

Porto Alegre 2002

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FOCUS *on the
Global South*

Porto Alegre : Counteroffensive against globalization

By Walden Bello*

Porto Alegre is not exactly a Third World city. Located in one of Brazil's more prosperous states, Rio Grande do Sul, and populated by people mainly of European stock, this city of 1.2 million people is First World when it comes to infrastructure and social services. In fact, it ranks near the very top in terms of the country's "quality of life" index.

"Another world is possible"

Yet Porto Alegre, site of the World Social Forum (WSF) last year and again this year, has become the byword for the spirit of the burgeoning movement against corporate-driven globalization. Galvanized by the slogan "Another world is possible," some 70,000 people are expected to flock to this coastal city from January 30 to February 4. This figure is nearly six times that for last year.

Fisherfolk from India, farmers from East Africa, trade unionists from Thailand, indigenous people from Central America will be among those making their way to Porto Alegre. But there will also be a sizable contingent of people from the Northern countries. And the place will be graced by personalities who have come to exemplify the diversity of the movement against corporate-driven globalization—among others, activist-thinker Noam Chomsky, Indian physicist-feminist Vandana Shiva, Canadian people's advocate Maude Barlow, and Egyptian intellectual Samir Amin.

Counterpoint to Davos

The World Social Forum emerged as a counterpoint to the World Economic Forum, the annual gathering of the global corporate crowd in Davos, Switzerland. Proposed by a coalition of Brazilian civil society organizations and the Workers Party that controls both Porto Alegre and the state of Rio Grande do Sul, the idea triggered strong international

support from organization such as the French monthly *Le Monde Diplomatique* and Attac, an influential Europe-wide organization supporting a tax on global financial transactions, and received financial support from progressive donors like Novib, the Netherlands Organization for International Development Cooperation. Driven by this energy, the first WSF was put together in a record time of eight months.

A televised trans-Atlantic debate between representatives of the WSF and some luminaries attending the WEF was billed by the *Financial Times* as a collision between two planets, that of the global superrich and that of the vast marginalized masses. The most memorable moment of that confrontation came when Hebe de Bonafini, a representative of the Argentine human rights organization *Madres de la Plaza de Mayo*, shouted at financier George Soros across the Atlantic divide: "Mr. Soros, you are a hypocrite. How many children's deaths are you responsible for?"

Since its first meeting the stock of the WSF has risen while that of the WEF has fallen. "Already put on the defensive as a gathering to discuss how to maintain hegemony over the rest of us," as one of the debaters on the WSF side put it, the WEF received a further blow when it was forced to hold its 2002 meeting away from Davos since the Swiss government could no longer guarantee the security of its corporate participants. Providing protection for WEF 2001 had necessitated the country's largest security operation since the Second World War, and this provoked cries of protest from within Switzerland.

"Thus, the WEF has moved to New York for 2002, and it is not clear when and if it will return to Davos. But as observers point out, a great part of the attraction of the WEF is the 'ambiance' of Davos as a retreat high up in the Swiss Alps. Without this, it is headed for oblivion."

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The centerpiece of this year's gathering in Porto Alegre are 26 plenary sessions over four days structured around four theme: "the production of wealth and social reproduction," "access to wealth and sustainable development," "civil society and the public arena," and "political power and ethics in the new society." Around this core will unfold scores of seminars, a people's tribunal on debt sponsored by Jubilee South, and about 5,000 workshops. Marches and demonstrations of workers and peasants are also expected, led by the Brazilian mass organizations CUT (Central Union of Workers) and MST (the Movement of the Landless) that are among the key organizers of the WSF.

Tumultuous year

The anti-establishment forces gather in Porto Alegre after a tumultuous year. Perhaps the apogee of the anti-globalization movement came during Group of Eight Meeting in Genoa in the third week of July, when some 300,000 people marched in the face of police tear-gas attacks. Shortly after the Genoa clashes, in which one protester was killed by police, there was speculation in the world press that elite gatherings in non-authoritarian countries might no longer be possible in the future. And indeed, Canada's offer to hold the next G-8 meeting in a resort high up in the Canadian Rockies in the province of Alberta seemed to confirm the fact that the global elite was on the run from the democracy of the streets.

Then came September 11, which stopped a surging movement dead in its tracks. The next big confrontation between the establishment and its opponents was supposed to take place in late September in Washington, DC, during the annual fall meetings of the World Bank and the International Monetary Fund. Unnerved by the prospect of a week of massive protest that was expected to draw some 50,000 people, the Bretton Woods twins took advantage of the September 11 shock to cancel their meeting. Without a target and sensitive to the sea change in the national mood in the US, organizers cancelled the protest and held a march for peace instead.

The establishment followed up on the unexpected opportunity to reverse the crisis of legitimacy that had been wracking it prior to September 11 by pressing the developing countries to approve a declaration launching a limited set of trade negotiations during the Fourth Ministerial of the World Trade Organization (WTO) in Doha, Qatar, in mid-November. Third World governments were told that unless they agreed to talks leading to greater liberalization, they would have to take responsibility for worsening a global recession that had been accelerated by the World Trade Center attack.

Taking no chances, the WTO secretariat and the Qatar monarchy had worked to limit the number of legitimate NGO's attending the meeting to about sixty. This ensured that the massive demonstrations on the street that characterized Seattle, which had served as a context for the famous developing country revolt at the Sheraton Convention Center, were not present in Doha, and under these circum-

stances, developing country opposition collapsed.

Reversal of fortune

Had the WSF meeting been held in late November or December, the mood of people coming would have been different. The Bush administration would have been riding high after its devastating triumph in Afghanistan. However, in the last few weeks, history, cunning as usual, has dealt Washington two massive body blows: the Enron debacle and Argentina's economic collapse.

Enron has become the sordid symbol of the volatile mixture of deregulation and corruption that drove the US' "New Economy" in the 1990's and helped lead it to what is possibly the worst global recession since the 1930's.

Burdened with an unpayable \$140 billion foreign debt, its industry in chaos, and 2,000 of its citizens falling under the poverty line daily, Argentina serves as a cautionary tale of the disaster that awaits those countries that take seriously the neoliberal advice to liberalize and globalize their economies.

As the WSF opens, these twin disasters have brought back with a vengeance the crisis of legitimacy that the global elite and its project of corporate-driven globalization were experiencing prior to September 11. Porto Alegre provides the perfect site and the perfect moment for the counter-offensive on the part of the movements that believe that "another world is possible."

The twin debacles of globalization

By Walden Bello*

It is said that in politics and in war, fortune smiles all too briefly. After allowing it to briefly savor the success of its Afghanistan campaign, history, cunning and inscrutable as usual, has suddenly dealt the Bush administration two massive body blows: the Enron implosion and the Argentine collapse. These towering twin disasters threaten to push the global elite back to the crisis of legitimacy that was shaking its hegemony globally prior to September 11.

Enron and the corporate con game

Enron forcefully reminds us that free market rhetoric is a corporate con game. Neoliberalism loves to couch itself in the language of efficiency and the ethics of the greatest good for the greatest number, but it is really about promoting corporate power. Enron lavishly extolled the so-called merits of the market to explain its success, but in fact, its path to becoming the US's seventh largest corporation was paved not by following the discipline imposed by the market but by strategically deploying cold cash, and lots of it. Enron literally bought its way to the top, throwing around hundreds of millions of dollars in less than a decade to create what one businessman described to the *New York Times* as the "black hole" of deregulated energy markets in which its financial shenanigans could thrive unchecked. To make sure government would look the other way and allow the "market" to have its way, Enron was generous with those willing to serve it, and few earned more Enron dollars than George W. Bush, who received some \$623,000 for his political campaigns in both Texas and nationally from his friend Kenneth Lay, Enron CEO.

The deep enmeshing of Bush and a number of his key lieutenants—Vice President Dick Cheney, Attorney General John Ashcroft, US Trade Representative Robert Zoellick, top presidential economic adviser Larry Lindsey, to name just the most prominent—in Enron's corporate web has shaken

off George W's post-September 11 image of being President of all Americans and brought back the reality of his being the chief executive officer of corporate America. The Enron scandal pulls Americans right back to the bitter *sozialepolitik* of the nineties when, as Bush himself put it in his inaugural speech, "it seems we share a continent but not a country." It brings back the ideological context of the landmark electoral campaign of 2000 when Bush's fellow Republican, John McCain, made an almost successful bid to become the presidential standard-bearer by focusing on one issue: that the massive corporate financing of elections that had transformed US democracy into a plutocracy was gravely undermining its legitimacy.

Globalization and corruption

Corporate-driven globalization, we have always held, is a process that is marked by massive corruption and one that is deeply subversive of democracy. Shell in Nigeria was a good case study. Scores of TNCs and the World Bank were implicated with the Suharto political economy in Indonesia. Now Enron strips the veil from what Wall Street used to call the "New Economy," which showered rewards on sleazy financial operators like Enron while sticking the rest of the world with the costs, not least of which is what is shaping up to be the worst global downturn since the 1930s.

Which is why we have always told World Bank types who want to lecture us on good governance that they should first tell Washington to get its house in order. Corporate corruption is central to the US political system, and the fact that it is legal and assumes the form of "campaign finance" funneled to politicians by "political action committees" does not somehow make it less immoral than "crony capitalism" of the Asian variety. Indeed, corruption of the Washington variety is much more damaging because momentous decisions purchased with massive

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cash outlays have not only national but global consequences. Corrupt Third World politicians ought to be hung, drawn, and quartered, but let's face it, the amounts of cash and the quotient of power they deal in are peanuts compared to the scale of influence peddling in Washington.

Argentina and the folly of liberalization

If Enron illustrates the folly of deregulation cum corruption, Argentina exemplifies that of another facet of the corporate globalist project: the liberalization of trade and capital flows. \$140 billion in debt to international institutions, its industry in chaos, and an estimated 2000 people daily falling below the poverty line, Argentina is in a truly pitiable state.

Argentina brought down its trade barriers faster than most other countries in Latin America. It liberalized its capital account more radically. And in the most touching gesture of neoliberal faith, the Argentine government voluntarily gave up any meaningful control over the domestic impact of a volatile global economy by adopting a currency board, that is, pegging the peso to the dollar. Dollarization, some technocrats promised, was right around the corner and, when that happened, the last buffers between the local economy and the global market would disappear and the nation would enter the nirvana of permanent prosperity.

The Summer's doctrine

All of these measures were taken either at the urging of or with the approval of the US Treasury Department and its surrogate, International Monetary Fund. In fact, in the wake of the Asian financial crisis, when capital account liberalization was increasingly seen by most observers as the villain of the piece, Larry Summers, then Secretary of the Treasury, extolled Argentina's selling off of its banking sector as a model for the developing world: "Today, fully 50 per cent of the banking sector, 70 per cent of private banks, in Argentina are foreign-controlled, up from 30 per cent in 1994. The result is a deeper, more efficient market, and external investors with a greater stake in staying put."

The Argentine technocrats seemed determined to outdo their Chilean rivals in their obeisance to the market-interestingly enough, just as the Chileans were beginning to question its efficacy in the volatile area of capital flows.

As the dollar rose in value in the mid-1990s, so did the peso, making Argentine goods uncompetitive both globally and locally. Raising tariff barriers against imports flooding in was regarded as a no-no. Instead, borrowing heavily to fund the dangerously widening trade gap, Argentina spiraled into debt and the more it borrowed, the higher the interest rates rose as creditors grew increasingly alarmed at the consequences of the unbridled market freedom they had benefited from initially.

Contrary to Summer's doctrine, foreign control of the banking system was no. In fact, foreign control simply facilitated the outflow of much needed capital by banks that

became increasingly reluctant to lend to both government and local businesses. With no credit, small and medium enterprises, and not a few big ones, closed down, throwing thousands out of work.

Wrong prescription, again

Cap in hand, Argentina went to its mentor, the IMF, for a multi-billion dollar loan to meet payments on the \$140 billion external debt coming due. The Fund refused unless the government made swingeing cuts in public expenditures and imposed a tight money policy. As Joe Stiglitz has noted, this was precisely the mistake the IMF made in Asia in the wake of the financial crisis: instead of reflatting the economy, the IMF imposed an inflation-fighting program that accelerates the contraction of the economy. It seems that the Fund is institutionally-and intentionally—incapable of learning from its mistakes, and Argentina is one more reason why it should be abolished.

Reginald Dale, the doctrinaire free-market columnist at the International Herald Tribune worries that the Argentine debacle may have negative consequences beyond Argentina, chief of which are the erosion of the legitimacy of the globalization project and a resurgence of populism, making it impossible for the Bush administration to bring to a successful conclusion Washington's projected Free Trade Area for the Americas (FTAA).

It is up to the movement against corporate-driven globalization to prove Dale and the Wall Street-Washington-Houston mafia right, and not only in Latin America. The debacles of Enron and Argentina are so clear in their causes and so easily explained to ordinary people throughout the world that they provide the perfect handle with which the movement can regain globally the momentum it lost on September 11. As they say in Texanese, "let's git 'em buzzards."

Trade by any means

By Aileen Kwa

Post-September 11, the vastly different geo-political landscape, President Bush's threat that if countries are not with the US, they are with the terrorists, had a huge impact on trade negotiations, and in particular, the outcome of the WTO's Fourth Ministerial Conference in Doha, in November. September 11 came at the time when developing country governments themselves were becoming increasingly critical of the neo-liberal, Washington consensus agenda. In various fora, including at the WTO, a number of developing countries were in fact standing up to the bullying and arm-twisting ploys of the developed countries.

September 11 led to a profound set-back in terms of how far third world countries could go in resisting the pressures by the big bullies. While the Doha launch of a new round of trade negotiations has been touted as beneficial for developing countries, nothing could in fact be further from the truth. It was, as usual, developed countries forging a blueprint on how to further gain control over the resources and economies of the Third World. If anything, Doha was an impressive public relations stunt by key developed countries in that they managed to get exactly what they wanted, while still making it seem as if they were the ones providing major concessions to developing countries in order to support their development needs.

Don't have any misconceptions. September 11 was never discussed in any formal meeting at the WTO. US Trade Representative, Zoellick, however did tour the world, meeting with Presidents and Prime Ministers, with the message that a new trade round and free trade would stamp out terrorism. His message was taken up promptly by two other traveling emissaries, Director General Mike Moore and EU Trade Commissioner Pascal Lamy.

The fight to launch a new round of trade talks before Doha was thus shifted away from negotiations primarily carried out in Geneva, to talks with heads of states and trade ministers in the capitals. The links between launching new trade talks and security issues, before only remotely connected, became one and the same cause.

For a variety of reasons, many developing countries suddenly found themselves in too vulnerable a situation to continue opposing the US. The US and EU WTO trade agenda, though starkly self-interested, became a small concession in return for US aid of some sort, or the need to be seen as actively supporting the new coalition against terrorism that was being built.

Sudden shifts

The critical issue that was looming before countries, pre-Doha, was whether or not new issues (investment, competition, transparency in government procurement, trade facilitation, further lowering of industrial tariffs) would be launched. The EU was at the forefront of this campaign, supported by the US and the entire WTO Secretariat.

A 'reality-check' by the Director General of the WTO at the end of July 2001 reflected the skepticism of all parties that a new round could be successfully launched. In his statements, Mike Moore was already preparing the Membership that perhaps the only outcome from Doha would be the entry of China as a WTO member. This pessimistic mood continued right up until the end of August.

Amongst the strongest opponents were the Like-Minded Group of countries, and in particular, India, Pakistan and Malaysia. The significance of the political impact of the Like-Minded Group's positions in WTO negotiations cannot be underestimated. When the group takes a united stand, it provides the space for other developing countries, which cannot withstand as much political pressure, to also take positions in their own defense.

Compared to the previous ministerials, developing countries were more prepared. LDCs held an LDC preparatory meeting in end July, taking a common position against new issues. Even after September 11, an all-African regional meeting was held in Abuja, concluding with a statement that African countries would also oppose the launching of new issues.

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However, by October, there was a perceptible shift in the mood by key countries in resisting the unrealistic WTO agenda placed before them.

The most noticeable were shifts in Pakistan and Malaysia's positions. While still championing the need for implementation (past promises that have not been delivered) to be addressed first, these countries significantly toned down their previously strident opposition.

Pakistan's position opposing the launch of investment talks suddenly changed. This came at the same time as intense talks were held on what Washington termed, the 'one billion dollar plus' aid package that was being negotiated to reward Pakistan's support of the US in Afghanistan. The package was concluded and signed on November 15, a day after the conclusion of the Doha Ministerial. It was significant that President Musharraf was in Washington while the Ministerial was underway. He was also said to have been in close contact with Pakistan's Trade Minister and the Ambassador to Geneva, who were then in Doha, advising them to tone down their opposition. In addition to offerings by the US, the EU too, had matched their concessions to Pakistan, in the area of textiles. The EU offered to remove all tariffs on apparel, and increase quotas for Pakistani textiles and clothing by 15 per cent until 2004.¹ In addition, Musharraf of course also received recognition and political legitimacy by the international community as the legitimate leader of the country.

We may never know in entirety what Malaysia received, though they definitely were allotted their goody bag. Trade Minister Rafidah in October, was reported in the international press stating that she supported an opt-in, opt-out investment Agreement (EU's attempt to get a full Investment Agreement in through the back door). Observers in Doha said that Malaysia was not a significant voice there.

Since his shameful handling of his Deputy Minister, Anwar some years ago, Malaysia's premier, Mahathir has been struggling to maintain power over the opposition groups, some of which are Islamic. September 11 and the international fight against terrorism gave him the legitimacy to come down harder on more radical Islamic opposition groups in his country. In the recent weeks, in cooperation with US intelligence, members of more radical Islamic parties have been arrested for their alleged connection with international terrorist groups.

Due in large part to Pakistan and Malaysia's reticence at Doha, the Like Minded Group (LMG) arrived in Doha in a much weaker position. While some members, such as India, Zimbabwe, Cuba, Jamaica, Dominican Republic were still opposing a new round, the LMG was not able to take a united position in this area.

The other country that played a significant role in the outcome of Doha was Nigeria. Nigeria represented the African Group in Doha. Again, it is difficult, if not impossible to find out exactly what Nigeria received in return for acquiesce to a new trade round (and for betraying their African colleagues). It is only possible to point out their

positions pre-Doha, even during Doha, and then the 180 degree shift in their position on the final day of the Ministerial, and draw some conclusions.

On 29 October, as the final meetings were held in Geneva and bags were being packed, Nigeria issued a statement responding to the draft Doha Ministerial text. Nigeria said that it 'finds the revised text released by the Chairman of the General Council unsatisfactory because it is one-sided. The text generally accommodates in total the interests of developed countries while disregarding the concerns of the developing and least developed countries...' It went on to say in no uncertain terms that Nigeria would not support the launching of negotiations in the new issues.

Even up to the evening of 13 November in Doha (the night negotiations were supposed to conclude but did not), Nigeria was taken a position opposing the new issues apparently even stronger than India. It was therefore a huge shock for India and some of the others still holding out, that during the Green Room negotiations, which continued through the night, Nigeria somehow 'forgot' that they were representing the African group and only spoke for themselves. Their position switched completely. By the closing plenary session, Nigeria said that the outcome of Doha was in fact benefited developing countries more than the developed countries.

Did September 11 play a role here? Perhaps, although ties were already close between US and the Obasanjo administration, which no doubt would have constrained Nigeria's ability to resist US' pressures to the end. Nigeria receives more aid from the US than any other Sub-Saharan African country. It has also been receiving aid from USAID to restructure the military. Post-September 11, the country experienced ethnic clashes between Muslims and Christians in some areas, and US military presence in the Niger Delta region increased significantly (in order to guard the interests of US oil companies). Perhaps the most concrete sign of a deal was the announcement in December, that the Paris Club of Creditors, to which Nigeria owed \$22 billion was rescheduling Nigeria's debt repayment, giving them some reprieve for the moment.

The Caribbean countries, which actively opposed the non-transparent process during the Seattle Ministerial, issuing then, a scathing statement threatening to walk out of a 'consensus' were also in a weakened position after September 11. Their economies were hard hit by the significant drop in tourism, particularly from the US and EU. Just prior to Doha, an IMF aid package was handed to them to help them cope with the fallout in the tourism sector. The war on terrorism, targeting states linked to money laundering and the narcotics trade also had the effect of silencing some of these countries in Doha.

A significant number of developing countries therefore allowed a disastrous Doha outcome (halfway launching trade talks in new issues) because they were essentially tiptoeing around the threat of possibly being implicated as supporting or harbouring terrorists. One long-time WTO analyst dubbed

the New Round “the Bin Laden Round.” In a recent interview, one delegate from Africa told me that during bilateral negotiations between US and developing countries during Doha, Zoellick would always reiterate to his counterpart that calls had already been made to the capital and that the Prime Minister or President had already assured him that all efforts to help combat terrorism would be guaranteed, including launching a new round.

India’s Commerce Minister, Maran fought a brave fight to the end. Unfortunately, according to some Indian sources, this same issue of being accused of supporting terrorism if they continued opposing the new round, contributed in no small part to India’s decision to finally back-down when they found in the early morning of the final day that they were indeed isolated as the African Group (Nigeria) and the LDCs represented by Tanzania switched positions.

Of course the war on terrorism is not the only reason for Doha’s outcome. Developing countries, by virtue of their dependence on the US and EU for markets, and the preferential trading arrangements some have with these countries, render them always in a weaker position. Nevertheless, the room for resistance by Southern governments post-Seattle had increased significantly. September 11 eliminated this space and has given the powerful countries again, the legitimacy to rule over the economies of the South, in the name of fighting terrorism.

¹ *Textiles makes up about over 60% of all exports from Pakistan. Pakistan exports to the EU amounted to 2.3 billion Euros in 2000. The expansion of quotas would boost Pakistani exports to Europe by US\$ 1 billion over the next four years. The removal of tariffs would eliminate duties to the tune of US \$150 million a year (Corporate Logo 17 October 2001, BBC News, 22 October 2001).*

The American way of war

By *Walden Bello**

By Washington's logic, firecrackers should now be going off everywhere, as the counter-terror crusaders zero in on Osama bin Laden's hideout in Tora Bora. However, Europe is cool, there is apprehension throughout the South, and outright despondency blankets much of the Arab and Muslim world.

The reasons are obvious: at least 4000 dead, a large number of them civilians, four million refugees, a return to tribal chaos with the dismemberment of central authority. What bin Laden and his organization did was horrific and inexcusable—but to do this to a country in the name of justice? Once again, the Americans have destroyed the town in order to save it.

Washington, however, will not allow these details to spoil its triumphalist mood. The Taliban and Al Qaeda have been obliterated, but this victory has a wider significance for the Pentagon. Massive, precision-guided air power can win wars, with almost no commitment of US ground troops, and thus with almost no casualties. Ground forces cannot, of course, be totally dispensed with, but they are needed not so much for assault but for mopping up operations against demoralized and shell-shocked survivors of the rain of flame and steel—a role can be filled by local mercenaries like the Northern Alliance.

Air power buries the Vietnam syndrome

What was first tried out in the Kosovo conflict in 1999 has now been affirmed in Afghanistan. This war was the last nail in the coffin of the "Vietnam Syndrome."

With this renewed confidence in what military historian Russell Weigley called "the American Way of War"—massive power, high technology, total victory—Washington is now seriously considering the same sort of intervention in other states that allegedly provide aid and comfort to the terrorists, with Yemen, Sudan, Somalia, and Iraq being the prime candidates.

And it would be surprising if the events in Afghanistan have not given a boost to plans for a strong US military role

in the war against drugs in Colombia. Newsweek reports that Colombian authorities seeking a more decisive US role are now "trying to show the parallels between the Taliban and their own guerrilla movements..." There is, of course, the not insignificant difference that Afghanistan is desert and Colombia is jungle, but then, is this not a minor problem that American technology can resolve without too much difficulty?

The new trusteeship

Along with the return of confidence in the American Way of War, there is emerging a renewed respectability in direct intervention in the affairs of developing countries. Even before September 11, many developing societies, particularly in Africa and the Middle East, were already being characterized as "failed societies." Robert Kaplan's 1994 essay in *The Atlantic* was but one of several influential writings to forcefully expound the view that decolonization had led, not to the emergence of stable polities in Africa and the Middle East but to a descent into "anarchy" that threatened to destabilize the whole world.

Post-Sept. 11, respect for national sovereignty and self-determination has been further eroded in Washington and London, with conservative intellectuals giving voice to opinions that powerful states cannot articulate...yet. One influential formulation comes from Paul Johnson, author of *Modern Times*:

"...the best medium-term solution will be to revive the old League of Nations Mandate System, which served well as a 'respectable' form of colonialism between the wars. Syria and Iraq were once highly successful mandates. Sudan, Libya, and Iran have likewise been placed under special regimes by international treaty. Countries that cannot live at peace with their neighbors and that wage covert war against the international community cannot expect total independence. With all the permanent members of the Security Council now backing, in varying degrees, the American-led initiative, it should not be difficult to devise a new form of

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United Nations mandate that places terrorist states under supervision.”

Not surprisingly, few of these visions address the fundamental reasons for extreme responses like terrorism: colonial borders that ensured post-colonial conflict, continuing marginalization of the new countries in an inequitable global economic order, continuing Northern control of areas containing massive oil and gas riches to fuel the oil and energy intensive civilization of the West.

The next phase in Afghanistan is turning into the latest experiment for the New Trusteeship or New Mandate System, following the failure of the first major initiative owing to Somalian recalcitrance in 1993. The European Union is asked to provide—under British leadership, of course—a permanent occupation force, while the United Nations is brought in to broker a “representative government” among competing tribal groups to fill the political vacuum. Observing recent developments in Afghanistan, one cannot help but notice that Washington appears to be operating under the following principle: be unilateral in military action, but multilateral in political engineering—thus getting others to take the blame if the political structure collapses.

War without borders

The war against terror knows no borders, so the war at home must be pursued with equal vigor. Sept 11 was Pearl Harbor II and the Bush administration tells Americans that they are now in the midst of total war like World War II. Not even the Cold War was presented in such totalistic terms as the War against Terror. Laws and executive orders restricting the rights to privacy and free movement have been passed with a speed and in a manner that would have turned Joe McCarthy green with envy. The United States is only nine weeks into this war, observes David Corn in *The Nation*, but already legislation has been passed and executive orders signed that establish secret military tribunals to try non-US citizens; impose guilt by association on immigrants; authorize the Attorney General to indefinitely lock up aliens on mere suspicion; expand the use of wiretaps and secret searches; allow the use of secret evidence in immigration proceedings that aliens cannot confront or rebut; destroy the secrecy of the client-lawyer relationship by allowing the government to listen in; and institutionalize racial and ethnic profiling.

The US’s European allies have rushed to do the same thing—with many of them taking advantage, like Washington, of the anti-terrorist climate to try to push through a whole raft of legislation that had been waiting on the wings before September 11. Unlike in the US, however, citizens and parliaments are not going as gently into that good night—including, surprisingly, the British Parliament, which shot down Tony Blair’s draconian proposal to allow prosecutors to apprehend and indefinitely jail any foreigner suspected of terrorism.

Post-September US legislation is worrisome not only for its domestic implications but for its international consequences as well. What we see is the institutionalization of a regime of legal unilateralism: the latest package of laws and executive decrees self-endow Washington with the power to do almost anything abroad to bag terrorist targets—which US forces proceeded to display just recently, when, in an act indistinguishable from piracy, they boarded without consent a Singaporean ship in the Arabian Sea, overpowered the crew, and launched a fruitless search for terrorists.

Had a suspect been discovered in that shipboard search, the Pentagon could have shipped him to a US base in, say, Germany, tried him there in a secret military tribunal, and, had he been found guilty by a process significantly less rigorous than civilian justice, transported him to be shot or imprisoned in the United States, possibly anonymously. The cooperation of states in whose territory terrorists are apprehended would be nice, but it would not be necessary, thank you.

Deus ex machina

In classical drama, September 11 was what you called a *deus ex machina*—an external force or event that swings a destiny that hangs in the balance in favor of one of the protagonists. The Al Qaeda New York mission was the best possible gift to the US and the global establishment in the pre-September 11 historical conjuncture. Just a few weeks before, some 300,000 people had marched in Genoa in the biggest show of force yet of a wave of anti-corporate globalization movement that had gone from strength to strength with demonstrations in Seattle, Washington, DC, Chiang Mai, Prague, Nice, Porto Alegre, Honolulu, and Gothenburg.

The Genoa protests underlined the fact that the legitimacy of the key institutions of global economic governance—the International Monetary Fund (IMF), World Bank, and the World Trade Organization (WTO)—was at an all time low, as was the whole doctrine of liberalization, deregulation, and privatization that came under the rubric of neoliberal economics or the “Washington Consensus.” This erosion of credibility had been brought about by a concatenation of disasters including the Asian financial crisis, the slow-motion disaster of structural adjustment in Africa and Latin America, and the spread of the financial crisis, first to Russia and Brazil and then to Argentina.

What made the crisis of legitimacy of the key institutions of capitalist globalization so volatile is that it intersected with a profound structural crisis of the global economy. The main features of this structural crisis were overproduction in industry, increasing monopolization to counter the loss of profitability, and unregulated speculative activity in the financial markets. When \$4.6 trillion in industrial wealth—the equivalent of one half of the US GDP—was wiped out in late 2000 and early 2001, the so-called “New Economy” vanished and collapsed into recession. The global reach of the recession and its depth have

given rise to the term “synchronized downturn,” which describes a process caused precisely by the greater interlocking and integration of economies brought about by the global liberalization of trade, investment, and finance.

With globalization’s promise of prosperity, an end to poverty, and reduced inequality evaporating, it was not surprising that, as C. Fred Bergsten told the Trilateral Commission, the anti-globalization forces were “in the ascendancy.”

Before September 11, moreover, an erosion of legitimacy haunted not only the institutions of global economic governance but also the institutions of political governance in the North, particularly the United States. Increasing numbers of Americans had begun to realize that their liberal democracy had been so thoroughly corrupted by corporate money politics that it deserved being designated a plutocracy. In the US presidential campaign of 2000, Senator John McCain ran a popular campaign that was centered on one issue: reforming a system of corporate control of the electoral system that, in scale, was unparalleled in the world.

The fact that the candidate most favored by Big Business lost the popular vote-and according to some studies, the electoral vote as well-and still ended up president of the world’s most powerful liberal democracy did not help in shoring up the legitimacy of a political system that had been described by many observers as already in a state of being in a state of “cultural civil war” between conservatives and liberals, a polarization that had roughly half the country on each side of the divide.

Reversal of fortune

While understanding the deep sense of injustice that makes terrorists out of ordinary people, progressives have always condemned terrorism, not only because it takes innocent lives but also because it provides an opening for the counterrevolution. Indeed, post-September 11 events unfolded according to the historical script.

The smoke from the ruins of the World Trade Center was still acrid and thick when United States Trade Representative Robert Zoellick seized the opportunity it provided to regain the momentum for corporate-driven globalization. Arguing that accelerated liberalization was necessary to counter September 11’s blow against the world economy, Zoellick, European Union Commissioner Pascal Lamy, and World Trade Organization Director General Mike Moore led the charge to stampede the developing countries into approving the launching of a new phase of trade liberalization during the Fourth Ministerial of the WTO in Doha, Qatar, last November. The Doha Declaration set the bicycle of trade liberalization that is the WTO back upright and in motion after its collapse in Seattle.

Horst Kohler, managing director of the IMF, and Jim Wolfensohn, president of the World Bank, also saw the war as an opportunity to reverse the crisis of their institutions. Kohler has cheerfully cooperated in turning the Fund into a key component of Washington’s overall program for

strategic states like Pakistan and Indonesia, even as it left a non-strategic country like Argentina, which faces imminent bankruptcy, twisting in the wind. His presidency and his institution threatened by a pincer movement of criticism from the left and the right, Jim Wolfensohn, for his part, has seized on September 11 to project his institution as the key partner of the Pentagon in the war against terrorism, filling the “soft” role of addressing the poverty that breeds terrorism while the Pentagon plays the “hard” role of blasting the terrorists.

As for the crisis of political governance in the US, September 11 has turned George W. Bush from a minority president whose party lost control of the Senate into arguably the most powerful US president in recent times-and one with an overall job approval rating of 86 per cent, according to a recent New York Times poll. Nearly eight in ten Americans support his policy of indefinite detention for non-citizens suspected of being a threat to national security, and seven in 10 support government’s listening in on conversations between clients and their lawyers.

Liberals have been thoroughly cowed, with Harvard liberal luminary Laurence Tribe condoning the use of military tribunals and the indefinite detention of over 1200 people, while his equally famous colleague Alan Dershowitz, *The Nation* reports, “has suggested that the use of torture may be justified, as long as it is authorized by a warrant.” Even Richard Falk of Princeton University, an icon of left liberalism, was initially compelled to justify Bush’s war as a “just war,” though he has since retracted-thank god!

From Locke to Hobbes

The damage to the American political psyche and political system may be farreaching. Americans have often prided themselves with having a political system whose role is to maximize and protect individual liberty along the lines propounded by John Locke and Thomas Jefferson. That Lockean-Jeffersonian tradition has been rudely overturned in the last few weeks, as Americans have been stampeded to giving government vast new powers over the individual in the name of guaranteeing order and security. Instead of moving to the future, America’s limited democracy has regressed in its inspiration from the seventeenth century Locke to the sixteenth century Hobbes, whose master work *Leviathan* held that citizens owe unconditional loyalty to a state that guarantees the security of their life and limb.

The extent to which assaults on traditional liberties can now take place with impunity was shown recently when Attorney General John Ashcroft said that critics of the Bush administration’s security measures were fear-mongers “who scare peace-loving people with phantoms of lost liberty [and] aid terrorists.” The fact that the liberal Democratic Senators he was directing these remarks at a Senate hearing dared not respond shows how skillfully the conservatives have used the anti-terrorist struggle to win the real war at home, which is the war against liberals and progressives.

Fighting for the future

The anti-corporate globalization movement that had been surging before September 11 is now fighting desperately to regain momentum. Three developments are particularly threatening:

First, the police, after being pilloried for provocateur-type tactics in Genoa, has regained its confidence in the new context marked by greater public acceptance of limitations on basic political rights. The police's was in full display during the recent IMF-World Bank meeting in Ottawa on November 18-19, when with no provocation and in full view of the press, Canadian police in full riot gear swooped down on a peaceful anti-corporate globalization protest to apprehend young marchers who were doing nothing but marching peacefully.

Second, the definition of "terrorist" that is being used in both European and American legislation is so vague that it can be applied to non-violent groups that espouse civil disobedience, which is an essential weapon of the movement, or to groups that do some damage to property but in a symbolic fashion that harms nobody.

Third, the big anti-globalization events involve the massing of hundreds of thousands of people across borders, and this can now be easily thwarted invoking the new legislation legalizing the arbitrary questioning, detention, expulsion, or refusal of entry to foreigners on the mere grounds of suspicion of their being terrorists, terrorist supporters, or terrorist fellow travelers—in short, anybody that can be conveniently tainted with the terrorist brush.

All this adds up to a chilling effect on mass protests, with the authorities and dominant media all too happy to have the digital images of terrorists attacks blend in the public mind with the militant but peaceful civil disobedience of anti-globalization activists.

Darth Vader or Luke Skywalker?

Washington is savoring its triumph. But while the image it wants to promote is that of America being Luke Skywalker liberating Afghan people from a repressive Taliban Empire, in large parts of the Third World it comes across, as John Lloyd of the Financial Times points out, more as Luke's antagonist, the evil Darth Vader. Indeed, the American way of war reinforces this, with death raining down from an unseen, distant hand. This was war that was impersonal and terrifying to the nth degree, and there is a great deal of truth in Newsweek writer John Barry's comment that, with their unnervingly accurate bombing campaign, "to many Taliban, the Americans must have seemed like creatures from another planet: out there somewhere, in

the sky or across the horizon, powerful beyond comprehension."

George Lucas could not have managed a better script for the Empire striking back than the Afghanistan campaign.

There is one thing sure, however: empires always spawn resistance. It is, in fact, arguable that while the US may have won another battle, its strategic situation in the Middle East and South Asia has been eroded by this very conflict. A fundamentalist regime is now a possibility in Pakistan. The Washington-backed Saudi feudal elite is now more than ever isolated from the masses, with a critical mass of Saudi youths apparently regarding bin Laden as a hero—confronting the US with the prospect of Washington ultimately serving as a police force to save the elite from its people. With the bombing of Afghanistan and the Bush administration's strong tilt towards Israel, a deep anger against the US and the West is digging in from Muslim North Africa to Muslim Indonesia, providing fertile ground for the expansion of movements that will seek to wrest power from US-allied regimes.

Will it be advanced technology or popular mobilization that will be the decisive factor in this epochal struggle for freedom, justice, and sovereignty of the peoples of the South against the empire? Will the outcome be Afghanistan or Vietnam? Will the survivor be Darth Vader or Luke Skywalker? The jury is still out on these questions and will be for some time.

As for the anti-corporate globalization movement, Sept. 11 may yet turn out to be a temporary reversal from which it can draw more strength. The massive street mobilizations paralleling big assemblies of the global elite, like the meetings of the IMF and the G-8, have now reached the limits of their effectiveness, and this may well push the movement to come up with innovative strategies combining mass, legal, and parliamentary strategies.

Indeed, if there is a clear silver lining in the post-September 11 situation, it is that three movements that had formerly gone their independent ways—the peace movement, the human rights movement, and the anti-corporate globalization movement—now find it critical to collaborate more closely with one another. This is a potent alliance that can make a significant contribution to changing the correlation of forces in medium and long term, as the exclusionary, marginalizing, and repressive thrusts of the global system inexorably assert themselves.

The guardians and propagandists of the empire are proclaiming victory too soon. To borrow the World War II imagery that George W. Bush, Donald Rumsfeld, and John Ashcroft are so fond of invoking these days, we are in not in 1945, folks, but 1941.