an aggressive, systematic geopolitical process, characterised by 'oppressive taxation, war, or squandering and monopolisation of the nation's land, and thus belongs to the spheres of political power and criminal law no less than with economics.'<sup>14</sup>

If diverse forms of underdevelopment are integrated within the mode of production and reproduction, how is this condition managed by international economic managers? David Harvey reminds us that 'primitive accumulation'<sup>15</sup>

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13. Luxemburg, *The Accumulation of Capital*, pp.396,452-453.

14. Luxemburg, *The Accumulation of Capital*, pp.370. Updates of the theme that capitalism requires pre-capitalist 'articulations' are found in Seddon, D. (Ed), *Relations of Production: Marxist Approaches to Economic Anthropology*, London, Frank Cass; and Wolpe, H. (Ed)(1980), *The Articulations of Modes of Production*, London, Routledge and Kegan Paul.

15. For more theoretical and empirical information on primitive accumulation, see Moore, D. (2002), 'Zimbabwe's Triple Crisis: Primitive Accumulation, Nation-State Formation and Democratisation in the Age of Neoliberal Globalisation,' Paper presented to the conference on Transition and Crisis in Zimbabwe, Centre of African Studies, University of Florida, Gainesville, March 2; Perelman, M. (2000), *The Invention of Capitalism: Classical Political Economy and the Secret History of Primitive Accumulation*, Durham, Duke University Press; von Werlhof, C. (2000), 'Globalisation and the Permanent Process of Primitive Accumulation: The Example of the MAI, the Multilateral Agreement on Investment', *Journal of World Systems Research*, 6, 3; Zarembka, P. (2000), 'Accumulation of Capital, Its Definition: A Century after Lenin and Luxemburg', in P.Zarembka (Ed), *Value, Capitalist Dynamics and Money: Research in Political Economy, Volume 18*, Stamford and Amsterdam, JAI/Elsevier; and Zarembka, P. (2002), 'Primitive Accumulation in Marxism, Historical or Trans-historical Separation from Means of Production?', *The Commoner*, <http://www.thecommoner.org>, March.

remains one of capitalism's persistent tactics:

A closer look at Marx's description of primitive accumulation reveals a wide range of processes. These include the commodification and privatisation of land and the forceful expulsion of peasant populations; conversion of various forms of property rights (common, collective, state, etc.) into exclusive private property rights; suppression of rights to the commons; commodification of labour power and the suppression of alternative (indigenous) forms of production and consumption; colonial, neocolonial and imperial processes of appropriation of assets (including natural resources); monetisation of exchange and taxation (particularly of land); slave trade; and usury, the national debt and ultimately the credit system as radical means of primitive accumulation.<sup>16</sup>

For Harvey, some of the most effective vehicles for capital accumulation via appropriation, or 'dispossession,' are financial:

The credit system and finance capital have, as Lenin, Hilferding and Luxemburg all remarked, been major levers of predation, fraud and thievery. Stock promotions, Ponzi schemes, structured asset destruction through inflation, asset stripping through mergers and acquisitions, the promotion of levels of debt encumbrance that reduce whole populations, even in the advanced capitalist countries, to debt peonage, to say nothing of corporate fraud, dispossession of assets (the raiding of pension funds and their decimation by stock and corporate collapses) by credit and stock manipulations - all of these are central features of what contemporary capitalism is about.<sup>17</sup>

The financial markets amplify traditional forms of primitive accumulation, which remain relevant to Africa thanks to the rapid spread of the commodity form under neoliberalism, crippling debt crisis and capital flight. Trade and investment relationships also soon turn into systems of dispossession. Harvey notes:

The emphasis upon intellectual property rights in the WTO negotiations (the so-called TRIPS agreement) points to ways in which the patenting and licensing of genetic materials, seed plasmas, and all manner of products, can now be used against whole populations whose management practices have played a crucial role in the development of those materials. Biopiracy is rampant and the pillaging of the world's stockpile of genetic resources is well under way to the benefit of a few large multinational companies. The escalating depletion of the global

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16. Harvey, D. (2003), 'The 'New' Imperialism: On Spatio-temporal Fixes and Accumulation by Dispossession,' in L. Panitch and C. Leys, *Socialist Register 2004*, London, Merlin Press and New York, Monthly Review Press. A longer version is elaborated in Harvey, D. (2003), *The New Imperialism*, Oxford and New York, Oxford University Press.

17. Harvey, 'The "New" Imperialism: On Spatio-temporal Fixes and Accumulation by Dispossession,' in L. Panitch and C. Leys, *Socialist Register 2004*, Merlin Press and New York Monthly Review Press. A longer version is elaborated in Harvey, *The New Imperialism*.



environmental commons (land, air, water) and proliferating habitat degradations that preclude anything but capital intensive modes of agricultural production have resulted from the wholesale commodification of nature in all its forms. The commodification of cultural forms, histories and intellectual creativity entails wholesale dispossessions (the music industry is notorious for the appropriation and exploitation of grassroots culture and creativity). The corporatisation and privatisation of hitherto public assets (like universities) to say nothing of the wave of privatisation (of water, public utilities of all kinds) that has swept the world indicate a new wave of 'enclosing the commons...' the power of the state is frequently used to force such processes through - even against popular will.<sup>18</sup>

Samir Amin, Africa's leading political economist, describes this process as theft: 'The US programme is certainly imperialist in the most brutal sense of that word, but it is not "imperial" in the sense that Antonio Negri has given the term, since it does not aim to manage the societies of the planet in order better to integrate them into a coherent capitalist system. Instead, it aims only at looting their resources.'<sup>19</sup>

## 1.2 Commodity export dependency and falling terms of trade

The most important myth of neoliberal economics is that production for export inexorably creates prosperity. In reality, 'unequal exchange' in trade - including the rising African trade deficit with South Africa - is another route for the extraction of superprofits from Africa. The continent's share of world trade declined over the past quarter century, but the volume of exports increased. 'Marginalization' of Africa occurred, hence, not because of insufficient integration, but because other areas of the world - especially East Asia - moved to the export of manufactured goods, while Africa's industrial potential declined thanks to excessive deregulation associated with structural adjustment.

Overall, primary exports of natural resources accounted for nearly 80% of African exports in 2000, compared to 31% for all developing countries and 16% for the advanced capitalist economies. According to the UN Conference on Trade in Development, in 2003, a dozen African countries were dependent upon a single commodity for exports, including crude petroleum (Angola 92%, Congo 57%, Gabon 70%, Nigeria 96% and Equatorial Guinea 91%); copper (Zambia 52%); diamonds (Botswana 91%); coffee (Burundi 76%, Ethiopia 62%, Uganda 83%), tobacco (Malawi 59%) and uranium (Niger 59%).<sup>20</sup> Excluding South Africa, the vast majority (63%) of Sub-Saharan exports in recent years have been petroleum-

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18. Harvey, 'The "New" Imperialism.'

19. Amin, S. (2003), 'Confronting the Empire,' presented to the conference on The Work of Karl Marx and the Challenges of the 21st Century, Institute of Philosophy of the Ministry of Science, Technology and the Environment, the National Association of Economists of Cuba, the Cuban Trade Union Federation and the Centre for the Study of Economy and Planning, Havana, 5-8 May.

20. Cited in Oxfam (2005), 'Africa and the Doha Round: Fighting to Keep Development Alive', Oxfam Briefing Paper 80, Oxford, November, p.21.

related, largely from Nigeria, Angola and other countries in the Gulf of Guinea. The next largest category of exports from the subcontinent (and not including South Africa) is food and live animals (17%).<sup>21</sup> The problems associated with primary product export dependence are not only high levels of price volatility and downward price trends for many natural resources. In addition, especially for minerals, production is highly capital-intensive, offers low incentives for educational investments, and provides a greater danger of intervention by parasitical rentiers.<sup>22</sup>

More than two-thirds of Africa's trade is with developed countries, although beginning in 1990, China's share rose from 2% to 9%, in the process attracting growing controversy over geopolitics (because from Sudan to Zimbabwe to Angola, Chinese loans and investments propped up corrupt regimes) and deindustrialization. The Chinese threat to African industry is profound, with Nigeria losing 350,000 jobs directly (and 1.5 million indirectly) due to Chinese competition from 2000-05. Lesotho's garment industry collapsed when the Africa Growth and Opportunity Act benefits evaporated in 2005 once China joined the WTO.<sup>23</sup>

But the main damage remains the long-term decline in primary product price trends. As Michael Barrett Brown explains: 'The value added in making up manufactured goods has been greatly increased compared with the raw material required; synthetics continue to replace natural products in textiles, shoes and rubber goods; and the elasticity of demand for agricultural products (the proportion of extra incomes spent on food and beverages) has been steadily falling.' Notwithstanding the 2002-05 price increases – especially oil, rubber and copper thanks to Chinese import demand – the value of coffee, tea and cotton exports many African countries rely upon continues to stagnate or fall. Falling prices for most cash crops pushed Africa's agricultural export value down from \$15 billion in 1987 to \$13 billion in 2000 notwithstanding greater volumes of exports.<sup>24</sup> In historical terms, the prices of primary commodities (other than fuels) have risen and fallen according to a deeper rhythm. Exporters of primary commodities, for example, fared particularly badly when financiers were most powerful.

**Table 2: Commodity price declines, 1980-2001**

Product, Unit	1980	1990	2001
Cafe (Robusta) cents/kg	411.70	118.20	63.30

21. Commission for Africa, *Our Common Future*, p.250.

22. Cornia, G. (1999), 'Liberalization, Globalization and Income Distribution', United Nations World Institute for Development Economic Research Working Papers #157, Helsinki, March.

23. Chiahemen, J. (2005), 'Africa fears "Tsunami" of Cheap Chinese Imports', Reuters, 18 December.

24. Barratt-Brown, M. (2004), 'Africa's Trade Today,' Paper for the Review of African Political Economy and CODESRIA 30th Anniversary Conference, Wortley Hall, Sheffield, 27 May. See also Barratt-Brown, M. and P. Tiffen (1992), *Short Changed: Africa and World Trade*, London, Pluto Press.

<b>Cocoa</b> cents/kg	330.50	126.70	111.40
<b>Groundnut oil</b> dollars/ton	1090.10	963.70	709.20
<b>Palm oil</b> dollars/ton	740.90	289.90	297.80
<b>Soya</b> dollars/ton	376.00	246.80	204.20
<b>Sugar</b> cents/kg	80.17	27.67	19.90
<b>Cotton</b> cents/kg	261.70	181.90	110.30
<b>Copper</b> dollars/ton	2770.00	2661.00	1645.00
<b>Lead</b> cents/kg	115.00	81.10	49.60

Source: Touissant, E. (2005), *Your Money or Your Life*, Chicago, Haymarket Books, p.157.

The cycle for an exporting country typically begins with falling commodity prices, then leads to rising foreign debt, dramatic increases in interest rates, a desperate intensification of exports which lowers prices yet further, and bankruptcy. Using 1970 as a base index year of 100, from 1900 to 1915, the prices of commodities rose from 130 to 190, and then fell dramatically to 90 in 1919. From a low point of 85 in 1930, as the Great Depression began, the commodity price index rose mainly during World War II to 135, as demand for raw materials proved strong and shipping problems created supply-side problems. Prices fell during the subsequent globalization process until 1968 (to 95 on the index), but soared to 142 at the peak of a commodity boom in 1973 when oil and minerals – especially gold – temporarily soared. The subsequent fall in commodity prices took the index down steadily, well below 40 by the late 1990s.<sup>25</sup> In Ethiopia, to illustrate, coffee exports rose from 1992, with the volume of output doubling by 2003. But the export value fell from \$450 million to less than \$100 million during the same period.<sup>26</sup>

Commodity prices were extremely volatile in key sectors affecting Africa. Gold rose from \$35/ounce in 1971 to \$850/ounce in 1981 but then crashed to as low as \$250 by the late 1990s. The 2002-05 minor boom in some commodity prices reflected strong Chinese import demand and the East Asian recovery from the 1997-98 depression in four key countries; from a very low base in early 2002, the prices of agricultural products rose 80% and metals/minerals doubled. Perhaps most spectacularly, the rise of the oil price from \$11/barrel to \$70/barrel from 1998-2005 meant that price volatility did indeed assist a few countries. But the soaring price of energy came at the expense of most of Africa, which imports oil.

Supporters of the status quo argue that there are mitigating factors in the world trading system designed to offer Africa a safety net. But 'preferential access' that permits somewhat greater Northern imports from Africa represents only 1% of world trade volume. And the 'Special and Differential Treatment' (SDT) concessions grudgingly provided some Third World exports are typically hard-fought and minimal, as Tetteh Hormeku of the Africa Trade Network explains:

25. Leon, J. and R.Soto (1997), 'Structural Breaks and Long-term Trends in Commodity Prices', *Journal of International Development*, 9, p.350.

26. United Nations Development Programme (2005), *Human Development Report 2005: International Cooperation at a Crossroads*, New York, p.141.

Countries at different stages of growth and development should not assume the same level of responsibilities in international agreements as these are unequal partners. But by end of the Uruguay Round the spirit of SDT was reduced to a narrower concept: developing countries had to essentially accept the same obligations as developed countries, and may be exempted from implementing some measures, as well as allowed different time scales. But almost all obligations would be adopted by them... [At Doha,] over 200 proposals were made relating first to strengthening SDT and second to resolving implementation issues. Since the Round has been launched, all discussions on SDT and implementation issues have made no progress, except on 22 issues which are widely described as of having little or no commercial value.<sup>27</sup>

A related problem is the northern agricultural subsidy system, which is worth several hundred billion dollars a year, whether for domestic market stabilization (in an earlier era) or export promotion. Overproductive European, US and Japanese agro-industrial corporations producers find African markets in the form of dumped grains and foodstuffs. Rarely examined, however, are the differential impacts of subsidies, especially when associated with glutted global agricultural markets. This is a general problem associated with export-led growth, but is particularly acute in the farming sector because of uneven access to state subsidies, especially affecting export crops.

It is not only a matter of much lower national-scale productive potential in the Third World than would have been the case had liberalization not decimated many local industries, including domestic farming. In the process, rapid trade-related integration caused growing social inequality, as Branco Milanovic has reported.<sup>28</sup> Those who benefited most include the import/export firms, transport/shipping companies, plantations and large-scale commercial farmers, the mining sector, financiers (who gain greater security than in the case of produce designed for the domestic market), consumers of imported goods, and politicians and bureaucrats who are tapped into the commercial/financial circuits.

Agricultural subsidies are merely one aspect of growing rural inequality. Farm subsidies today mainly reflect agro-corporate campaign contributions and the importance of rural voting blocs in advanced capitalist countries. (In the 1930s, the first generation of US farm subsidies instead reflected the dangers of agricultural overproduction to society and ecology, for the 'dust bowl' phenomenon in the Midwest emerged when many family farmers simply left their failing lands fallow after markets were glutted.)

The power of the agro-corporate lobby is substantial and getting stronger. The UN Development Programme found that agricultural subsidies had risen 15%

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27. Hormeku, T. (2005), 'The "Development Package" That Isn't', Third World Network Info Service on WTO and Trade Issues, Accra, <http://www.twinside.org.sg>, 16 December.

28. Milanovic, B. (2002), 'Can We Discern the Effect of Globalization on Income Distribution?, Evidence from Household Budget Surveys,' World Bank Policy Research Working Paper 2876, Washington, April.

between the late 1980s and 2004, from \$243 billion to \$279 billion (a figure Vandana Shiva considers a vast underestimate), with Japan (56%) relatively most subsidy-intensive in relation to the total value of agricultural production, compared to the EU (33%) and US (18%).<sup>29</sup>

Unlike earlier periods when farming was smaller-scale and atomized, advanced capitalist countries' agricultural subsidies today overwhelmingly benefit large agro-corporate producers. Subsidies in the EU's fifteen major countries are even more unequally distributed than the US, with beneficiaries in Britain including Queen Elizabeth II (\$1.31 million), Prince Charles (\$480,000) and Britain's richest man, the Duke of Westminster (\$1.13 million).<sup>30</sup> Studies of the Gini coefficients of northern agriculture subsidy recipients, as reported by the UNDP, confirm that large farming corporations benefit far more than do small farmers. In 2001, the EU 15's Gini coefficient was 78 and the US coefficient was 67, both far higher than income distribution in the world's most unequal countries.<sup>31</sup> Were political power relations to change, a massive redirection of subsidies to small, lower-income, family farmers in the North would be more equitable and could have the effect of moving agricultural production towards more organic (and less petroleum-intensive) farming.

A detailed debate regularly occurs over whether subsidies are 'trade-distorting'. If they represent export subsidies or price supports, these subsidies belong in what the WTO terms an 'Amber Box', targeted for elimination. Export subsidies of \$7.5 billion in 1995 were reduced, as a result, to \$3 billion by 2001. Formerly trade-distorting subsidies were reformed by the EU, with the new aim of limiting production of crops (farmers are paid to simply leave land fallow), and are hence 'Green Box': not subject to cuts. The US government proposed that the large counter-cyclical payments it makes to US cotton producers when the price declines should not be considered amber, even though the WTO itself agreed with Brazilian complaints that the subsidies still distort trade by increasing US output and lowering world prices. Generally, the complexity associated with the subsidy regimes reflects Northern capacity to maintain their subsidies but continually dress them up in new language.<sup>32</sup>

What impact would the removal of northern agricultural subsidies have in Africa? Explicit agro-export subsidies, which account for less than 1% of the total and are mainly provided by the EU, will finally cease in 2013, thanks to concessions at the Hong Kong WTO summit. (Implicit EU export subsidies worth

29. United Nations Development Programme, *Human Development Report 2005*, p.129.

30. Sharma, D. (2005), 'Farm Subsidies: The Report Card', ZNet commentary, 27 November. Sharma argues that in response, 'Developing countries should ask for: agricultural subsidies to be classified under two categories: one which benefits small farmers and the remaining which goes to agri-business companies and the big farmers/landowners; and since less than 20% of the \$1 billion farm subsidy being doled out every day genuinely benefit small farmers, the remaining 80% subsidies need to be outright scrapped before proceeding any further on agriculture negotiations.'

31. United Nations Development Programme, *Human Development Report 2005*, p.130.

32. Sharma, D. (2005), 'Much Ado about Nothing', ZNet Commentary, 24 December.

55 billion euros will continue, however.) This reform aside, the most important debate is over whether substantive reductions would genuinely benefit African peasants.

One problem is that power relations prevailing in the world agricultural markets allow huge cartels to handle shipping and distribution, and they usually gain the first round of benefits when prices change. A second problem is that local land ownership patterns typically emphasise plantation-based export agriculture, with the danger that further cash crop incentives will crowd out land used for food cropping by peasants. No reliable studies exist to make definitive statements. There are, indeed, African heads of state in food-importing countries who advocate continuing EU agricultural subsidies for a third reason, because lower crop prices reduces their own costs of feeding their citizenry.

In sum, two crucial questions associated with subsidies and agricultural exports are typically elided by neoliberal economists and other pro-trade campaigners: which forces in Northern societies benefit from subsidies that promote export-orientation, in both the short- and long-term?; and which forces in Southern societies would win and lose in the event exports are lifted? Furthermore, the crucial strategic question is whether self-reliant development strategies – which were the necessary (if insufficient) condition for most industrialization in the past – can be applied if low-income exporting countries remain mired in the commodity trap. The same points must be raised again below with respect to Africa's mineral exports, where depletion of nonrenewable resources drains the wealth of future generations.

But a final reflection of trade-related power relations was also unveiled in Hong Kong. For Walden Bello, the most disturbing political development was that India and Brazil structurally shifted their location from an alliance with 110 Third World countries, to the core of the 'Five Interested Parties' (joining the US, EU and Australia) which cut the final deal:

In the end, the developing country governments caved in, many of them motivated solely by the fear of getting saddled with the blame for the collapse of the organization. Even Cuba and Venezuela confined themselves to registering only 'reservations' with the services text during the closing session of the ministerial... The main gain for Brazil and India lay not in the impact of the agreement on their economies but in the affirmation of their new role as power brokers within the WTO.<sup>33</sup>

### **1.3 Investment, production and exploitation**

Africa, meanwhile, remains disempowered on fronts ranging from trade to direct investment. Walter Rodney described foreign direct investment in stark terms:

Under colonialism the ownership was complete and backed by military domination. Today, in many African countries the foreign ownership is still

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33. Bello, W. (2005), 'The Meaning of Hong Kong: Brazil and India join the Big Boys' Club', Unpublished paper, Bangkok, Focus on the Global South. Bello particularly blames Brazilian foreign minister Celso Amorim and Indian commerce minister Kamal Nath.

present, although the armies and flags of foreign powers have been removed. So long as foreigners own land, mines, factories, banks, insurance companies, means of transportation, newspapers, power stations, etc. then for so long will the wealth of Africa flow outwards into the hands of those elements. In other words, in the absence of direct political control, *foreign investment ensures that the natural resources and the labour of Africa produce economic value which is lost to the continent.*<sup>34</sup>

In recent years, Africa has not been overwhelmed by interest from foreign corporate suitors. During the early 1970s, roughly a third of all FDI to the Third World went to Sub-Saharan African countries, especially apartheid South Africa. By the 1990s, that statistic had dropped to 5%. Aside from oil field exploitation, the only other substantive foreign investments over the last decade were in South Africa, for the partial privatization of the state telecommunications agency and for the expansion of automotive-sector branch plant activity within global assembly lines. These inflows were by far offset by South Africa's own outflows of foreign direct investment, in the forms of relocation of the largest corporations' financial headquarters to London, which in turn distorted the Africa FDI data, not to mention the repatriation of dividends/profits, payments of patent/royalty fees to transnational corporations.

One of the most careful analysts of foreign corporate domination of African economies, UN Research Institute for Social Development director Thandika Mkandawire, recently studied African economies' 'maladjustment' and concluded, 'Little FDI has gone into the manufacturing industry. As for investment in mining, it is not drawn to African countries by macroeconomic policy changes, as is often suggested, but by the prospects of better world prices, changes in attitudes towards national ownership and sector specific incentives.' Moreover, 14% of FDI was 'driven by acquisitions facilitated by the increased pace of privatization to buy up existing plants that are being sold, usually under "fire sale" conditions.' What little new manufacturing investment occurred was typically 'for expansion of existing capacities, especially in industries enjoying natural monopolies (e.g. beverages, cement, furniture). Such expansion may have been stimulated by the spurt of growth that caused much euphoria and that is now fading away.'<sup>35</sup> According to Mkandawire,

It is widely recognized that direct investment is preferable to portfolio investment, and foreign investment in 'green field' investments is preferable to acquisitions. The predominance of these [portfolio and acquisition] types of capital inflows should be cause for concern. However, in their desperate efforts to attract foreign investment, African governments have simply ceased dealing with these risks or suggesting that they may have a preference for one type of foreign investment over all others. Finally, such investment is likely to taper off within a short span of time, as already

34. Rodney, *How Europe Underdeveloped Africa*.

35. Mkandawire, T. (2005), 'Maladjusted African Economies and Globalization', *Africa Development*, 30, 1-2, p.6.

seems to be the case in a number of African countries.

Thus, for Ghana, hailed as a 'success story' by the Bretton Woods Institutions, FDI, which peaked in the mid-1980s at over \$200 million annually - mainly due to privatization - was rapidly reversed to produce a negative outflow. It should be noted, in passing, that rates of return of direct investments have generally been much higher in Africa than in other developing regions. This, however, has not made Africa a favourite among investors, largely because of considerations of the intangible 'risk factor' nurtured by the tendency to treat the continent as homogenous and a large dose of ignorance about individual African countries. There is considerable evidence that shows that Africa is systematically rated as more risky than is warranted by the underlying economic characteristics.<sup>36</sup>

The critique of foreign investors in Africa must now extend beyond the EU, US and Japan, to China. For example, the Chinese National Petroleum Corporation (CNPC) and two other large Chinese oil firms are active in seventeen African countries. One is Sudan where \$2 billion of oil investments are underway notwithstanding the Darfur genocide, responsible already for of 5% of China's import requirements, along with Chinese-financed development of a homegrown Sudanese military capacity. (Arms sales to Robert Mugabe are also dubious.) As Ben Schiller reports,

Concerns have been raised over the environmental impact of various Chinese-run mining operations in Africa, including copper mines in Zambia and Congo, and titanium sands projects in ecologically sensitive parts of Mozambique, Kenya, Tanzania, and Madagascar.

Moreover, China is a major importer of illegal timber from forests in Indonesia, Cameroon, Congo, and Equatorial Guinea. Though accurate figures are hard to access, [www.globaltimber.org.uk](http://www.globaltimber.org.uk) says that up to 50% of all timber imported to China in 2004 was illegal. Chinese businesses have also been implicated in ivory smuggling, notably in Sudan and Zimbabwe. According to Care for the Wild International, Chinese companies buy up to 75% of Sudan's ivory.

In its rush to expand, development experts say China is reinvigorating an older, crude style of development, re-establishing an era of 'white elephants' and 'prestige projects' with little benefit to local people. In Ethiopia, the Chinese state-owned Jiangxi International built \$4 million worth of new housing, after a flood left hundreds destitute. But instead of accommodating the homeless, the blocks ended up being used by military officials. A Jiangxi manager later told the *Wall Street Journal*: 'It was a political task for us and so long as Ethiopia officials are happy, our goal is fulfilled.'<sup>37</sup>

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36. Mkandawire, 'Maladjusted African Economies and Globalization', p.7.

37. Schiller, B. (2005), 'The China Model of Development', [http://www.opendemocracy.net/democracy-china/china\\_development\\_3136.jsp](http://www.opendemocracy.net/democracy-china/china_development_3136.jsp), 20 December.



Given that mining houses have been central to the superexploitation of Africa for at least a century and a half, it is fitting to next consider the damage done by depletion of minerals and other non-renewable natural resources.

#### 1.4 FDI and resource depletion

In the most brazen case, the oil sector demonstrates how profit and dividend outflows, often lubricated by corruption, have had extremely negative consequences. As demonstrated by the Open Society-backed campaign, 'Publish what you Pay', elites in Africa's oil producing countries - Angola, Chad, Congo, Equatorial Guinea, Gabon, Nigeria and Sudan - are amongst the world's least transparent.<sup>38</sup> In Nigeria, demands by the Ogoni people relate not only to the massive destruction of their Delta habitat, but also to the superexploitation of their natural wealth by Big Oil. According to Sam Olukoya,

Reparations is a crucial issue in the struggle for environmental justice in Nigeria. Many of the ethnic groups in the Niger Delta have drawn up various demands. A key document is the Ogoni Bill of Rights which seeks reparations from Shell for environmental pollution, devastation and ecological degradation of the Ogoni area. Shell's abuses in Ogoniland were made infamous by the late playwright and activist Ken Saro-Wiwa, who was executed by the Nigerian government.<sup>39</sup>

In all these respects, diverse forces in society have moved away from considering oil merely a matter of private property, to be negotiated between corporations and governments, as was the case during much of the 20<sup>th</sup> century. Instead, these forces now treat oil as part of a general 'commons' of a national society's natural capital. George Caffentzis explains:

There are three levels of claims to petroleum as common property, correlating with three kinds of allied communities that are now taking shape, for there is no common property without a community that regulates its use:

- first, some local communities most directly affected by the extraction of petroleum claim to own and regulate the petroleum under its territory as a commons;
- second, Islamic economists claim for the Islamic community of believers, from Morocco to Indonesia, and its representative, the 21st century Caliphate in formation, ownership of and the right to regulate the huge petroleum fields beneath their vast territory;
- third, UN officials claim for the 'coming global community' the right to regulate the so-called global commons: air, water, land, minerals (including petroleum) and 'nous' (knowledge and information). This imagined global community is to be represented by a dizzying array

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38. [www.opensociety.org](http://www.opensociety.org)

39. Olukoya, S. (2001), 'Environmental Justice from the Niger Delta to the World Conference Against Racism', Special to CorpWatch, 30 August, <http://www.corpwatch.org/article.php?id=18>

of 'angels' that make up the UN system, from NGO activists to UN environmentalist bureaucrats to World Bank 'green' advisors.<sup>40</sup>

From a September 2005 conference in Johannesburg organized by the South African NGO groundWork, delegates petitioned the World Petroleum Congress:

At every point in the fossil fuel production chain where your members 'add value' and make profit, ordinary people, workers and their environments are assaulted and impoverished. Where oil is drilled, pumped, processed and used, in Africa as elsewhere, ecological systems have been trashed, peoples' livelihoods have been destroyed and their democratic aspirations and their rights and cultures trampled...

Your energy future is modeled on the interests of over-consuming, energy-intensive, fossil-fuel-burning wealthy classes whose reckless and selfish lifestyles not only impoverish others but threaten the global environment, imposing on all of us the chaos and uncertainty of climate change and the violence and destruction of war. Another energy future is necessary: yours has failed!<sup>41</sup>

In a remarkable essay, 'Seeing like an oil company,' anthropologist James Ferguson argues that 'capital "hops" over "unusable Africa," alighting only in mineral-rich enclaves that are starkly disconnected from their national societies. The result is not the formation of standardized national grids, but the emergence of huge areas of the continent that are effectively "off the grid."' In the process, there emerges 'a frightening sort of political-economic model for regions that combine mineral wealth with political intractability,' ranging from African oil zones to occupied Iraq. The model includes protection of capital by 'private military companies' (in Baghdad, Blackwater, Erinys and Global Risk Strategies), and protection of the 'Big Man' leader (Paul Bremer, John Negroponte) 'not by his own national army but, instead, by hired guns'.<sup>42</sup> The bottom line is enhanced profit for international capital and despotism for the citizenry.

Of interest, though, is that in the wake of higher consciousness regarding full environmental accounting, some of the costs of this model are now being measured at even the World Bank. Along with this we are entering a potentially fruitful period in which the depletion of natural resources plus associated negative externalities – such as the social devastation caused by mining operations – can now begin to be taken seriously as a way of envisioning a global commons. That entails at least a rough accounting of the costs associated with tearing resources from the ground, forests and fisheries, even as we continue to recognize that many aspects of valuation – human life's worth, indigenous people's traditions and culture, aesthetics of the natural environment – are impossible to quantify.

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40. Caffentzis, G. (2004), 'The Petroleum Commons: Local, Islamic and Global', The Progress Report, <http://www.progress.org/2004/water26.htm>.

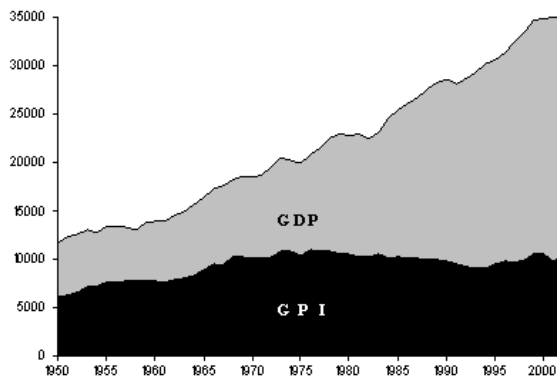
41. [www.groundwork.org.za](http://www.groundwork.org.za)

42. Ferguson, J. (2005), 'Seeing Like an Oil Company: Space, Security and Global Capital in Neoliberal Africa', *American Anthropologist*, 107, 3, p.381.

### 1.5 Accounting for nature

Because of the legacy of environmental economists such as Herman Daly, even the World Bank has begun to address the question of resource depletion, in *Where is the Wealth of Nations?*, using the methodology of correcting bias in GDP wealth accounting.<sup>43</sup> Not surprisingly, this is nowhere near as expansive as parallel efforts by groups such as San Francisco-based Redefining Progress.<sup>44</sup> There, statisticians subtract from GDP the cost of crime and family breakdown; add household and volunteer work; correct for income distribution (rewarding equality); subtract resource depletion; subtract pollution; subtract long-term environmental damage (climate change, nuclear waste generation); add opportunities for increased leisure time; factor in lifespan of consumer durables and public infrastructure; and subtract vulnerability upon foreign assets. Using this approach and accounting for natural resource depletion, pollution and the other factors that, in the aggregate, comprise the onset of the era marked by neoliberalism, globalisation and the ecological crisis, global welfare began declining in absolute terms during the mid-1970s. Nevertheless, the Bank's tentative approach is at least a step forward in recognizing that extractive investments may not contribute to net welfare, and indeed may cause national savings and wealth to actually shrink, along with their better known qualitative manifestations.

**Figure 2: Global GDP versus a genuine progress indicator, 1950-2003**



Source: [www.redefiningprogress.org](http://www.redefiningprogress.org)

The Bank's first-cut method subtracts from the existing rate of savings factors such as fixed capital depreciation, depletion of natural resources and pollution, but then adds investments in education (defined as annual expenditure). The result, in most African countries dependent upon primary products, is a net negative rate of national savings to Gross National Income

43. World Bank (2005), *Where is the Wealth of Nations? Measuring Capital for the 21st Century*, Washington, Conference Edition, 15 July. For context and for a ruthless critique of the World Bank's move into environmental analysis and investments more generally, see Goldman, M. (2005), *Imperial Nature*, New Haven, Yale Press.

44. [www.redefiningprogress.org](http://www.redefiningprogress.org).

(GNI). Notwithstanding some problems, the Bank's methodology at least indicates some of the trends associated with raw materials extraction. In making estimates about the decline in a country's wealth due to energy, mineral or forest-related depletion, the World Bank adopts a minimalist definition based upon international pricing (not potential future values when scarcity becomes a more crucial factor, especially in the oil industry). Moreover, the Bank does not fully calculate damages done to the local environment, to workers' health/safety, and especially to women in communities around mines. And the Bank's use of average – not marginal – cost resource rents also underestimates the depletion costs. In particular, the attempt to generate a 'genuine savings' calculation requires adjusting net national savings to account for resource depletion. The Bank suggests the following steps:

From gross national saving the consumption of fixed capital is subtracted to give the traditional indicator of saving: net national savings. The value of damages from pollutants is subtracted. The pollutants carbon dioxide and particulate matter are included. The value of natural resource depletion is subtracted. Energy, metals and mineral and net forest depletion are included. Current operating expenditures on education are added to net national saving to adjust for investments in human capital.<sup>45</sup>

Naturally, given oil extraction, the Middle East region (including North Africa) has the world's most serious problem of net negative gross national income and savings under this methodology. But Sub-Saharan Africa is second worst, and for several years during the early 1990s witnessed net *negative* GNI for the continent once extraction of natural resources was factored in. Indeed, for every percentage point increase in a country's extractive-resource dependency, that country's potential GDP declines by 9% (as against the real GDP recorded), according to the Bank.<sup>46</sup> African countries with the combined highest resource dependence and lowest capital accumulation included Nigeria, Zambia, Mauritania, Gabon, Congo, Algeria and South Africa. In comparing the *potential* for capital accumulation – i.e., were resource rents not simply extracted (and exported) and resources depleted – on the one hand and, on the other, the *actual* measure of capital accumulation, Bank researchers discovered that,

In many cases the differences are huge. Nigeria, a major oil exporter, could have had a year 2000 stock of produced capital five times higher than the actual stock. Moreover, if these investments had taken place, oil would play a much smaller role in the Nigerian economy today, with likely beneficial impacts on policies affecting other sectors of the economy.<sup>47</sup>

A more nuanced breakdown of a country's estimated 'tangible wealth' is required to capture not just obvious oil-related depletion and rent outflows, but also other subsoil assets, timber resources, nontimber forest resources, protected

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45. World Bank, *Where is the Wealth of Nations?*, p.39.

46. World Bank, *Where is the Wealth of Nations?*, p.55.

47. World Bank, *Where is the Wealth of Nations?*, p.55.

areas, cropland and pastureland. The 'produced capital' normally captured in GDP accounting is added to the tangible wealth. In the case of Ghana, that amounted to \$2,022 per capita in 2000. The same year, the Gross National Saving of Ghana was \$40 per capita and education spending was \$7. These figures require downward adjustment to account for the consumption of fixed capital (\$19), as well as the depletion of wealth in the form of stored energy (\$0), minerals (\$4) and net forest assets (\$8). In Ghana, the adjusted net saving was \$16 per capita in 2000. But given population growth of 1.7%, the country's wealth actually shrunk by \$18 per capita in 2000.<sup>48</sup>

**Table 3: Adjustment to Ghana's 2000 savings rate  
based upon tangible wealth and resource depletion (per capita \$)**

<b>Tangible wealth</b>	<b>Adjusted net saving</b>
Subsoil assets \$65	Gross National Saving \$40
Timber resources \$290	Education expenditure \$7
Nontimber forest resources \$76	Consumption fixed capital \$-19
Protected areas \$7	Energy depletion \$0
Cropland \$855	Mineral depletion \$-4
Pastureland \$43	Net forest depletion \$-8
Produced capital \$686	
Total tangible wealth \$2022	Adjusted net saving \$16
Population growth 1.7%	Change in wealth per capita \$-18

Source: World Bank, *Where is the Wealth of Nations?*, pp.64-65.

How much of this exploitation is based on transnational capital's extractive power? In the case of Ghana, \$12 of the \$18 decline in 2000 could be attributed to minerals and forest-related depletions, a large proportion of which now leaves Ghana.<sup>49</sup> The largest indigenous (and black-owned) mining firm in Africa, Ashanti, was recently bought by AngloGold, so it is safe to assume than an increasing amount of Ghana's wealth flows out of the country, leaving net negative per capita tangible wealth. Other mining houses active in Africa which once had their roots here – Lonrho, Anglo, DeBeers, Gencor/Billiton – are also now based off-shore.

It is logical to assume that an increased drive by London, New York and Australian shareholders for profits results in the systematic disaccumulation of capital from Africa, given that very little financial capital - by way of royalties on minerals or profits to local shareholders (still significant in the case of South Africa) - is reinvested, but instead becomes the source of further capital flight.

Ghana was an interesting example given that it has often played the role of World Bank poster child country. Other African countries whose economies are primary product dependent fare much worse, according to the Bank methodology. Gabon's citizens lost \$2,241 each in 2000, as oil companies rapidly depleted the country's tangible wealth. The Republic of the Congo (-\$727),

48. World Bank, *Where is the Wealth of Nations?*, pp.64-65.

49. World Bank, *Where is the Wealth of Nations?*, pp.64-65.

Nigeria (-\$210), Cameroon (-\$152), Mauritania (-\$147) and Cote d'Ivoire (-\$100) are other African countries whose people lost more than \$100 in tangible national wealth each in 2000 alone. (Angola would rank high amongst these, were data available for the Bank's analysis.) A few countries did benefit, according to the tangible wealth measure, including the Seychelles (+\$904), Botswana (+\$814) and Namibia (+\$140), but the majority of African countries saw their wealth depleted.<sup>50</sup>

Even Africa's largest economy, South Africa, which from the early 1980s has been far less reliant upon minerals extraction, recorded a \$2 drop in per capita wealth in 2000 using this methodology. According to the World Bank, the natural wealth of \$3,400/person in South Africa included subsoil assets (worth \$1,118 per person);<sup>51</sup> timber (\$310); non-timber forest resources (\$46); protected areas (\$51); cropland (\$1,238); pastureland (\$637). This sum can be compared to the value of produced capital (plant and equipment) and urban land (together worth \$7,270 per person in 2000). Hence even in Africa's most industrialized economy, the estimated value of natural wealth is nearly half of the measurable value of plant, equipment and urban land.<sup>52</sup>

In part, minerals depletion and associated pollution costs are a function of expanded foreign direct investment. Even in South Africa, with a 150-year old organic mining-based bourgeoisie, mineral depletion today disproportionately benefits overseas mining houses (especially given that some of the largest Johannesburg firms relisted their primary share residences to London after 1994). In addition, CO<sub>2</sub> emissions plus a great deal of other pollution (especially SO<sub>2</sub>) are largely the result of energy consumption by metals smelters owned by large multinational corporations (Mittal Steel, BHP Billiton and the Anglo group).

**Table 4: African countries' adjusted national wealth and 'savings gaps', 2000**

	Income per capita (\$)	Population growth rate (%)	Adjusted net saving per capita (\$)	Change in wealth per capita (\$)
<b>Benin</b>	360	2.6	14	-42

50. World Bank, *Where is the Wealth of Nations?*, p.66.

51. According to a different study by the United Nations Development Programme, the value of minerals in the soil fell from \$112 billion in 1960 to \$55 billion in 2000. See United Nations Development Programme (2004), *South Africa Human Development Report 2003*, Pretoria, Appendix 12.

52. Given the constant depletion of this natural capital, South Africa's official gross national savings rate of 15.7% of GDI therefore should be adjusted downwards. By subtracting consumption of fixed capital at 13.3%, the net national savings is actually 2.4%, added to which should be education expenditure (amongst the world's highest) at 7.5%. Then subtract mineral depletion of 1%; forest depletion of 0.3%; 0.2% pollution damage (limited to 'particulate matter', a small part of South Africa's waste problem); and CO<sub>2</sub> emissions worth 1.6% of GDI (a serious undervaluation). In total, the actual 'genuine savings' of South Africa is reduced to just 6.9% of national income. World Bank, *Where is the Wealth of Nations?*, p.179.

<b>Botswana</b>	2925	1.7	1021	814
<b>Burkina Faso</b>	230	2.5	15	-36
<b>Burundi</b>	97	1.9	-10	-37
<b>Cameroon</b>	548	2.2	-8	-152
<b>Cape Verde</b>	1195	2.7	43	-81
<b>Chad</b>	174	3.1	-8	-74
<b>Comoros</b>	367	2.5	-17	-73
<b>Rep of Congo</b>	660	3.2	-227	-727
<b>Côte d'Ivoire</b>	625	2.3	-5	-100
<b>Ethiopia</b>	101	2.4	-4	-27
<b>Gabon</b>	3370	2.3	-1183	-2241
<b>The Gambia</b>	305	3.4	-5	-45
<b>Ghana</b>	255	1.7	16	-18
<b>Kenya</b>	343	2.3	40	-11
<b>Madagascar</b>	245	3.1	9	-56
<b>Malawi</b>	162	2.1	-2	-29
<b>Mali</b>	221	2.4	20	-47
<b>Mauritania</b>	382	2.9	-30	-147
<b>Mauritius</b>	3697	1.1	645	514
<b>Mozambique</b>	195	2.2	15	-20
<b>Namibia</b>	1820	3.2	392	140
<b>Niger</b>	166	3.3	-10	-83
<b>Nigeria</b>	297	2.4	-97	-210
<b>Rwanda</b>	233	2.9	14	-60
<b>Senegal</b>	449	2.6	31	-27
<b>Seychelles</b>	7089	0.9	1162	904
<b>South Africa</b>	2837	2.5	246	-2
<b>Swaziland</b>	1375	2.5	129	8
<b>Togo</b>	285	4.0	-20	-88
<b>Zambia</b>	312	2.0	-13	-63
<b>Zimbabwe</b>	550	2.0	53	-4

Source: World Bank, *Where is the Wealth of Nations?*, p.66.

Any assessment of FDI, especially in oil and resource rich countries, must henceforth take into account its contribution to the net negative impact on national wealth, including the depletion and degradation of the resource base. Ironically, given the source of leadership at the World Bank (Paul Wolfowitz of the US petro-military complex), the Bank's new accounting of genuine savings is a helpful innovation. Taking the methodology forward in order to correct biases, and rigorously estimating an Africa-wide extraction measure in order to better account for the way extractive FDI generates net negative welfare/savings, still remain as important exercises.

There are many other modes of surplus and resource extraction through FDI, involving swindling. For example, corporate failure to pay taxes and state failure to collect them is a point stressed by Lawrence Cockcroft of Transparency International:

Most African countries operate some form of tax break for new investors, with varying degrees of generosity. In fact such incentive schemes are

frequently deceptive in that the real deal is being done in spite of them and alongside them, with a key cabinet minister or official coming to an alternative arrangement which may well guarantee an offshore payment for the individual in question as well as a 'tax holiday' for the company concerned.<sup>53</sup>

Official statistics have never properly picked up the durable problem of transfer pricing, whereby foreign investors misinvoice inputs drawn from abroad. Companies cheat Third World countries on tax revenues by artificially inflating their imported input prices so as to claim lower net income. It is only possible to guess the vast scale of the problem on the basis of case studies. The Oxford Institute of Energy Studies estimated that in 1994, 14% of the total value of exported oil 'was not accounted for in national trade figures as a result of various forms of transfer pricing and smuggling'.<sup>54</sup> According to a 1999 United Nations Conference on Trade and Development survey on income shifting as part of transfer pricing, 'Of the developing countries with sufficient evidence to make an assessment, 61% estimated that their own national transnational corporations (TNCs) were engaging in income shifting, and 70% deemed it a significant problem. The income-shifting behaviour of foreign-based TNCs was also appraised. 84% of the developing countries felt that the affiliates they hosted shifted income to their parent companies to avoid tax liabilities, and 87% viewed the problem as significant.'<sup>55</sup>

Similarly, another kind of corporate financial transfer aimed at exploiting weak African countries is the fee that headquarters charge for patent and copyright fees on technology agreements. Such payments, according to Yash Tandon, are augmented by management and consultancy fees, as well as other Northern corporate support mechanisms that drain the Third World. For the year 2000, Tandon listed export revenue denied the South because of northern protectionism of more than \$30 billion for non-agricultural products.<sup>56</sup>

### **1.6 Production, transport and the ecological debt**

Most of the systems of unequal exchange have been identified (aside from labour which is considered below), although the ecological implications have not been. In an indirect manner, such that victims are not aware of the process, another crucial outlet for Northern investors to exploit Africa is in their consumption of the global commons, particularly the earth's clean air. During the early 1990s, the idea of the North's ecological debt to the South began gaining currency in Latin America thanks to NGOs, environmentalists and politicians (including Fidel Castro of Cuba and Virgilio Barco of Colombia). According to Joan Martinez-Alier,

The notion of an ecological debt is not particularly radical. Think of the

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53. Cockcroft, L. (2001), 'Corruption as a Threat to Corporate Behaviour and the Rule of Law', London, Transparency International UK, p.2.

54. Cockcroft, 'Corruption as a Threat to Corporate Behaviour and the Rule of Law', p.2.

55. UN Conference on Trade and Development (1999), 'Transfer Pricing', Geneva, p.167.

56. <http://www.globalpolicy.org/soecon/develop/devthry/well-being/2000/tdon.htm>



environmental liabilities incurred by firms (under the United States Superfund legislation), or of the engineering field called 'restoration ecology', or the proposals by the Swedish government in the early 1990s to calculate the country's environmental debt. Ecologically unequal exchange is one of the reasons for the claim of the Ecological Debt. The second reason for this claim is the disproportionate use of Environmental Space by the rich countries.<sup>57</sup>

In the first category, Martinez-Alier lists:

- Unpaid costs of reproduction or maintenance or sustainable management of the renewable resources that have been exported;
- actualized costs of the future lack of availability of destroyed natural resources;
- compensation for, or the costs of reparation (unpaid) of the local damages produced by exports (for example, the sulphur dioxide of copper smelters, the mine tailings, the harms to health from flower exports, the pollution of water by mining), or the actualized value of irreversible damage;
- (unpaid) amount corresponding to the commercial use of information and knowledge on genetic resources, when they have been appropriated gratis ('biopiracy'). For agricultural genetic resources, the basis for such a claim already exists under the FAO's Farmers' Rights.

In the second, he cites 'lack of payment for environmental services or for the disproportionate use of Environmental Space':

- (unpaid) reparation costs or compensation for the impacts caused by imports of solid or liquid toxic waste;
- (unpaid) costs of free disposal of gas residues (carbon dioxide, CFCs, etc), assuming equal rights to sinks and reservoirs.

These aspects of ecological debt defy easy measurement. Each part of the ecological balance sheet is highly contested, and information is imperfect. As Martinez-Alier shows in other work, tropical rainforests used for wood exports have an extraordinary past we will never know and ongoing biodiversity whose destruction we cannot begin to value. However, he acknowledges, 'although it is not possible to make an exact accounting, it is necessary to establish the principal categories [of ecological debt] and certain orders of magnitude in order to

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57. Martinez-Alier, J. (2003), 'Marxism, Social Metabolism and Ecologically Unequal Exchange', Paper presented at Lund University Conference on World Systems Theory and the Environment, 19-22 September. Martinez-Alier elaborates with examples of ecological debt that are never factored into standard trade and investment regimes: 'nutrients in exports including virtual water... the oil and minerals no longer available, the biodiversity destroyed. This is a difficult figure to compute, for several reasons. Figures on the reserves, estimation of the technological obsolescence because of substitution, and a decision on the rate of discount are needed in the case of minerals or oil. For biodiversity, knowledge of what is being destroyed would be needed.' Some of these cases are considered in the discussion earlier concerning depletion of natural capital. See also [www.deudaecologica.org](http://www.deudaecologica.org)

stimulate discussion.<sup>58</sup>

The sums involved are potentially vast. Vandana Shiva and Tandon estimate that biopiracy of 'wild seed varieties have contributed some \$66 billion annually to the US economy.'<sup>59</sup> Moreover, in the case of CO2 emissions, according to Martinez-Alier,

Jyoti Parikh (a member of the UN International Panel on Climate Change) [argues that] if we take the present human-made emissions of carbon, the average is about one tonne per person per year. Industrialized countries produce three-fourths of these emissions, instead of the one-fourth that would correspond to them on the basis of population. The difference is 50% of total emissions, some 3000 million tons. Here the increasing marginal cost of reduction is contemplated: the first 1000 million tons could be reduced at a cost of, say, \$15 per ton, but then the cost increases very much. Let us take an average of \$25: then a total annual subsidy of \$75 billion is forthcoming from South to North.<sup>60</sup>

Excess use of the planet's CO2 absorption capacity is merely one of the many ways that the South is being exploited by the North on the ecological front. Africans are most exploited in this regard because non-industrialized economics have not begun to utilize more than a small fraction of what should be due under any fair framework of global resource allocation. The amounts involved would easily cover debt repayments.

A final way in which Africa's wealth is depleted is via skilled labour migration. This problem has become important, even if it is slightly mitigated by the inflow of migrant remittance payments to families at home. Approximately 20,000 skilled workers leave Africa each year. The World Bank's estimate of the share of Africa's skilled workers with a tertiary education who emigrate is more than 15%, higher than any other region. It is true that remittances from both skilled and unskilled labour flow back to Africa as a result, and in some cases represent an important contribution to GDP. But as the World Bank concedes, there are extremely high transaction costs (sometimes 20%) imposed upon the small sums that are transferred by migrants. For this reason, a great deal of migration-related inflows to Africa have become informal in nature, via black market systems, and in turn, once the flows reach their home destination, further problems often emerge, according to Sarah Bracking:

While money sent from the 'other side' has a beneficial effect on close kin, remittances can also undermine the purchasing power of those households without migrating members. This is in part a result of asset price inflation, and in part due to the inflationary effects of parallel currency markets. The

58. Martinez-Alier, J. (1998) 'Ecological Debt - External Debt', Quito, Acción Ecológica.

59. <http://www.globalpolicy.org/soecon/develop/devthry/well-being/2000/tandon.htm>

60. Martinez-Alier cites Parikh, J.K. (1995), 'Joint Implementation and the North and South Cooperation for Climate Change, International Environmental Affairs, 7, 1.

situation for those excluded from benefiting from foreign currency inputs is aggravated by chronic scarcity in the availability of consumables.<sup>61</sup>

The progressive position on migration has always been to maintain support for the 'globalization of people' (while opposing the 'globalization of capital') and in the process to oppose border controls and arduous immigration restrictions, as well as all forms of xenophobia. In October 2005, North Africans were expelled from the Moroccan-Spanish border at Granada by lethal force, and the supposedly progressive Zapatero regime announced it would build the equivalent of Israel's notorious apartheid wall at the border. It was, according to Slavoj Žižek, just another symptom of Fortress Europe:

A couple of years ago, an ominous decision of the EU passed almost unnoticed: a plan to establish an all-European border police force to secure the isolation of the Union territory, so as to prevent the influx of the immigrants. *This* is the truth of globalization: the construction of *new* walls safeguarding the prosperous Europe from a flood of immigrants...

The segregation of the people is the reality of economic globalization. This new racism of the developed world is in a way much more brutal than the previous one. Its implicit legitimization is neither naturalist (the 'natural' superiority of the developed West) nor culturalist (we in the West also want to preserve our cultural identity). Rather, it's an unabashed economic egotism - the fundamental divide is the one between those included into the sphere of (relative) economic prosperity and those excluded from it.<sup>62</sup>

According to Yash Tandon and the UN Development Programme, there is a substantial 'loss of revenue on account of blockage on the free movement of people', which they estimated to amount to at least \$25 billion annually during the 1980s. But setting such numbers aside, in migration and many other forms of North-South power, it is also important to recognize an important basis for superexploitation within patriarchal power relations. In many (though not all) cases, women face such disempowering conditions across Africa that political-economic and human-environmental systems permit the processes discussed above - debt/finance, trade, investment and labour migration - to maintain inordinately high rates of exploitation.

Having spent, now, half the paper on critiques of the way global economic relations work against Africa, the second half explores different ways that progressives actors in civil society are responding.

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61. Bracking, S. (2003), 'Sending Money Home: Are Remittances always Beneficial to Those who Stay Behind?', *Journal of International Development*, 15, p.633.

62. Žižek, S. (2005), 'The Subject Supposed to Loot and Rape: Reality and Fantasy in New Orleans', *In These Times*, 20 October. Žižek continues, 'It is thus becoming clear that the solution is not "tear down the walls and let them all in," the easy, empty demand often put forth by soft-hearted liberal "radicals." Rather, the real solution is to tear down the true wall, not the police one, but the social-economic one: To change society so that people will no longer desperately try to escape their own world.'



## 2. Facing up to divergent analysis, strategy and tactics<sup>63</sup>

What forces are arrayed on terrain described above? What counterhegemonic prospects are to be found in contemporary struggles, both internationally and in specific African settings? Ronnie Munck correctly warns us of 'a slippery path for social movements that are being bamboozled by neoliberal globalisation into a controlled environment where even critical voices serve the overall purpose of stabilising the existing order'.<sup>64</sup> That path, mainly via the Bretton Woods Institutions and United Nations agencies, is meant to reach a terrain termed 'global governance' in most conceptions of cosmopolitan democracy, such as David Held's. It is here that the role of civil society lies 'in the service of imperialism', to quote a provocative analysis by James Petras and Henry Veltmeyer.

If in contrast, might we identify a 'double movement' at the global scale, in the way Karl Polanyi expected, namely a backlash when 'the extension of the market organisation in respect to genuine commodities was accompanied by its restriction', by activists applying pressure against the sources of neoliberal pressure in Washington, Geneva and the world's financial capitals, sometimes via the United Nations?<sup>65</sup> If this reading of the struggle over the very idea of 'global civil society' is pertinent, we may dispense with less useful theories in which society relates to national states first and foremost, as Rupert Taylor<sup>66</sup> and Olaf Corry<sup>67</sup> advise.

However, we would go further in cautioning, following James Ferguson, that 'the current (often ahistorical and uncritical) use of the concept of "civil society" in the study of African politics obscures more than it reveals, and, indeed, often serves to help legitimate a profoundly anti-democratic transnational politics.' To avoid getting locked into self-defeating semantics as to

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63. The analysis that follows is based upon a paper presented to the International Society for Third-Sector Research in Bangkok, 10 July 2006, and comments from that audience are particularly appreciated. The arguments follow from prior statements carrying more detail on some of the issues, published in 2005-06 in *Third World Quarterly* (on problems with Millennium Development Goal campaigning), *Policy Studies* (on the need for decommodification and deglobalisation strategies), *the International Journal of Urban and Regional Research* (on the promise and pitfalls of the World Social Forum), David Held's *Debating Globalisation* (on the fruitless search for global governance reforms), and three books with specific details on South African and African resistance: *Elite Transition* (University of KwaZulu-Natal Press, 2005), *Talk Left Walk Right* (UKZN Press, 2006) and *Looting Africa* (Zed Books and UKZN Press, 2006).

64. Ronaldo Munck (2006), 'Global Civil Society: Royal Road or Slippery Path?', Plenary address to the Seventh International Conference of the International Society for Third-Sector Research, Bangkok, 12 July, p.1, republished in *Voluntas*, December 2006.

65. Karl Polanyi (1957), *The Great Transformation: The Political and Economic Origins of Our Time*, Boston, Beacon, p.76.

66. Taylor, R. (2004), 'Interpreting Global Civil Society', in R. Taylor (Ed), *Creating a Better World: Interpreting Global Civil Society*, Bloomfield, Kumarian Press.

67. Corry, O. (2006), 'Global Civil Society and its Discontents: Perpetuating statism?', forthcoming in *Voluntas*, December 2006.

who is 'in' and who is 'out', Ferguson suggests a return to Gramscian class-analytic concerns, but in an *internationalist* manner that transcends the 'old left' view grounded in national settings:

'Local' people in 'communities' and their 'authentic' leaders and representatives who organize 'at the grassroots', in this view, are locked in struggle with a repressive state representing (in some complex combination) both imperial capitalism and the local dominant classes. The familiar themes here are those of resistance from below, and repression from above, always accompanied by the danger of cooptation, as the leaders of today's struggle become the elites against whom one must struggle tomorrow. I do not mean to imply that this conception of the world is entirely wrong, or entirely irrelevant. But if, as I have suggested, transnational relations of power are no longer routed so centrally through the state, and if forms of governmentality increasingly exist that bypass states altogether, then political resistance needs to be reconceptualised in a parallel fashion. Many of today's most successful social movements have done just that... But academic theory, as so often, here lags behind the world it seeks to account for.

To be sure, the world of academic theory is by now ready to see that the nation-state does not work the way conventional models of African politics suggested. And the idea that transnational networks of governmentality have taken a leading role in the de-facto governance of Africa is also likely to be assented to on reflection. But are we ready to perform a similar shift in the way we think about political resistance? Are we ready to jettison received ideas of 'local communities' and 'authentic leadership'? Critical scholars today celebrate both local resistance to corporate globalization as well as forms of grassroots international solidarity that some have termed 'globalization from below'. But even as we do so, we seem to hang on stubbornly to the very idea of a 'below' – the idea that politically subordinate groups are somehow naturally local, rooted, and encompassed by 'higher level' entities. For what is involved in the very idea and image of 'grassroots' politics, if not precisely the vertical topography of power that I have suggested is the root of our conceptual ills? Can we learn to conceive, theoretically and politically, of a 'grassroots' that would be not local, communal, and authentic, but worldly, well-connected, and opportunistic? Are we ready for social movements that fight not 'from below' but 'across', using their 'foreign policy' to fight struggles not against 'the state' but against that hydra-headed transnational apparatus of banks, international agencies, and market institutions through which contemporary capitalist domination functions? <sup>68</sup>

If, then, we clamber onto the global-scale terrain a bit less encumbered by national- and local-scale theoretical baggage associated with 'civil society', we

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68. Ferguson, J. (2006), *Global Shadows*, Durham, Duke University Press.

quickly encounter the trenches and apparently permanent fortifications of multilateral institutions, international law and geopolitical alignments. These appear at first blush to be overwhelmingly disadvantageous sites of struggle for social-change activists. But Held and many large NGOs and networks insist that on the global terrain, the battle to *reform* the institutions and rules of economy and geopolitics can be won. I rejoin a debate with Held, below, on these matters.

In contrast, for Petras and Veltmeyer, the entire terrain has become a swamp, especially for NGO cadre most concerned with global governance, who allegedly import neoliberal precepts, dressing them up in the language of participation and consultation:

The effects of structural adjustment programmes and other [global] interventions have the potential of causing popular discontent. That is where the NGO's play an important function. They deflect popular discontent away from the powerful [global] institutions towards local micro-projects, apolitical 'grass roots' self-exploitation and 'popular education' that avoids class analysis of imperialism and capitalism. On the one hand they criticize dictatorships and human rights violations but on the other they compete with radical socio-political movements in an attempt to channel popular movements into collaborative relations with dominant neoliberal elites. Contrary to the public image of themselves as innovative grass roots leaders, they are in reality grass roots reactionaries who complement the work of the IMF and other institutions by pushing privatization from below and demobilizing popular movements, thus undermining resistance.<sup>69</sup>

This represents the left pole, a 'militant abstentionist' in relation to global governance. But it is indisputable that, in Chris Armstrong's words, 'The danger of co-option is real, and the independence – and therefore critical import – of much of what goes under the heading of global civil society is highly dubious.'<sup>70</sup>

Hence some frank acknowledgement of difference is long overdue, for analytical reasons and also strategic purposes. After all, given the character of establishment political-economic dynamics and geopolitical power relations, collaborative relations with dominant neoliberal elites in the multilateral agencies – e.g., the Bretton Woods Institutions and even the UN – have simply not paid off during at least a quarter-century of systematic reform attempts. If one takes merely the World Bank's twists and turns on issues such as transparency, participation, environment, gender, corruption and post-Washington Consensus ideology, it is apparent that multilateral agencies can take a step forward and then several sideways and even backwards, leaving power relations and neoliberal development strategies largely intact. At the same time, half-hearted forms of consultation arranged by the multilateral institutions

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69. Petras, J. and H. Veltmeyer (2002), *Globalisation Unmasked*, London, Zed Books.

70. Armstrong, C. (2006), 'Equality and Citizenship in Global Perspective', forthcoming in *Voluntas*, December.

serve to keep larger questions of macroeconomics and the parameters of social policy out of bounds. This leads us to engage more forcefully with Held on global governance, to ask whether there is not a better approach: building a genuine citizenship from below, not joining an embryonic world-state regime on disadvantageous terms, from above.

## 2.1 Politico-ideological alignments

As noted by Taylor, the conceptual baggage of civil society studies should be at least partially jettisoned to better negotiate the terrain ahead. In the transnational social movement literature, a great deal of work has gone into analysis of a Weberian, institutional character, in consideration of norms, institutions, values, logistics and organizational development. Gramscian and Polanyian insights into civil society legitimation and resistance to neoliberalism have not yet been adequately considered, although Hagai Katz has recently advocated

the forging of counter-hegemony in the 'multiplicity of antagonisms' evolving in and by way of the social relations of civil society. For a historic bloc to be effective it needs to be a coalition of forces, that does not duplicate power disparities inherent in the existing world-system, that avoids localism or nationalism, and promotes global solidarity, through networking that links the local and the global – a unifying, non-homogenizing, and indigenizing strategy of resistance.<sup>71</sup>

Not only is our analysis of the counter-hegemonic bloc relatively immature. It has also become clear that the desired strategy will not easily emerge in the current context, in part *because of strategic and tactical confusion and division*. This occurs because of a deeper problem, *ideological division* in relation to the global governance debate relating to the emerging albeit embryonic global state.

Ideology is a difficult matter to pin down within all the different political currents. In what may be perhaps termed the movements for global justice (from where I write), many of the organisations and spokespeople are split between 'autonomist' and 'socialist' politics. Other forces in civil society have become the product – and ongoing generator – of Third World nationalist ideas. Moreover, a large share (probably the majority) of NGOs, trade unions, progressive religious organisations and academics aligned with civil society might best be considered 'Post-Washington' social democrats.

It is in the latter group that we often find leading civil society organisations joining global elite debates, including the Millennium Development Goals and 'Make Poverty History' campaigning. Moreover, since 2001 a global convergence of activists and strategists has appeared at the World Social Forum (WSF) meetings. Within and often beyond the WSF, a more robust mode of global justice and peace work is associated with *sectoral* processes of a transnational character. These different terrains of struggle make ideological analysis that

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71. Hagai Katz (2005), 'Global Civil Society and Global Governance: Co-opted or Counter-Hegemonic?' Doctoral dissertation in social welfare, University of California/Los Angeles.



much more complicated, given the shifting analyses, strategies, tactics and alliances associated with diverse transnational movements, especially when wide opportunities are presented to join existing (or emerging) political blocs.

There appear to have emerged at least five distinct and largely coherent ideological categories associated with, if not historic 'bloc' formation, at least increasingly universal political orientations (Table 5):

- Global justice movements (often combining traditions of socialism and anarchism/autonomism);
- Third World Nationalism (with varying political traditions);
- Post-Washington Consensus (often espousing a limited version of social democracy);
- Washington Consensus (neoliberalism); and
- Resurgent Rightwing (neoconservatism).

The five currents are recognisable by the political *traditions* from which they have evolved, their political-economic *agenda*, leading *institutions*, internal *disputes* and noted public *proponents*. Semantics need not detain us at this stage, but it is critical to recognize that these are fluid categories. Across the world, many individuals have moved, not merely rhetorically, but also substantively, from one camp to another. For example, economist Joseph Stiglitz has rapidly shifted left since the late 1990s, while Brazilian president Luis Ignacio da Silva has repositioned himself from a socialist metalworker to a statesman far to the right of his Workers Party base. Some, like South African president Thabo Mbeki, can stand rhetorically in more than one camp at once (Mbeki popularized 'global apartheid' though has had an important role in its implementation). For many individuals, their outlook depends partly upon the political scale which they are contesting: global, continental, national or local.

Civil society forces are located in each camp, of course, but the crucial question is where fusion or at least critical mass may emerge to direct social resources. Whereas global justice ideologies are nearly exclusively forged by non-state actors, notwithstanding a recent state-based leadership revival from Fidel Castro, Hugo Chavez and Evo Morales in Cuba, Venezuela and Bolivia, there are important NGO links to progressive Third World nationalism, especially the Malaysian-based Third World Network, and agencies such as the South Centre sometimes linking the two sides. Most large transnational civil society agencies, trade unions and environmental groups are intrinsically 'Post-Washington'.

The rest of the argument concerns itself exclusively with the various analyses, strategies, tactics and alliances associated with civil society within the global justice movements, Third World nationalism and the Post-Washington Consensus, since these are the main voices contending for counter-hegemonic respect. To be sure, there is a complementary set of overlapping typologies, consisting – in David Sogge's formulation (Table 6) – of 'mainstream' and 'alternative' lineages of civil society.

Table 5: Five international ideological currents

Political current:	Global Justice Movements	Third World Nationalism	Post-Wash. Consensus	Washington Consensus	Resurgent Rightwing
<b>Tradition</b>	socialism, anarchism	<i>national</i> capitalism	(lite) social democracy	neoliberalism	neoconservatism
<b>Main agenda</b>	'deglobalisation' of <i>capital</i> (not of <i>people</i> ); 'globalisation-from-below' and international solidarity; anti-war; anti-racism; indigenous rights; women's liberation; ecology; 'decommodified' state services; radical participatory democracy	increased (but fairer) global integration via reform of interstate system, based on debt relief and expanded market access; reformed global governance; regionalism; rhetorical anti-imperialism; and Third World unity	fix 'imperfect markets'; add 'sustainable development' to existing capitalist framework via UN and similar global state-building; promote a degree of global Keynesianism; oppose US unilateralism and militarism	rename neoliberalism (PRSPs, HIPC, PPPs) with provisions for 'transparency', self-regulation and bail-out mechanisms; coopt potential emerging-market resistance; offer financial support for US-led Empire	unilateral petro-military imperialism; crony deals, corporate subsidies, protectionism and tariffs; reverse globalization of people via racism and xenophobia; religious extremism; patriarchy and bio-social power
<b>Leading institutions</b>	social movements; environmental justice activists; indigenous people; autonomist s; radical activist networks; leftist labour mvts; liberation theology; radical think-tanks (e.g., Focus on the Global South, Global Exchange, IBASE, IFG, IPS, Nader centres, TNI); radical media ( <i>GreenLeft Weekly</i> , <i>Indymedia Pacifica</i> , <i>Pambazuka</i> , <i>zmag.org</i> ); semi-liberated zones (Bolivaran projects, Kerala); sector-based or local coalitions in the WSF	Non-Aligned Movement, G77 and South Centre; self-selecting regimes (often authoritarian): Argentina, Brazil, China, Egypt, India, Indonesia, Kenya, Libya, Malaysia, Nigeria, Pakistan, Palestine, Russia, South Africa, Turkey, Uganda, Zimbabwe with a few – Bolivia, Cuba, Ecuador and Venezuela – that lean left; <i>AlJazeera</i> , supportive NGOs (e.g., Seatini, Third World Network)	some UN agencies (e.g., Unicef, Unifem, Unrisd, Wider); some INGOs (e.g., Care, Civicus, IUCN, Oxfam, TI); large enviro. groups (e.g., Sierra and WWF); big labour (e.g., ICFTU and AFL-CIO); liberal foundations (Carnegie, Ford, MacArthur, Mott, Open Society, Rockefeller); Columbia U. economics department; the Socialist International; Norway	US state (Fed, Treasury, USAid); corporate media, IT and financiers; World Bank, IMF, WTO; elite clubs (Bilderburgers, Trilateral Commission, World Economic Forum); some UN agencies (UNDP, Unctad, Global Compact); universities and think-tanks (U. of Chicago economics, Cato, Council on Foreign Relations, Adam Smith Inst., Inst. of International Economics, Brookings); BBC, CNN and Sky; most of G8	Republican Party populist and libertarian wings; Project for a New American Century; right wing think-tanks (AEI, CSIS, Heritage, Manhattan); Christian Right institutions and media; petro-military complex and industrial firms; the Pentagon; rightwing media (Fox, <i>National Interest</i> , <i>Weekly Standard</i> , <i>Washington Times</i> ); proto-fascist European parties - but also Zionism and Islamic extremism

Political current:	Global Justice Movements	ThirdWorld Nationalism	Post-Wash. Consensus	Washington Consensus	Resurgent Rightwing
<b>Internal disputes</b>	role of state; party politics; fix-it vs nix-it for int'l agencies; gender and racial power relations; divergent interests (e.g., Northern labour or environment vs Southern sovereignty and indigenous rights); tactics (e.g., merits of symbolic property destruction)	degree of militancy versus the North; divergent regional interests; religion; large vs small countries; internecine rivalries	some look left (for alliances) while others look right to the Wash. Consensus (in search of resources, legitimacy and deals); which reforms are optimal	Differing reactions to US empire due to divergent national-capitalist interests and domestic political dynamics	Disputes over US imperial reach, religious influence, and how to best protect culture, patriarchy, and state sovereignty
<b>Exemplary proponents</b>	<p><b>POLITICAL SOCIETY:</b> R.Alarcon F.Castro H.Chavez R.Correa E.Morales</p> <p><b>CIVIL SOCIETY:</b> C.Abugre, Z.Achmat E.Adamovsky M.Albert T.Ali S.Amin C.Augiton D.Barsamian A.Ben-Bela M.Barlow H.Belafonte W.Bello A.Bendana M.Benjamin P.Bennis F.Betto H.Bonafini A.Boron J.Bove J.Brecher R.Brenner D.Brutus N.Bullard A.Buzgalin L.Cagan A.Callinicos L.Cassarini J.Cavanagh C.Chalmers N.Chomsky T.Clarke K.Danaher M.Davis D.Dembele A.Dorfman A.Escobar R.Fisk E.Galeano G.Galloway S.Gill S.George D.Glover A.Goodman M.P.Giyose A.Grubic M.Hardt D.Harvey D.Henwood J.Holloway B.Kagarlitsky J.Kelsey N.Klein J.LeCarré S.Longwe M.Lowy M.Mamdani Marcos A.Mittal G.Monbiot M.Moore L.Nacpil R.Nader V.Navarro A.Negri T.Ngwane N.Njehu A.Olukoshi O.Ongwen G.Palast L.Panitch M.Patkar J.Perkins J.Pilger A.Roy E.Sader D.Sari J.Sen C.Sheehan V.Shiva I.Shivji J.Singh B.Sousa Santos W.Soyinka A.Starr J.Stedile H.Sumnono T.Teivainen A.Traoré V.Vargas H.Wainwright N.WaThiong'o L.Wallach I.Wallerstein P.Waterman M.Weisbrot R.Weissman E.Wood H.Zinn</p>	<p><b>POLITICAL SOCIETY:</b> J.Aristide M.Gaddafi HuJ. N.Kirshner R.Mugabe D.Ortega V.Putin</p> <p><b>CIVIL SOCIETY:</b> Y.Akyuz Y.Graham M.Khor Y.Tandon</p>	<p><b>POLITICAL SOCIETY:</b> K.Annan M.Bachelet G.Brundtland S.Byers J.Fischer W.Maathai T.Mkandawire M.Robinson G.Verhofstadt K.Watkins</p> <p><b>CIVIL SOCIETY:</b> A.Adedeji N.Birdsall Bono B.Cassen P.Eigen B.Geldof A.Giddens W.Hutton P.Krugman K.Naidoo D.Rodrik J.Sachs W.Sachs A.Sen G.Soros N.Stern J.Stiglitz J.Sweeney</p>	<p><b>POLITICAL SOCIETY:</b> B.Bernanke T.Blair G.Brown M.Camdessus E.Cardoso J.Chirac H.Clinton L.daSilva V.Fox S.Fischer A.Greenspan A.Krueger P.Lamy M.Malloch-Brown T.Mbeki A.Merkel H.Poulson R.Prodi M.Singh SupachaiP.</p> <p><b>CIVIL SOCIETY:</b> B.Clinton T.Friedman W.Gates H.Kissinger K.Rogoff M.Yunus</p>	<p><b>POLITICAL SOCIETY:</b> E.Abrams S.Berlusconi J.Bolton G.Bush D.Cheney N.Gingrich J.Haider S.Harper J.Howard B.Ki-moon J.M.le Pen J.Negroponte E.Olmert R.Perle R.Rato O.Reich C.Rice K.Rove D.Rumsfeld A.Scalia R.Tobias A.Veneman P.Wolfowitz</p> <p><b>CIVIL SOCIETY:</b> O.Bin Laden Z.Brzezinski P.Buchanan A.Colter J.Falwell W.Kristol R.Limbaugh R.Murdoch G.Norquist M.Peretz R.Scaife</p>

Table 6: Mainstream and alternative lineages of civil society (David Sogge)<sup>72</sup>

	<b>Mainstream lineage</b>	<b>Alternative lineage</b>
<b>Membership of civil society</b>	Local and intermediary NGOs, anti-government media, nonprofit service bodies such as missions, charities, professional and business associations	Social movements, non-establishment political parties, trade unions, activist community-based organisations, knowledge-based NGOs, independent media
<b>Main problems for civil society to tackle</b>	Imperatives of markets, competition and modern life break natural social bonds. Tensions increase, threatening political instability. Lack of trustful relations in society sets limits to exchange and to security of private property – thus setting limits to economic growth. The state ‘crowds out’ private economic actors. Bad governance stems from oversised state apparatuses and from behaviour of government elites.	Domination by national and foreign state and private actors (often in collusion) generates socio-economic exclusion and insecurity. These set limits to equitable development and growth, weaken tax-based redistributive measures, frustrate democratic politics and generate dangerous social polarisation. Bad governance is a cumulative outcome of national and global politico-economic and military forces.
<b>Wider roles of civil society</b>	Civil society fosters bonds of trust, thus lowers business transaction costs and widens market relations. It compensates for loss of traditional social bonds, strengthening social consensus and consent to rules, thus helping prevent conflict.	Civil society promotes the ethic and practice of solidarity and emancipation, animating and inspiring action toward state and toward private business interests. (Nonviolent) conflict seen as a necessary motor of social change.
<b>Organisations’ positioning and tasks</b>	Organisations together form a ‘third sector’ complementing the state and business sectors, though they are separate from the state in political terms. Via ‘advocacy and lobbying’ they hold the government to account. They promote decentralisation and reduction of central state powers. Via public-private ‘partnerships’ some NGOs provide social services, conflict mediation &c. as alternatives to state providers.	Organisations distinct from state and from business interests. Social movements may however crystallize into parties contesting for state power. Otherwise, primary tasks are to aggregate countervailing power through mobilising and forging alliances among groups of the poor and excluded via routine and non-routine political, judicial and media channels.
<b>Level and scope</b>	Mainly local and national	Local, national and international
<b>Political premises</b>	Approach is premised on notions of ‘weak publics’ where opinions are formed but no active political leverage is pursued.	Approach premised on notions of ‘strong publics’ where opinions develop and political leverage actively pursued.
<b>Contemporary origins and backing</b>	Approach associated with family of ideas centred on ‘community’, ‘social capital’ and ‘trust’ promoted chiefly by US academics and large research projects based at US universities. Major financial and intellectual backing since around 1990 from the World Bank & USAID.	Approach associated with activist movements of 1970s and 1980s confronting authoritarian, often western-backed regimes. Latin American, anti-colonial and some European intellectuals.

72. David Sogge (2004), ‘Civil Domains in African Settings: Some Issues,’ Discussion paper prepared for the Hivos Africa Consultation, Arusha, 7 June. Table 2 draws chiefly on Jude Howell and Jenny Pearce (2001), *Civil Society and Development - A Critical Exploration*, London, Lynne Rienner.

Sogge also divides organisations more broadly divided into ‘liberatory’, ‘reactionary’ and ‘status quo’ groups, according to their normative values:

- *An emancipatory camp.* A diverse category populated by those pursuing aims consistent with covenants of social, economic, cultural and civil rights. Having been vigorously discouraged for decades by outside powers and their local clients, it is a minority, often a besieged minority.
- *A supremacist category.* Also in a minority, these groups routinely pursue domination over others, denying or subverting emancipatory aims, as agents of economic or violent crime, promoters of xenophobia, ethnic hatred, denial of rights to women and girls, etc. However, in some settings they can be well-positioned and enjoy the protection or outright support of those holding state and corporate power.
- *The self-regarding or inward-looking.* The bulk of voluntary associations and nonprofits may best be categorised as instrumental, as vehicles for service delivery, political self-advancement, etc., or merely inward-looking, as with the most religious and cultural associations, clubs providing services to members and so forth.

There are crucial political differences within the emancipatory camp that must be recorded. Popular and intellectual texts on the global justice movements are already overwhelming, and it is difficult to pin down the ideological orientations and strategic trajectories.<sup>73</sup> Alex Callinicos breaks up the movements into ‘localist,’ ‘reformist,’ ‘autonomist’ and ‘socialist’ ideologies. Christophe Aguiton cites three currents: ‘radical internationalist,’ ‘nationalist,’ and ‘neo-reformist.’ Peter Waterman argues against these categories, by ‘surpassing traditional left internationalism. “Emancipation” might seem a more appropriate term than “left” when discussing the transformation of society, nature, culture, work and

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73. Numerous books analyse the global justice movements. Aside from Naomi Klein’s seminal *NoLogo*, the one broad overview that has sold the most copies in English is Bircham, E. and J.Charlton (Eds) (2002), *Anti-Capitalism: A Guide to the Movement*, London, Bookmarks. Recent English-language movement analyses include Aguiton, C. (2003), *The World Belongs to Us!*, London, Verso; Alvarez, S., E.Dagnino and A.Escobar (Eds) (1998), *Cultures of Politics; Politics of Cultures: Re-visioning Latin American Social Movements*, Boulder, Westview; Amin, S. and F.Houtart (Eds)(2003), *The Globalisation of Resistance: The State of the Struggles*, London, Zed; Anand, A., A.Escobar, J.Sen and P.Waterman (Eds)(2003), *Are Other Worlds Possible? The Past, Present, and Futures of the World Social Forum*, New Delhi, Viveka; Callinicos, A. (2003), *An Anti-Capitalist Manifesto*, Cambridge, Polity; Fisher, W. and T.Ponniah (Eds)(2003), *Another World is Possible: Popular Alternatives to Globalisation at the World Social Forum*, London, Zed; Kingsnorth, *One No, Many Yesses*; Mertes, T. (Ed)(2003), *A Movement of Movements: Is Another World Really Possible?*, London, Verso; Smith, J. and H.Johnston (Eds)(2002), *Globalisation and Resistance: Transnational Dimensions of Social Movements*, Lanham, Rowman and Littlefield; Starr, A. (2000), *Naming the Enemy: Anti-Corporate Movements Confront Globalisation*, London, Zed; Waterman, P. (2001), *Globalisation, Social Movements and the New Internationalisms*, London, Continuum.

psychology, and that increasingly important but nether-place, cyberspace.’<sup>74</sup>

Whichever way the global justice movements are cut and pasted, greater ideological and strategic clarity for the purpose of ‘forging counter-hegemony’, to borrow from Katz’s argument, probably entails avoiding a futile strategy of fusing fuse mainstream and alternative civil society lineages. Instead, the ‘multiplicity of antagonisms’ evolving as self-declared emancipatory forces – from within the global justice tendency but perhaps also encompassing civil society forces within Third World nationalist and Post-Washington ideologies – are those we are concerned with, although ‘self-regarding’ civil society agencies are certainly thick on the ground in global governance fora.

## 2.2 Establishment power and vulnerability

We can contrast these divergent intra-emancipatory civil society tendencies with an impressive coherence of neoliberal and neoconservative ideologies within the world ruling elites, over the last few years. These are emblemized by the new leaders of multilateral institutions:

- the European Union chose Spanish neoconservative Rodrigo Rato as International Monetary Fund managing director in mid-2004;
- the new head of UNICEF, chosen in January 2005, was Bush’s agriculture minister Ann Veneman, although the USA and Somalia are the only two out of 191 countries which refused to ratify the United Nations Convention on the Rights of the Child;
- for another key UN post in February 2005, the outgoing neoliberal head of the World Trade Organisation, Supachai Panitchpakdi from Thailand (who served US and EU interests from 2003-05), was chosen to lead the United Nations Conference on Trade and Development;
- Paul Wolfowitz – the architect of the illegal US/UK/Coalition of the Willing war against Iraq – was appointed by Bush to head the World Bank in March 2005;
- the European Union’s hardline trade negotiator Pascal Lamy won the directorship of the World Trade Organisation a few weeks after that;
- to ensure that Washington’s directives to Kofi Annan continued to be as explicit as possible, Bush appointed John Bolton as US Ambassador to the UN.<sup>75</sup>

Bolton is illustrative, for he was never confirmed by the US Congress since Bush gave him the job during a mid-2005 recess. As the powerful former US senator Jesse Helms put it, he is ‘the kind of man with whom I would want to stand at Armageddon, or what the Bible describes as the final battle between good and

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74. Waterman, P. (2003), ‘The Global justiceGlobal justice and Solidarity Movement,’ <http://groups.yahoo.com/group/GloSoDia/>

75. Eric Toussaint and Danueb Millet (2005), ‘Multilateral Institutions Taken Hostage’, *Le Soir*, 15 April.

evil.' From the State Department, Bolton's main function was to disempower the UN, as witnessed in these remarks: 'Americanists find themselves surrounded by small armies of globalists, each tightly clutching a favourite new treaty or multilateralist proposal... If I were redoing the Security Council today, I'd have one permanent member because that's the real reflection of the distribution of power in the world.'<sup>76</sup> Bolton engineered Washington's withdrawal from or weakening of the anti-ballistic missile treaty, a biological weapons convention protocol, the Organisation for the Prohibition of Chemical Weapons, the nuclear test ban treaty, the UN conference on the illicit trade in small arms and light weapons and the International Criminal Court.

According to Phyllis Bennis of the Institute for Policy Studies, Bush's appointment of such an official was not unpredicted, since many of the secretary-general's top staff were replaced over the last two years or so with active supporters of the US agenda for the United Nations. That effort includes the US-orchestrated replacement of Kofi Annan's longstanding chief of staff Iqbal Riza with Mark Malloch-Brown (who called Bolton 'very effective'), and the appointment of Bush loyalist and right-wing American State Department official Christopher Burnham as undersecretary-general for management.<sup>77</sup>

This is not to say that the fusion of neoliberalism and neoconservatism so apparent is permanently hegemonic and crisis free. Walden Bello recounts three problems in the maintenance of empire, starting with 'a crisis of overextension, or the growing gap between imperial reach and imperial grasp.'<sup>78</sup> For Bello, 'Hugo Chavez's scintillating defiance of American power would not be possible without the Iraqi resistance's successfully pinning down US interventionist forces in a war without end.'

Second, the overaccumulation of capital continues, based upon generalised overproduction but under the new circumstances of rising Chinese and Indian output. According to Bello, 'Efforts by global capital to regain profitability by more intensively exploiting labor in the North or moving out to take advantage of significantly lower wages elsewhere have merely exacerbated the crisis' because the long neoliberal austerity lowered the rates of increase in global demand to levels lower than in earlier decades.

Third, 'the crisis of legitimacy of US hegemony' is reflected in 'the US no longer wanting to act as a *primus inter pares*, or first among equals, in the WTO, World Bank, and the IMF, and wishing to unilaterally pursue its interests through these mechanisms, thus seriously impairing their credibility, legitimacy,

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76. Blumenthal, S. (2005), 'The Enemy Within: How an Americanist devoted to Destroying International Alliances became the US Envoy to the UN', *The Guardian*, 10 March.

77. Deen, T. (2005), 'UN Faces New Political Threats From US', Inter Press Service, <http://www.ipsnews.net/news.asp?idnews=31152>, 23 November.

78. Bello, W. (2005), 'The Global Crisis of Legitimacy of Liberal Democracy,' Speech at Dalhousie University, St. Francis Xavier University and York University, Canada, October; and Bello, W. (2005), *Dilemmas of Domination*, London, Zed Books.

and functioning as global institutions.' The US undermines its own internal credibility through its illiberal Patriot Act, new systems of repressing dissent, 'the massive hijacking of elections by corporate financing that has corrupted both the Republican and Democratic parties and the systematic disenfranchisement of poor people'. Bush was comfortable 'doing the bidding of US industry in torpedoing the Kyoto Protocol, awarding his vice president's corporate allies such as Halliburton with no-bid contracts, going to war for his oil cronies, and creating a free-market paradise for US corporations in Iraq.'

But these three crises, in turn, intensify Washington's desperation to control all relevant multilateral fora. It is in this context of an adverse balance of forces that we can understand not only the recent debacles of global governance: the inability to expand the UN Security Council in September 2005; the breakdown of the Doha Round of World Trade Organisation negotiations in July 2006; and the shrinkage of Africa's voting power within the IMF board of governors from 4.1% to 2.4% planned for September 2006. The question, under the circumstances, is whether global governance reforms are indeed possible.

### 2.3 Top-down reformism foiled

We are now witnessing and also foreseeing the futility of reform proposals while the neoliberal/neoconservative fusion prevails as the dominant bloc. This approach is personified by Paul Wolfowitz, close ally of the Indonesian dictator Suharto during the 1980s before his central role in imperial theft and corporate patronage associated with the illegal Iraq War. Under Wolfowitz's leadership, the Bank's main self-declared internal reform is against rampant project corruption whose historical costs to the institution were conservatively estimated at \$100 billion. But Patricia Adams from Probe International condemns Wolfowitz's disclosure plus amnesty strategy because it 'immunises bribers from debarment, allows the Bank to cover-up its own negligence or complicity, and undermines the administration of justice in countries where it is a criminal offence to bribe a foreign official.'<sup>79</sup>

The Bank strategy recalls other recent reform failures. In the case of the ill-fated 1998-2001 World Commission on Dams (WCD) cohosted by the World Bank, for example, its chairperson, Kader Asmal, despaired at the 2003 findings of the World Panel on Financing Infrastructure (mainly implemented by the Bank), which was led by former IMF Managing Director Michel Camdessus. According to Asmal, 'For an esteemed panel to effectively write off the WCD, whose core recommendations have been endorsed by many of its member organisations, is quite remarkable and raises concerns about the value of the report. Failing to address this point effectively takes us back many years.'<sup>80</sup> Moreover, as Patrick McCully of International Rivers Network remarked, 'The

79. Odious Debts Online (2006), 'Wolfowitz to Push Anti-Corruption Program at World Bank Meeting, 15 September.

80. Asmal, K. (2003), 'Report of the World Panel on Financing Infrastructure: Letter to Dr Margaret Catley-Carson,' Pretoria, 10 April, p.2.



World Bank's singularly negative and non-committal response to the WCD Report means that the Bank will no longer be accepted as an honest broker in any further multi-stakeholder dialogues.<sup>81</sup>

The Bank/IMF renaming of structural adjustment programmes - Poverty Reduction Strategy Papers (1999-present) – entailed increased citizen participation, but also proved to be a dead end in all the cases civil society researchers have carefully considered.<sup>82</sup> Other foiled Bretton Woods Institution reform initiatives include the 1999-2003 Structural Adjustment Participatory Review Initiative (Sapri), which failed when Bank staff walked out of the process. Commented Richard Peet, 'the President of the World Bank did not listen to Sapri, because he could not. For he would hear, and he even might learn, that his finest, most splendid ideas had produced the worst, most harmful effects.'<sup>83</sup>

The crucial 2002-04 Extractive Industries Review was similarly constructed as a multi-stakeholder project but the Bank's seriousness about the mineral/petroleum/timber industries' problems was thrown into question during the process. According to several major environmental NGOs, 'One of the

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81. McCully, P. (2002), 'Avoiding Solutions, Worsening Problems,' San Francisco, International Rivers Network, <http://www.irn.org>, p.40.

82. Dembele, D. (2003), 'PRSPs: Poverty Reduction or Poverty Reinforcement?', Pambezuka News 136, 11 December; Ellis-Jones, M. (2003), 'States of Unrest III: Resistance to IMF and World Bank Policies in Poor Countries,' London, World Development Movement, April; Jubilee South (2001), 'Pan-African Declaration on PRSPs,' Kampala, 12 May; Nyamugasira, W. and R.Rowden (2002), 'New Strategies, Old Loan Conditions: Do the IMF and World Bank Loans support Countries' Poverty Reduction Strategies? The Case of Uganda,' Uganda National NGO Forum and RESULTS Educational Fund, Kampala, April; Anonymous (2001), 'Angolan Civil Society Debates Way Forward,' *World Bank Watch SA? SA Watch WB!*, December; Bendaña, A. (2002), 'Byebye Poverty Reduction Strategy Papers, and Hello Good Governance,' Unpublished paper, Managua; Cafod, Oxfam, Christian Aid and Eurodad (2002), 'A Joint Submission to the World Bank and IMF Review of HIPC and Debt Sustainability,' London, Oxford and Brussels, August; Cheru, F. (2001), *The Highly Indebted Poor Countries Initiative: A Human Rights Assessment of the Poverty Reduction Strategy Papers*, Report submitted to the United Nations Economic and Social Council, New York, January; Costello, A., F. Watson and D. Woodward (1994), *Human Face or Human Facade? Adjustment and the Health of Mothers and Children*, London, Centre for International Child Health; Gomes, R.P., S.Lakhani and J.Woodman (2002), 'Economic Policy Empowerment Programme,' Brussels, Eurodad; Malawi Economic Justice Network (2001), 'Civil Society PRSP Briefing,' Issue 8, December 21, Lilongwe; McCandless, E. and E.Pajibo (2003), 'Can Participation Advance Poverty Reduction? PRSP Process and Content in Four Countries,' Afrodad PRSP Series, Harare, January; Ong'wen, 'O (2001), 'The PRSP in Kenya,' *World Bank Watch SA? SA Watch WB!*, December; Panos (2002), 'Reducing Poverty: Is the World Bank's Strategy Working?,' London, September; Tanzanian Feminist Activism Coalition (2001), 'Position Paper,' Dar es Salaam, 6 September; Wilks, A. and F.Lefrançois (2002), 'Blinding with Science or Encouraging Debate?: How World Bank Analysis Determines PRSP Policies,' London, Bretton Woods Project; Afrodad (2001), 'Civil Society Participation in the Poverty Reduction Strategy Paper Process: A Synthesis of Five Studies conducted in Burkina Faso, Mauritania, Mozambique, Tanzania and Uganda,' Harare, April; McGee, R. (2002), 'Assessing Participation in Poverty Reduction Strategy Papers: A Desk-Based Synthesis of Experience in sub-Saharan Africa,' Sussex, University of Sussex Institute for Development Studies.

83. Peet, R. (2003), *The World Bank, IMF and WTO*, London, Zed Books.

Bank's most important environmental reforms of the 1990s was its more cautious approach to high-risk infrastructure and forestry projects. This policy is now being reversed. The World Bank recently announced that it would re-engage in contentious water projects such as large dams in what it refers to as a "high risk/high reward" strategy. In 2002, the Bank dismissed its "risk-averse" approach to the forest sector when it approved a new forest policy. The World Bank is also considering support for new oil, mining, and gas projects in unstable and poorly governed countries, against the recommendations of its own evaluation unit.<sup>84</sup> When the EIR surprisingly recommended a phasing out of all Bank fossil fuel investments, the Bank not surprisingly rejected that option.

Ultimately, nearly all civil society initiatives with the World Bank and IMF have been disasters, with Civicus withdrawing from its controversial 2003-05 initiative to rebuild relations. The institutions' 2006 annual meetings, normally a site of intense collaboration with mainstream civil society groups, were marred by police repression and unprecedented denial of visas and immigration rights at the host site, Singapore. A successful boycott call made by social and environmental groups – including Jubilee South and Jubilee USA, Focus on the Global South, Solidarity Africa Network, the World Development Movement, the European Network on Debt and Development, Greenpeace, Friends of the Earth International and Oil Watch International – was an emblematic indictment of contemporary political power relations:

The IMF and World Bank cannot escape responsibility for recent developments. Knowing full well the authoritarian character of the Singaporean Government, they appear to have picked Singapore as the site of their Annual Meetings because they wanted to avoid the legitimate and peaceful street protests that have been staged at earlier World Bank-IMF and World Trade Organization meetings. The choice of Singapore as a venue for the annual meetings has been consistently criticised by civil society organizations, yet the World Bank and IMF went on with their plans. We condemn the Singapore Government's repressive actions, and we also condemn the World Bank and the IMF for being complicit in these actions.

This record raises the larger question posed by cosmopolitan democracy theorists, of how institutions of such power and scope can be managed. Amongst leading strategists, the late Iris Marion Young argued for the closure of the Fund and Bank (which 'do not even pretend to be inclusive and democratic') so as to pursue a 'reasonable goal': reform of the United Nations, 'the best existing starting point for building global democratic institutions... As members of the General Assembly, nearly all the world's peoples today are represented at the UN.' Moreover, the UN is a site where imperial powers 'seek legitimacy for some of their international actions' and where states 'at least appear to be cooperative and interested in

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84. Environmental Defence, Friends of the Earth, and International Rivers Network (2003), *Gambling With People's Lives*, Washington and Berkeley, 19 September.

justice.’ Likewise, civil society organisations have mobilized around UN events and issues.<sup>85</sup>

Yet futile global governance reforms have recently been waged to improve United Nations Security Council reform, handling of governance/democracy implementation (especially at local levels)<sup>86</sup> and Millennium Development Goal advocacy. None have had satisfactory results. For example, the MDGs are, in David Held’s view, ‘the moral consciousness of the international community’,<sup>87</sup> yet in reality they were generated nontransparently by the elite United Nations, itself simultaneously moving to embrace the Washington Consensus with its pro-corporate Global Compact, endorsement of ‘Type 2’ Public-Private Partnership privatisation strategies, and collaboration with the World Bank. Held concedes that ‘there may have been no point in setting these targets at all, so far are we from attaining them in many parts of the world’ – but global justice activists worry that their main flaw is that the institutions which set the goals are so far from the people who need to own the struggles and their victories. They are, as Peggy Antrobus of the feminist economics network DAWN renames them, ‘maximum distraction gimmicks’.<sup>88</sup> Likewise, for the most important global-scale problem, climate change, it is timely to query whether UN processes are providing, as Held desires, a ‘sustainable framework for the management of global warming’? Kyoto definitely wasn’t the answer, as Carbon Trade Watch, CornerHouse and the TransNational Institute demonstrate.<sup>89</sup>

## 2.4 Bottom-up strategies for deglobalisation and decommodification

In contrast, the strategic formula which, amongst other movements, the South African independent left has broadly adopted is to build durable and relatively democratic mass movements<sup>90</sup> informed by internationalism, combined with demands upon the national state to ‘lock capital down’.<sup>91</sup> The spirit entails what Walden Bello has called ‘deglobalisation’ (of capital).<sup>92</sup> This has entailed three bouts of important mass internationalist protest activity, with more than 10 000 people marching *against* the UN’s World Conference Against Racism (in Durban,

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85. Young, I.M. (2000), *Inclusion and Democracy*, Oxford, Oxford University Press, Chapter 7). Young grounds the UN argument in the work of Erskine Childers, Brian Urquhart and Chadwick Alger, whose work has been sponsored by the Dag Hammarsjöld Foundation.

86. Wilson, Z. (2006), *The UN and Democracy in Africa: Labyrinths of Legitimacy*, New York, Routledge.

87. D.Held (Ed), *Debating Globalisation*, Cambridge, Polity Press.

88. Bond, P. (2006), ‘Global Governance Campaigning and MDGs: From Top-down to Bottom-up Anti-poverty Work’, *Third World Quarterly*, 27, 2, March.

89. Bond, P. and R.Dada (Eds) (2005), *Trouble in the Air*, Durban, Centre for Civil Society; and Carbon Trade Watch (2003), *The Sky is Not the Limit: The Emerging Market in Greenhouse Gases*, Amsterdam, Transnational Institute, <http://www.tni.org>.

90. Many of these are surveyed in Richard Ballard, Adam Habib and Imraan Valoodia (2006), *Voices of Protest*, Pietermaritzburg, University of KwaZulu-Natal Press.

91. Bond, P. (2003), *Against Global Apartheid*, London, Zed Books.

92. Bello, W. (2002), *Deglobalisation*, London, Zed Books.

September 2001) for failing to put reparations and Zionism on the agenda; more than 25 000 demonstrating against the UN World Summit on Sustainable Development (Johannesburg, August 2002) for embracing neoliberal environmental and social strategies; and more tens of thousands protesting the war against Iraq (countrywide, 2003-04).

South African activists like Dennis Brutus, Trevor Ngwane and Virginia Magwaza-Setshedi have also been instrumental in trying to remove the boot of the Bretton Woods Institutions from Third World necks, harking back to anti-apartheid analysis, strategy and tactics. As a revival of 'divestment' to fight apartheid, the World Bank Bonds Boycott has had remarkable success in defunding the institution that is most often at the coalface of neoliberal repression across the Third World. In addition, South Africans and other activists have won dramatic victories in deglobalising the Trade Related Intellectual Property Rights regime, by demanding generic anti-retroviral medicines instead of branded, monopoly-patented drugs. Similar struggles are underway to deglobalise food, especially given the Genetically Modified Organisms threat from transnational corporations, to halt biopiracy, and to kick out the water and energy privatisers. These are typically 'nonreformist reforms' insofar as they achieve concrete goals and simultaneously link movements, enhance consciousness, develop the issues, and build democratic organisational forms and momentum.

Of course, this is a matter for nuanced scale politics: determining whether local community, subnational, national or regional strategies can best mitigate and reverse global economic tyranny for particular issues. But the main reason to deglobalise is to gain space to fight neoliberal commodification. To illustrate, the South African decommodification agenda entails struggles to turn basic needs into genuine human rights including: free anti-retroviral medicines to fight AIDS (hence disempowering Big Pharma); 50 litres of free water per person per day (hence ridding Africa of Suez and other water privatisers); 1 kiloWatt hour of free electricity for each individual every day (hence reorienting energy resources from export-oriented mining and smelting, to basic-needs consumption); extensive land reform (hence de-emphasising cash cropping and export-oriented plantations); prohibitions on service disconnections and evictions; free education (hence halting the General Agreement on Trade in Services); and the like. A free 'Basic Income Grant' allowance of \$15/month is even advocated by churches, NGOs and trade unions. All such services should be universal (open to all, no matter income levels), and to the extent feasible, financed through higher prices that penalise luxury consumption. This potentially unifying agenda could serve as a basis for widescale social change, in the manner that Gosta Esping-Andersen has discussed with respect to Scandinavian social policy.<sup>93</sup>

To arrive at such an agenda will require a formal *programme*, something that the global justice movements have not found easy to establish given the

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93. Esping-Andersen, G. (1991), *The Three Worlds of Welfare Capitalism*, Princeton, Princeton University Press.

divergent tendencies between socialism and autonomism. For example, in early 2005 at the World Social Forum (WSF) in Porto Alegre, 19 well-known movement intellectuals and activists gathered to produce a draft of 'Twelve proposals for another possible world' (abridged as follows):

1. Cancel the external debt of southern countries;
2. Implement international taxes on financial transactions (most notably the Tobin tax on speculative capital), on direct foreign investments, on consolidated profit from multinationals, on weapon trade and on activities accompanied by large greenhouse effect gas emissions;
3. Progressively dismantle all forms of fiscal, juridical and banking paradises;
4. All inhabitants of this planet must have the right to be employed, to social protection and retirement/pension, respecting equal rights between men and women;
5. Promote all forms of equitable trade, reject all free-trade agreements and laws proposed by the World Trade Organization, and putting in motion mechanisms allowing a progressive upward equalization of social and environmental norms;
6. Guarantee the right to for all countries to alimentary sovereignty and security by promoting peasant, rural agriculture;
7. Forbid all type of patenting of knowledge on living beings (human, animal or vegetal) as well as any privatization of common goods for humanity, particularly water;
8. Fight by means of public policies against all kinds of discrimination, sexism, xenophobia, antisemitism and racism. Fully recognize the political, cultural and economic rights (including the access to natural resources) of indigenous populations.
9. Take urgent steps to end the destruction of the environment and the threat of severe climate changes due to the greenhouse effect, resulting from the proliferation of individual transportation and the excessive use of non-renewable energy sources;
10. Demand the dismantling of all foreign military bases and the removal of troops on all countries, except when operating under explicit mandate of the United Nations, especially for Iraq and Palestine;
11. Guarantee the right to access information and the right to inform, for/by all citizens;
12. Reform and deeply democratize international institutions by making sure human, economic, social and cultural rights prevail.<sup>94</sup>

It can well be argued that these efforts risk the 'top-down' danger of imposing

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94. The signatories – regrettably 18 men and just one woman – were Aminata Traoré, Adolfo Pérez Esquivel, Eduardo Galeano, José Saramago, François Houtart, Boaventura de Sousa Santos, Armand Mattelart, Roberto Savio, Riccardo Petrella, Ignacio Ramonet, Bernard Cassen, Samir Amin, Atilio Boron, Samuel Ruiz Garcia, Tariq Ali, Frei Betto, Emir Sader, Walden Bello and Immanuel Wallerstein.

programmatic ideas upon fluid movements and campaigns.<sup>95</sup> A much longer effort along these lines was made by Samir Amin and Francois Houtart in January 2006 – the ‘Bamako Appeal’ – at the polycentric WSF.

Those programmatic efforts will mean absolutely nothing if they are not grounded in real social struggles, especially those originating from Africa. In addition to the Jubilee movement’s debt campaign and the Africa Trade Network’s critique of the Doha Round in conjunction with other critics, efforts to bridge global-local and Northern-African divides are being advanced in many areas, including (but not limited to) Treatment Action advocates breaking the hold of pharmaceutical corporations on monopoly antiretroviral patents; activists fighting Monsanto’s GM drive from the US to South Africa to several African countries; blood-diamonds victims from Sierra Leone and Angola generating a partially-successful global deal at Kimberley; Kalahari Basarwa-San Bushmen raising publicity against forced removals, as the Botswana government clears the way for DeBeers and World Bank investments; Lesotho peasants objecting to displacement during construction of the continent’s largest dam system (solely to quench Johannesburg’s irrational and hedonistic thirst), along with Ugandans similarly threatened at the overly expensive, corruption-ridden Bujagali Dam; a growing network questioning Liberia’s long exploitation by Firestone Rubber; Chadian and Cameroonian activists pressuring the World Bank not to continue funding their repression and environmental degradation; Oil Watch linkages of Nigerian Delta and many other Gulf of Guinea communities; and Ghanaian, South African and Dutch activists opposing water privatization.

How far they go in part depends upon how far valued allies in the advanced capitalist financial and corporate centres recognise the merits of their analysis, strategy and tactics -- and offer the solidarity that African and other Third World activists can repay many times over, once the Northern boot is lifted from their countries’ necks and they gain the space to win lasting, emancipatory objectives. But setting out campaigns for reparations, IFI closure, corporate malfeasance and an end to many specific other forms of superexploitation is only part of an even bigger challenge for bottom-up construction: establishing a durable programmatic approach that the world’s progressive movements can unite behind.

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95. Bond, P. (2005), ‘Discussing the Porto Alegre Manifesto’, *ZNet Commentary*, <http://www.zmag.org/sustainers/content/2005-02/22bond.cfm>, 22 February.

### 3. Conclusion: From superexploitation to liberation

Accumulation by dispossession in Africa dates back many centuries, to the point at which value transfers began via appropriation of slave labour, antiquities, precious metals and raw materials. Unfair terms of trade were soon amplified by colonial and neocolonial relations. These processes often amounted to a kind of 'primitive accumulation', by which capital of Northern countries grew by virtue of superexploiting Africa. This was not a once-off set of problems, solved by the 1950s-90s independence struggles. In recent decades, wealth extraction through imperialist relations has intensified, and some of the same kinds of primitive superexploitation tactics are now once again evident. Moreover, key causes of Africa's underdevelopment since the early 1980s can also be identified within the framework of *neoliberal* (free market) policies adopted nearly universally across the continent and indeed the world, in part thanks to the emergence of local allies of the North within African states.

The mainstream impression – e.g., Tony Blair's Africa Commission – is mistaken when citing what appears as a vast inflow of aid, for more than 60% – so-called 'phantom aid' – is redirected backwards to the donors or otherwise misses the mark in various ways. Instead of a sustainable level of debt service payments, as claimed by those supporting the elites' limited debt relief schemes, Africa's net financial accounts went negative during the 1990s. And although remittances from the African Diaspora now fund a limited amount of capital accumulation, capital flight is far greater. At more than \$10 billion/year since the early 1970s, collectively, the citizens of Nigeria, the Ivory Coast, the DRC, Angola and Zambia have been especially vulnerable to the overseas drain of their national wealth. In addition to the lifting of exchange controls, a major factor during the late 1990s was financial deregulation. In South Africa, for example, financial liberalization included the relisting of the primary share-issuing residence of the largest South African firms: from Johannesburg to London.

Likewise, trade liberalization has, according to Christian Aid, cost Sub-Saharan Africa \$272 billion since the early 1980s. Trade is especially difficult to rely upon for growth, given that agricultural subsidies accruing to Northern farmers rose from the late 1980s to 2004 by 15%, to \$279 billion, mainly benefiting large agro-corporate producers. Flows of people – a veritable brain drain – have also been formidable, but the value of wealth lost to the process is incalculable, given that more than 15% of Africa's best-educated professionals now live abroad.

Non-financial investment flows are driven less by policy – although liberalization has also been important – and more by accumulation opportunities. Foreign Direct Investment to Sub-Saharan began rising in the late 1990s after two decades of stagnation. But the vast bulk of investments were accounted for in two major processes: South African capital's changed domicile, and resurgent oil investments (especially in Angola and Nigeria).

In the latter cases, a report by the World Bank acknowledges stagnant and

net negative 'genuine savings' in countries with high resource dependence and low capital accumulation. Moreover, much of Africa – including South Africa - has been victimized by privatization-related foreign investment. Transparency International blames part of the 'disappointment in many African countries' upon corruption. Other forms of corruption occur through tax fraud and transfer pricing. Ecological debt that the North owes the South, especially Africa, is also vast. Only some of these factors are incorporated in the alternative accounting systems of the World Bank and other ecological and social indicators such as Redefining Progress (which to be fair doesn't specify country-level data in sites like Africa).

In response, progressive African activists and allied intellectuals should be increasingly capable of building upon their citizenries' profound skepticism of ruling elites. According to *Afrobarometer* polls and the *World Values Survey*, 'Africans care about equity and public action to reduce poverty. They are less comfortable with wide wealth differentials, and have a strong commitment to political equality. About 75% of the respondents agree that African governments are doing too little for people trapped in poverty.'<sup>96</sup> The challenge will be to establish not only alternative conceptions of poverty and inequality so that the broader structural processes of accumulation by dispossession are clear - but also a different approach to public policy and politics.

Those conceptions are not limited to a set of policy reforms (though such can be provided whenever necessary, drawing upon real experiences in history and across the contemporary world). Most importantly, the solution to the superexploitation of Africa is to be found in the self-activity of progressive Africans themselves, in their campaigns and declarations, their struggles – sometimes victorious but still mainly frustrated – and their hunger for an Africa which can finally throw off the chains of an exploitative world economy and a power elite who treat the continent without respect.

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96. Cited in World Bank (2005), 'Meeting the Challenge of Africa's Development: A World Bank Group Action Plan', Africa Region, Washington, 7 September, p.5.