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## Contradictions of Globalization<sup>1</sup>

### 1. Introduction

When I got the invitation to speak to you, which is a great honour, I was asked to announce a title. I had no time then to enter into the subject. So I chose >Contradictions of globalization<. When I finally began to work on this, I started a google-search with this title. I got smashed: Google gave me 891.000 entries. What a mess! I already felt my voice being drowned out by the noise. On the other hand it was good to see how far the awareness had spread that so many promises were not kept. To begin with the meaning of the term itself: Globalization is not global – many parts of the world are left out, the >forgotten continent< of Africa is proverbial.

We remember: When the end of the Cold War unleashed the recent wave of globalization, the world leaders announced peace dividends; what we got is war and growing social inequality. The poor got poorer, the rich richer, with a certain exception or, maybe, retardation of Finland. Even in developed countries like the US and Western Europe middle class incomes were slowly but steadily sinking. For the workers, labor time rose, wages sank, in spite of rising labor productivity. Strengthening of labor productivity is weakening the position of the labor force. In Germany the word >precariat< -- a mixture of proletariat and precarious – was declared the word of the year. Even a new ‘underclass’, with more or less no perspectives at all, had developed. The more wealth was produced, the less reached the simple people. How could this be? These and other discrepancies are normally meant by >contradictions of globalization<. To analyze these in a more dialectical way, leads in a direction where most of the 891.000 Google-voices fell silent.<sup>2</sup> To inquire contradictions means then to look for the driving forces of the development itself. To examine some of these is the purpose of the following sketch which cannot be but fragmentary. Other than the Yes-Men, who -- a few years ago in this very Hall and under the disguise of WTO-delegates -- offered Swiftian solutions, the only thing I have to offer is an effort to better understand some of the contradictions of globalization. Speaking philosophically about

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<sup>1</sup> Inauguration lecture at the >Great Philosophical Event< in Tampere Hall, Finland, March 31, 2007.

<sup>2</sup> With a certain exception of Douglas Kellner (2002), who discusses >the fundamental transformations in the world economy, politics, and culture in a dialectical framework [...]. This requires articulations of the contradictions and ambiguities of globalization and the ways that globalization is both imposed from above and yet can be contested and reconfigured from below.< The >key to understanding globalization critically is theorizing it at once as a product of technological revolution and the global restructuring of capitalism in which economic, technological, political, and cultural features are intertwined<. Dialectical contradiction in respect to globalization, for Kellner, resides mainly in the fact it can >be seen as a contested terrain<, that to >capital's globalization-from-above< can be (and have been) met by attempts >to carry out globalization-from-below<. This is certainly an important point. For us, however, the main target will be to analyze systemic contradictions as driving forces of the historical process.

globalization conveys a universal perspective. At stake is the making of humankind. The main vehicle on this road, business, is at the same time the main barrier.

## 2. Politics of globalization: spectres of Empire, world-trade & climate

Let us start shedding light on some illuminating contradictions<sup>3</sup> in the sphere of political discourses: American hegemony got talked about in our newspapers and TV-shows in the very moment, when hegemony – i.e. leadership - and domination – i.e. command -divorced.<sup>4</sup> They did so, when the collapse of the Soviet Union left to the US a Trojan horse with the >poisoned gift of Unilateralism<, as Joschka Fischer (2007) put it. The Status of the sole absolute superpower resulted in nothing else but domination. While public opinion complained about – and a few political elites complied with – the alleged US-hegemony, historians quoted the warning example of ancient Athens. Indeed, Athens owed its grandeur to the combination of military supremacy and a political prestige and confidence which it had acquired in the liberation war against the despotic power of Persia. It lost this consensus, when it stopped to act as an >equal leader<, as Thukydides remarks, and started to treat its allies as vassals (*Peloponnese War*, III.9). Confronted with the question whether they should strive for hegemony >forcefully or through merits<, the Athenians opted, as Xenophon notes, for the primacy of violence and war (*Poroï*, 5.5). Their hegemony in the sense of military leadership worked only as long as they relied on the >free will< of its allies (ibid., 5.6).

The hegemony-paradox leads to another instructive contradiction which is closely linked to it: One of these days we woke up to discover that we were living in an Empire. We hadn't noticed before, because it was an informal Empire, not to confound with an imperialist nation state.<sup>5</sup> The question of 'imperial' power, here, is the protection of the new property paths and the range of regulation measures. The secret of this western dominated Empire was to rule the world through the rules of the game – the game being the international intercourse, mostly economic, in the forms of free trade and capital flow, based on strict property protection rules. The US functioned as the main military arm of this informal Empire. The new global world order after the end of the Cold War was inaugurated by the first Gulf war which was basically waged by the US, but financed by its allies, so that the US even made a financial profit of it -- as Athens did, 2.400 years

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<sup>3</sup> There are contradictions which are illuminating when understood. We were confused by them as long as we were not aware of them. To understand them means to understand the non-linearity of the process.

<sup>4</sup> In their crude empiricism even many Political Scientists 'forget' about this categorical difference which Gramsci has elaborated in his *Prison Notebooks* (see e.g. Münkler 2005, who avoids Gramsci as if anxious not to separate himself from the mainstream).

ago, at least at first. The US enjoyed hegemony, most of the others accepting its leadership. The US enjoyed it again a decade later, after 9/11. But this time they opted for direct supremacy, and the Empire split over the new Iraq war. A historical moment before, the Empire-discourse had surfaced. This was the great moment of Michael Hardt's and Toni Negri's book *Empire* (2000). It starts with the following sentences:

>Empire is materializing before our eyes. [...] precipitously after the Soviet barriers to the capitalist world market finally collapsed, we have witnessed an irresistible and irreversible globalization of economic and cultural exchanges. Along with the global market and global circuits of production has emerged a global order, a new logic and structure of rule [...]. Empire is the political subject that effectively regulates these global exchanges, the sovereign power that governs the world.< (XI)

The wave on which Hardt/Negri's Empire-discourse was swimming buried it a moment later. They had declared:

>*The United States does not, and indeed no nation-state can today, form the center of an imperialist project. Imperialism is over.*< (XIII f)

But now, since 9/11, the US acted as a sovereign nation-state in Carl Schmittian terms: as the power to globally >differentiate between friend and enemy<, as the absolute master over life and death.

The >American century<, propagated by the Neoconservatives, was supposed to be a global American Empire. Through their reaching for direct world domination the >neocons< have left another sand-castle on the shore of time. Now the (pro-american) commentator of the *FAZ* concluded >that the image of a global, military-supported hegemony of the US is grossly wrong< (Frankenberger 2006). Instead, he shared Moisés Naím's description of the present world order as >hyperpolar<, i.e. as an order, >in which many big and innumerable small protagonists coexist and compete for influence and interpretation – not only states but also private protagonists<. As a result, the idea of the Empire with a stronger accent on multilaterality and so-called soft power emerges again at the surface.

What attracted me to Hardt/Negri's book despite its speculative character which so often leads them close to nonsense, was the fact that they proceeded from the assumption that >the transformation of the modern imperialist geography of the globe and the realization of the world

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<sup>5</sup> Herfried Münkler (2005) identifies the nation state USA with the empire, simply because of its military superpower.

market signal a passage within the capitalist mode of production< (XIII). This came close to the idea on which my own work was based since the 1980s. Let us change the scene to make this clearer.

### 3. Trans-national high-tech capitalism

Ten years ago, James N. Rosenau (1997) described globalization as >a label that is currently en vogue to account for peoples, activities, norms, ideas, goods, services, and currencies that are decreasingly confined to a particular geographic space and its local and established practices<. The same author speaks of >a profound ontological shift< and a new *conditio humana*. His all-encompassing list contains an absence which dominates the whole field like a black hole: this is capital or, taken as a system, capitalism. The omission of the main thing allows him to gladly declare >that there is no inherent contradiction between localizing and globalizing tendencies<. However, capitalist globalization means penetration of national borders in favour of property borders. In many cases this produces a new enclosure, expelling people from their patrimony.

Let me try to fill this gap with a few remarks. They rely on a number of analyses which I have published during the last ten years (cf. Haug 2003). Inevitably I here have to oversimplify. Some of you will remember Marx' famous aphorism:

>The hand-mill gives you society with the feudal lord; the steam-mill, society with the industrial capitalist.< (CW 6, 166)

For us, the question is: Which kind of society does the computer give us on the basis of capitalism? (Of course, >computer< stands here for the whole IT-complex.) Some might object: >Why the computer?< Aren't there many more new technologies such as >bio-< or >nano-tech<? Yes, but these and many other micro- and macro-technologies owe their existence to the micro-electronic computing device. This *universal meta-machine*, on the basis of advanced mechanization, allowed the automation of monotonous repetitive physical labour as well as of those intellectual activities which can be transformed into algorithms.

My question, >Which kind of society does the computer give us on the basis of capitalism?< is more than often raised without the second half *on the basis of capitalism*. The answer then seems simple and harmonious: The kind of society which the computer gives us is information society. Manuel Castells and Pekka Himanen declare: >The foundation of this society is informationalism, which means that the defining activities in all realms of human practice are

based on information technology, organized (globally) in information networks, and centred around information (symbol) processing.< (2004, 1) In the first volume of his trilogy on the information age Castells still had declared that the >new techno-economic system< should be adequately defined as >*informational capitalism*< (2001, 19). In the later book on *The Finnish Model* capitalism enters through the side entrance and in the disguise of finance capital: >Thus<, the authors declare, >the core of the informational economy is the information-technology based global network of financial markets< (2004, 1). But if finance capital is in the core, the question still remains: Why is this so. To grasp the level from which this core-position is assigned to the finance markets I use the concept of *mode of production*. It comprises both the dominated instrumental and the dominant instrumentalizing side, the productive forces and the private-property based relations of production. The first define what is technically possible, the second, what is realized. Here, we encounter a most important contradiction: The means are calling for public domain and open source and access, but at every turn they are stopped by the sign >No trespassing – private property<. This gives birth to the historical individuality form of the hacker against the devices and powers of the new informational enclosures.

To insist, as Castells does, on the IT-basis as the techno-structure which allows for the global mobility of finance capital helps to answer another objection: Globalization, it is said, as the forming of a capitalist world market is not new, but the very tendency of capitalism since its early forms in the 16<sup>th</sup> and 17<sup>th</sup> century or even earlier. This is, of course, right. It suffices to quote the *Communist Manifesto*:

>The need for a constantly expanding market for its products chases the bourgeoisie over the whole surface of the globe.<

>The bourgeoisie has through its exploitation of the world market given a cosmopolitan character to production and consumption in every country.<

Today's so-called global players are of course not the first corporations operating in different countries.<sup>6</sup> What is new about the trans-national corporations of today and what made them economically dominant, is their IT-basis. The internet as the high-tech-infrastructure for the circulation of digital goods has equipped the management with an adequate productive force and infrastructure of its own. Through its condensation of space and time it allowed the trans-national

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<sup>6</sup> Already Rosa Luxemburg registered an >enormous expansion of the empire of capital, a forming of the world market and the world economy, in which all inhabited countries of the globe are mutually producers and buyers of products, working hand in hand, participants of one and the same earth-wide economy. The other side however is the growing immiseration of always wider circles of humanity on the globe and progressing insecurity of their existence.< (Cf. *Einführung in die Nationalökonomie*, 1909/10, W 5, 773f, my translation).

dispersion of a company's real assets without losing real-time coordination. As a >cross-section-technology< it allows to detect comparative advantages.

As a result, competition hits the various profit centers of a company directly, and, as the IMF argued, >the orders will now, for the sake of the consumer, go around the globe to the most competitive producer< (FAZ, 27.5.05, p. 14), instead of being kept as much as possible inside the company. (We will later see, that this is another >poisoned gift<.) In a way, the profit principle dissolves the old company character. A permanent screening of prices and other availabilities permeates all boundaries. It transcends the corporate border through >outsourcing< as well as it moves beyond the national borders through spatial transfer of production. The limit would be the famous >virtual company< reduced to a computer-based trading center in the internet with all functions of production, delivery and service outsourced -- and why not research in the E-bay-like form of >crowdsourcing< (two and a half million results in Google!) without any risk to be assumed by the ordering capital, all risks and responsibilities externalized towards the lower level of cheaper subcontractors or towards the atomized environment of >lost or bored brains, circulating through the internet<.

While outsourcing reduces the amount of living labor which is *directly* consumed by a company in favour of *indirect* or mediate labor-consumption, capital exportation can be understood as >in-sourcing< of cheap labour resources abroad, which in terms of money amounts to the same, namely a rising of the profit rate. The effect in both cases consists in a change in the international division of labour along the lines of the logic of capital. This goes along with dramatic changes in the composition of the global total worker, the *Weltgesamtarbeiter*, as Marx would say.

What kind of society will the computer give us under the dominance of capital? My answer is: trans-national high-tech-capitalism. Let us approach one of its protagonists together with one of its exemplary commodities, namely Nokia and the mobile phone.

### 3. Approaches to Nokia and the mobile phone

On our way to the station we had to struggle through the special offers which pressed from both sides into the pedestrian zone as in a general sell-out. The discount battle raged, a wild dumping was going on, 40% discounts being the minimum, reaching up to 70%, even 90%. A jacket for 9,50 €, a complete leisure suit for 19 €. There is still the tiny tobacco shop from my childhood. But it is squeezed between two boasting mobile phone shops, a third one, on the opposite side of the street, is from Nokia. Two more shops are specialized in selling out goods from bankrupt

firms. Is this it, what they mean when they say that globalization is for the consumer's sake? Almost all of the old shops are gone.

Nokia's other, former presence in this city makes itself feel in the form of an absence. Last year, we had hunger strikes of workers, when Panasonic closed down a plant with 600 jobs. When I prepared my presentation I discovered the connection between these desperate struggles doomed to be lost and Nokia's success-story during the last 15 years. Nokia's success, since Jorka Ollila took over in 1992, relies on picking up >signals about the future< (Castells/Himanen 2002, 36) and quickly reacting to them, a move which works as long as the competitors are still asleep. The late consequences of one of Ollila's moves have hit my home-town, Esslingen, a city of approximately 100.000 inhabitants. There, Nokia sold in 1995 its picture tube factory to Matsushita, after having picked up the signal that LCD- and Plasma-screens would become cheaper. It would have cost more time and capital to modernize the factory. Ten years later Panasonic closed down the plant.

If on a ship the captain has to be the last to go from board, when she is sinking, in flexible global capitalism the art of the captain consists in picking up the signals that the ship will sink and be the first to leave. To leave too shortly before the sinking, as Siemens recently did, selling its mobile-phone department to BenQ, who after a few months liquidated it at the expense of the workers, is bad for the image. By the way, it seems that Siemens did so in order to be fit for its joined venture with Nokia, >Nokia Siemens Network< (NSN), which is, as the hazard plays, to start tomorrow (*FAZ*, 16.3.07, 14).

According to Nokia's *Business Review and Financial Statements 2000* the company had then research and development facilities in 15 countries, production in 10, and sales to over 130 countries (Castells/Himanen 2002, 28). Less than 2% of its sales were in Finland, the majority of its labor force was abroad (25.000 in Finland), and 90 % of Nokia was owned by foreign investors (Castells/Himanen 2002, 40s). Only 1% of the national labor force worked directly for Nokia, but 25% of total Finnish exports were done by Nokia (and 70% of IT-exports). These features convey an idea of this trans-nationally owned and operated mobile phone and network manufacturer as an exemplary protagonist of globalization. Together with the cluster of other Finnish IT-companies, made possible by admirably foresighted long term politics of the state, Finland has become a worldwide studied example.

Now let's turn to the mobile phone, this commodity, whose trajectory is so deeply aligned with globalization, and which is so profoundly marked by the contradictions of globalization. It represents the emancipation from the fixed line network, i.e. from the spatial fix of the

communication instrument. Its possible uses were - to the surprise Nokia as the producer – created by the Finnish people in form of a >lively messaging culture<, as Castells/Himanen report (62). A >lively messaging culture< would have been the last thing to come to my mind given my experiences with rather taciturn Finns, at least the male half. And now I learned that in 2001 five million Finns sent more than a billion SMS. On second thought I found it quite convenient that SMS with their 160 characters were invented by people who were no friends of too many words.

What a success story!<sup>7</sup> It started in Finland with 60-70 percent of the worldwide subscription as early as 1982-83 (Castells/Himanen 55). Today, one of three inhabitants of this planet never walks around without his or her cell phone. And in Spain, *El País* recently reported, there are more mobile phones than inhabitants. In Japan, 73% of the 18-35 years old use it instead of a wrist watch. If the first billion connections took 21 years, the second billion only 3 more years. By the end of 2005 China had become the biggest market with 395 million users.

In German the word for mobile phone is the phony English expression >handy<. During the last decade we had to get used to the near omnipresence of phone-conversations of the most rudimentary and prefabricated character. I wonder when in this room the first ring tone will be heard. Now, more and more IT-based functions are being united in the >handy<, whose phone-function is stepping more and more back behind TV, game and music station, GPU, photo-camera, generally a terminal for all kinds of internet-services. This item, an offspring of the computer, represents the global location and the local globalization at once, the absolute reachability.

Remember the strategy of the Rockefeller's Standard Oil Company? The petrol lamp went for free, to make people buy the petrol. Today they offer you cell phones for free. (This is the way, I got mine.) Use it to transport your voice, and the invoice will follow. I won't go into details, only mention this new affliction for parents. Actually, in Germany 12% of the 13-24 years old are indebted, with an average of 1.800 €, mostly because of an >unmindful handling< of the handy. For hundreds of million of afflicted parents in the whole world their children's >handies< tore leaks into their budgets. All those, however, who write and read or publish, are confronted with a massive exodus of the young generation with its >info-snacking< habits (Rehfeld 2007) from the Gutenberg galaxy.<sup>8</sup> The innovation dynamics of the mobile phone together with the debt crisis of

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<sup>7</sup> The following data are from *El País*, 13.2.07.

<sup>8</sup> Consequently, in the United States, the main center of the hurricane of globalization, so-called >hyper-localism< characterizes most of the media. In the name of the share-holder value the *Los Angeles Times* is urged by the investment-banker Charles Bobrinsky, head of the biggest investor in the *Times*' mother-company *Tribune*, >to close

many of our youngsters is a symptom for a basic contradiction creating its movement form. Let us change the scene and take a look at another looming debt-crisis.

#### 5. Creditor-debtor relations reversed: does the water flow uphill?

For most observers it seems obvious that under the globalization >the finance capital has conquered a central position<, as Claude Serfati recently put it. During the last decades of the 20<sup>th</sup> century we got used to the financial exploitation of debtor-economies by creditor-economies. The world debt crisis was its most dramatic expression. The debt service of developing countries seemed to be a global come back of usury. It favoured the implosion of whole states -- as for instance in the case of Yugoslavia, whose real assets, originally payed for with foreign credits, were at the end bombed by the armed force of the creditor. Today we witness a paradoxical inversion: The two biggest of the world's poor-people-states, China and India, are crediting the world's biggest state of the rich.<sup>9</sup>

To understand such a paradox means to transform it into the concept of a real contradiction. Let us make an historical detour: >The class struggle in the ancient world<, observes Marx, >took the form mainly of a contest between debtors and creditors< (C I, 233). He gives two examples that are opposed and complementary. The first, referring to ancient Rome, ended with what one would expect, >the ruin of the plebeian debtors, who were replaced by slaves< (ibid.). The second case is surprising, because this time those on top pay the bill: >In the Middle Ages the contest ended with the ruin of the feudal debtors, who lost their political power together with its economic basis.< (Ibid.) The relation of debtor and creditor has the >form of a money-relation<, but this form, Marx adds, >was only the reflection of an antagonism which lay deeper, at the level of the economic conditions of existence< (233). Let us move on to this level.

#### 6. The rationale of neo-liberalism: >market-interests< (Max Weber)

As recently as a few years ago the average American would have thought >globalization< to be just another word for Americanization. Seen from outside the US it looked more like a strategy of, basically, the US, Japan, and western Europe, to standardize the world economy for the sake

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down its Bagdad office and to change into a 'Quality-local paper', 'concentrating on what the people in L.A. moves: style consciousness, Hollywood, entertainment, local politics'.< (Rehfeld 2007)

<sup>9</sup> >China, Japam, Taiwan, and South Korea own today each respectively higher currency reserves than the whole European Union.< (FAZ, 3.4.2007, 20, >Asiens Devisenschätze sollen Rendite bringen<)

of their transnational corporations. This trilateral, in which we recognize the hard core of Hardt-Negri's Empire, hides its politics from its populations behind the myth of an uncontrollable process going on and forcing all peoples to compete against all others. The corresponding politics had the ensuing band-waggon-effect of a self-fulfilling prophecy. Let's have a look at the rationale of such a strategy. This will help to lay ground for the understanding of another paradox: *Globalization is Americanization undermining the position of the United States of America.*

On the world market, different modes of production with different productivity levels are competing. The question is what happens when the higher technical composition competes with the lower, for instance, flexible automation with standardized mass labour? Competition is, roughly speaking, about price, quality, market access, and brand (name recognition or rating from the side of the consumer). Cost-prices depend on labor productivity, wage level, and capital depreciation, together with scale-effects. I won't go into details. National economies with different levels of these parameters are traditionally separated by tariff walls – and sometimes by real walls like the iron curtain or the US-fence at the Mexican boarder. (You might object that the US-fence is supposed to prevent people, not commodities, from entering the country, while the Berlin Wall was supposed to prevent them from leaving it. Yes, but people carry their labor power with them, and labor power is also a commodity, though it is true that the reasons to control its circulation differ from those to control commodity circulation.) As a rule, neo-liberal globalization politics meant abolition of national protections against foreign competition, though with very different consequences: disseminating wild capitalisms here, furthering so-called postindustrial social structures with mass unemployment and all kinds of phenomena of decay and parasitism there. Hence, it is enforcing changes in the international division of labor, if one may call the allocation of unemployment still >division of labor<. If we add the cosmopolitan >money society< and finance capitalism as the dominant interests, and the hollowing out of Nation States everywhere as well as the weakening of the United Nations, we get at globalization, as it is commonly understood by its critics.

What happens when the separations between regions of unequal development are eliminated? Well, the US believe that if they eliminate their fortifications at the Mexican boarder, another few millions of migrant workers, attracted by higher wages, will stream into the country undermining the labor market and its however rudimentary social embedding. So much about the direct clash of different wage levels. As to the clash of different productivity levels, this is illustrated by the end of the German Democratic Republic (GDR), once number eleven among the world's economies in terms of living standard: The GDR collapsed as though hit by a nuclear strike once its wall fell and its currency was converted to that of Western Germany, an economy that was far

superior in terms of productivity. In addition, the GDR-citizens had long since taken part in the imaginary of the capitalist West. Once the commodities from the West flooded the country, neither those with superior use-values nor those with lower prices escaped from this doomsday. Even the 'Dutch tomato,' proverbial for its lack of taste while looking perfect, supplanted its poor local kin, which one could still recognize by its taste. This was a 'didactic play' in the effects of productivity competition and of commodity aesthetics as a motor of globalization. The attraction is still many times higher from the much lower point of departure of Third World countries. The 'global village' is a shallow joke compared to the ushering of the village into globalization. Globalization starts as a paradoxical urbanization. The route points to the global city. It is encircled by the favelas of millions upon millions of people who aspire to participate in capitalist civilization.

#### 7. The new main debtor: a Wall-Mart with army and dollar printing plants?

One of the contradictions of neo-liberalism is its relation towards Keynesianism. The social version of Keynesianism being widely abolished, already under Reagan the world historic biggest public debt was piled up, to a large extent for military Keynesianism. The unprecedented military spending of the present US-administration continues this line. Actually, the US functions at the same time as the world-consumer of last resort and as the world-military-force, the latter to uphold the first. It has been compared to a huge Wall-Mart with army and dollar printing plants – however, it concentrates also the world's most important technological innovation potential. As a result, we witness a curious world Keynesianism of a new type in which military Keynesianism finds its complementary opposite in consumer centred deficit spending: The US receive money from those countries from which the same US later buy more than they sell. In other words: enabling the US-over-consumption enables Chinese, German, etc. overproduction. Actually, mostly Chinese: In the first two months of 2007 China's trade surplus amounted to 40.000 million US-\$, three times more than a year before.

Currency reserves, held by the central banks, are the symptom: In 2005 they had already more than quadrupled compared to the the 1990ies.<sup>10</sup> One surprising thing is that 60% of these reserves were held by the BRIC-group (Brazil, Russia, India, China). Like in classical Keynesianism, the US emit loans to finance their own additional demand, though the real coverage of this demand – and this is no longer Keynesian -- will be produced abroad. It is as if

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<sup>10</sup> In March 2007 the East-Asian central banks held more than 3 trillion (three million millions) US-\$ (>Asiens Devisenschatz soll Rendite bringen<, FAZ, 3.4.2007, 20)

the USA were saying to the rest of the world: >You owe me my debts.< According to the most recent figures (FAZ, 15.3.07), the US-deficit in 2006 corresponded to about 6,5% of the gross domestic product (GDP). This means that the US had and has to attract on every single day of the year an average of 2.350 million dollars from abroad. Let us presume, just for a moment, these 6,5 percent of over-consumption would represent the whole US-economy. It would be – in Marx' words --, as if a nation >of buyers who do not sell, i.e. [...] of consumers who do not produce< (Marx, C I, 264; 23/177), had successfully inserted itself into the global circulation. Let me once more quote Marx:

>Thus, the towns of Asia Minor paid a yearly money tribute to ancient Rome. With this money Rome bought commodities from them, and bought them too dear. The provincials cheated the Romans, and in this way swindled back from their conquerors a portion of the tribute in the course of trade. Yet, for all that, the provincials remained the ones who had been cheated. Their goods were still paid for with their own money.< (C I, 254f; 23/177)

Today, the US uses part of its Asian credits as if they were tributes, that is to say, for financing a military high-tech-apparatus which, though it might not conquer its creditors, would at least subdue them to US-supremacy. This much reminds of Rome. The rest of things, however, is turned topsy-turvy: *First*, the tribute is no tribute but a credit, it can be withdrawn. *Second*, its function is, to keep the dollar strong and the US-interest-rate low. *Third*, the Asian commodities are sold too cheap to the actual imperial powers, not too dear.

It is as if the world champions league of exportation were saying to the US: >You owe us your over-consumption. Your Wall-Mart plus warfare are the necessary condition for us to realize our surplus. If you would go bankrupt, we all would.< China's potential to consume foreign surplus is a different case: here, the money goes into productive investment. But thereby the problem is only postponed. The Chinese potential to overproduce capital is only a question of time – and capital as such *must* overproduce! Actually, China already now over-produces. What else but over-produced capital is the finance surplus which it injected into the American over-consumption machine? A curious new version of master-slave-dialectics can be observed here.

## 8. The China-Effect

What happened when China with its state-owned low productivity industry gradually opened its borders to the trans-nationals? Within a few years, the country became a prior accumulation field

for trans-national capital (TNC). The greater the wage-gap between the capitalist centres and the target areas of capital export, the greater the energy. If a government is able to guarantee the frame for the capitalist valorisation-process, capital will pour in like a waterfall. And the globe is surrounded by money that wants to become capital. Like the oxyhydrogen mixture giving off a detonating gas, the meeting of capital, hungry for profit, with a cheap labour force, hungry for commodities, on such a huge scale like in China, formed an explosive mixture of propelling power which has turned China into the world's factory and main motor of the global economy. Labour costs here are up to twenty times lower than in West-Europe and other OECD-countries, and social or ecological regulation costs are negligible. From the standpoint of the trans-nationals, the Chinese accumulation is a mere by-product. Under their dominance, the resources were redirected from the inner market to the world market.<sup>11</sup> At the same time jobs were re-allocated from high-wage regions to this low-wage country.

With this effect in mind, I had at first intended to entitle my presentation:

CHINESE PRICES – AT THE COST OF CHINESE WAGES?  
ANTINOMIES OF CAPITALIST GLOBALIZATION

It is, as if the poor had made a weapon out of their poverty. Instead of expropriating the exploiters they seduced them to exploit. Unemployed capital rushed in. Human unemployment rose in those places, where foreign capital came from.

The Chinese had to put up with two evils. They had to deliver their natural resources to the world market with the flip side of a tremendous increase in pollution (of global reach). As to the terms of trade they had to accept a political withdrawal from the socio-economic field and a huge gap in transnational appropriation relations. Two complementary logics prevail--at one end of the >chain of value creation< a huge amount of low price goods appear, while at the other end a disproportionately high percentage of the value created by the whole chain of producers is appropriated.

If this disproportion between creation and appropriation of value hits the masses of the new Chinese proletariat, a complementary disproportion is hitting the old proletariat, bringing growing unrest into the advanced capitalist countries, fostering new forms of racism and populism. Countries like Germany or France, with their traditions of social welfare and high standards of wage, regulated labour time etc., find themselves in a vicious circle: Lower wages are

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<sup>11</sup> According to China's trade minister, Bo Xilai, the export share of foreign companies rose to 110.000 Mio \$ in 2006 (see FAZ, 13.3.2007, 12: >China verblüfft mit enormem Handelsüberschuss<).

demand, otherwise jobs will be transferred to low wage areas. The interacting effects are: decline in consumer demand, and a crisis of social security systems. Porsche, for example, producer of luxury cars, has reduced its company-internal manufacturing percentage of the cars which are assembled in Germany to about 15 percent, and the outsourced production of components has migrated from one country of cheap labour to the next country of still cheaper labour. Thus, the industrialization of the less developed country is the flip side of an at least partial de-industrialization of the more developed country.

According to an opinion poll a month ago, the export world champion-nation Germany is >deeply convinced to be on the loser side in the process of globalization< (Köcher 2007). No less curious was the result of a former survey in the US, according to which 39% of the respondents believed that they belonged to the one percent of the richest in the USA. Both views are ridiculous; but taken together they reveal their complementary realism: belonging to the richest countries in the world, their proponents feel in their majority also cheated out of decent life conditions for them and for their children.

Chinese prices exert an irresistible attraction to people all over the world. As Adolf Muschg, former president of the Berlin Academy of Arts, has said: >There is nothing more neo-liberal than the client.< For the sake of the consumer, the producer vanishes, in a way not much different from what happened in the last days of the GDR. Insofar as there is a personal union producer-consumer, the society is thrown into a fatal dilemma. Not only in the centres of trans-national capital, but also in such different countries like Turkey, Morocco or Mexico, many of the former and also many of the young would-be proletarians are turned into a reserve army, most of which will never be needed again. Their alimentation becomes ever more difficult and downsized. Recently, Eurotex-president Filiep Libeert complained: >We are moving towards an unsustainable world of unemployed consumers< He discovered a truth, which long ago and far ahead from its time was formulated in Marx' *Manifesto*, where the bourgeoisie is declared to be ultimately unable to prevent its proletarian slave from sinking

>into such a state, that [the bourgeoisie] has to feed him, instead of being fed by him<  
(cf. MEW 4, 473).

## 9. Contradictions of competition and compulsory innovation as a high-tech armament race

As to the president of the London Centre for Economic Policy Research things are simple: >To compete with China one must not work as long as the Chinese or lower the wages on Chinese

level, but keep productivity higher than they, thanks to a better work organization, a higher input of capital and technology, and a qualitatively better education.< (de la Dehesa 2007) But on the other side the catching-up race is already taking full speed. Here enters a joke which the German McKinsey-boss likes to tell: In the desert two are running away from a lion, barefoot. One of them stops to put on sneakers. The other asks: >Do you think you are quicker than the lion?< >No<, replies the first, >but quicker than you.< In whatever way you win (if you win), you will leave someone else holding the bag. Gabor Steingart, author of the bestseller *World-war about Welfare*,<sup>12</sup> sees the German population split in two parties: The >not-with-me-party< vs. the >people-run-quicker-party< (2006). The latter make a virtue of necessity. Their self-image is that of an achievement elite. Their ideal is proclaimed by Brecht's *Mack the Knife*: >The strong man fights, the weak man dies.<

One of the weapons in this struggle for economic life or death is innovation, this >ultimate source of productivity growth< as Castells/Himanen put it; innovation concerns >product, process, and organizational innovation< (2002, 46). Innovation is just another shining word for competition. Newness is always momentary. The early bird catches the worm. >Who comes late will be punished by life<, as Michael Gorbachev used to say. A constant win-lose-game between the trans-nationals is going on. The innovation-discourses hide still another dimension: all the trans-nationals together have to keep their technological lead over the developing countries.

Here, a target conflict arises: On the one hand, the availability of cheap labor reduces the comparative advantage of investment in enhanced technology. On the other hand, competitiveness in relation to cheap labor production depends on the technological lead. To produce on a relative high-tech-basis in a cheap labor country inevitably results in at least some know-how transfer. Thus, competition forces the trans-nationals to use a chance by which they risk competitiveness, contributing themselves to the obsolescence of what transitorily was their innovative lead. From this antinomy an incessant technology armament race receives its final inevitability. As long as cheap labor is available, qualitative innovations and the creation of corresponding new needs will prevail, while the result of technological enhancement of productivity is jobless growth, if not job-loss growth.

The availability of cheap labour of corresponding qualification will slow down technological productivity growth, while expensive labour is an incentive to improve the productive forces. Both tendencies play together in weakening the position of the workers in the western countries.

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<sup>12</sup> For Steingart the event behind the events is the rising of China. >This distinguishes quite substantially the globalization before and after the arrival of the new aggressor-states.< (2006) He calls for a state moderated social world market economy.

This effect is intensified by the capacity of the TNCs to shift jobs inside their globally dispersed plants. They thus can >side-step< in cases of strikes which normally stay local under the spell of the >spatial fix< (Jessop) which the transnational archipelago-structure of capital has overcome. Indeed, the high-tech based trans-nationalisation has modified the relations between wage labour and capital. The still pre-trans-nationally active capitals and their relation to the labour force have become subordinated to the dominant form. Each local relation is more or less permeated by the global relations. If, as I said before, the single companies enter into competition with themselves, insofar as their boundaries become pervious to competing companies, competition undermines cooperation, on which companies, taken as social structures, must be able to rely.

That on the other extreme of the global division of labor, the old mole of dialectics doesn't sleep, is shown by the following episode: A few weeks ago, the Chinese government had ordered a general vacation on occasion of the New Year. As a consequence, the entrepreneurs in Hong Kong expected that 10 to 20 % of their workers would not return from this >Golden week<, because they used these days to look for better paid jobs.<sup>13</sup> The interesting thing, here, is that the absence of workers' rights (like a contractual period of notice or protection against unlawful dismissal etc.) plays in favour of the workers. And why? The economist Lu Zhiguo (Shenzhen) estimates that in the region Guangdong in 2007 3 to 4 million new jobs will be created, while the schools >can only offer 1,4 million fresh workers<. As a result the wages for qualified workers rise.

10. An age of ambivalence: capitalism as vehicle and obstacle of the worldwide plural unification of humankind

Today, for the first time in history, all continents & countries are more or less and in one form or another caught in the world wide web of capitalism. 160 years ago, this has been predicted by Marx in the *Manifesto*. In *Capital I* this anticipation is reformulated as the *entanglement of all peoples in the net of the world market*. The starting point is the analysis of the mechanisms of capital concentration and centralization:

>Hand in hand with this [...]expropriation of many capitalists by few, develop, on an ever extending scale, the cooperative form of the labor process, the conscious technical application of science, the methodical cultivation of the soil, the transformation of the instruments of labor into instruments of labor only usable in common, the economizing

of all means of production of combined, socialized labor, the entanglement of all peoples in the net of the world market, and with this, the international character of the capitalistic regime.< (*Capital I*, 929)

The contradictions, says Brecht, are our hope. Hope is an offspring of sadness, as Spinoza argues, because it remains marked by the absence of real agency. Nevertheless, we have to assume the contradictoriness of the capitalist development, to see – even through its horrors - the >historical unification of the human species<, to use Antonio Gramsci's words (*Prison Notebooks*, 11, §17; SPN, 445s; transl. changed), who sees the main barriers not in cultural or religious differences, but in >the internal contradictions which tear apart human society< (ibid.). And yet, isn't today's transnational high tech capitalist mode of production - in however 'barbarian' forms of bread and circuses, in a framework of violence - promoting the >cultural unification of humankind< (Gramsci)? The shattered universalism, where a humanity, which is torn apart into poor and rich, turns into a spectacle for itself, reflected in the illusory mirror of entertainment and commodity charms, is nonetheless charged with the weak messianic potential of a human species, which in this alienation for the first time constitutes itself *as humanity*. We already have the elements of an economic basis, that finally liberates from monotonous and life-consuming work, positioning, as Marx saw it in the *Grundrisse*, the worker strategically beside the machinery, at the same time creating a technology which seems to be predestined to solve the contradiction between state centralism and the association of free individuals. Should we fight the internet because it actually excludes the major part of humankind or fight for the inclusion of all? It makes no sense to fight against globalization. The decisive struggle is about the humanization of globalization. Capitalist globalization means the making of the one human world in a way which tears it apart into poor and rich while ruining our environmental life conditions. Therefore the question arises more and more pressing: Is another globalization possible? It would have to be a house with many rooms for different individualities, as Gorbachev used to say, a world in which many worlds fit, to use the Zapatista's words, in short, a plural universalism which has learned the lesson of difference. Given the world as it is, this sounds unrealistic. A democratic and socially tempered capitalism seemed preferable even from the standpoint of capital as long as it had to compete with state socialism which for many represented an alternative, notwithstanding its deficits in human rights, its modest economic performance and its negative ecological balance. After this alternative had crumbled, capitalism got rid of many of its social features. Its leading power, the United States, is already in its 6<sup>th</sup> year of steadily moving away from even democratic basic principles as the habeas corpus, the rule of the law, the banning of torture, the right to privacy. The forms of socio-political embedding of capitalism, which had been reached through struggles of the labor

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<sup>13</sup> >Neue Stellung nach der Goldenen Woche<, FAZ, 24.2.07, 47.

movements under conditions of East-West systemic competition and on the basis of Fordism, have been largely dismantled. Basically they relied on the nation state. Then, as Armand Mattelard notes, >the techno-informational paradigm has become the crucial point of [...] a geo-economic reorganization in a unipolar world around the values of a free market economy< (2003, 117). Even if the unipolarity has given way to a certain >hyperpolarity<, the project of a re-moulding of the world into a trans-national market world has become reality. If the perspective of humanizing globalization seems unrealistic today, on the time-axis reality-as-it-now-is reveals its un-sustainability, already financially and in the longer run ecologically. Shouldn't we say that a certain concept of reality is unrealistic?

Even from the point of view of the internationalized capitalist regime, the necessity for of a socio-ecological regulation on a global level becomes more and more imperative. Transcending the capitalist view, a worldwide movement of a new type has emerged. Since then, the powerful of the world are watched by masses of excluded, immiserated, and by a myriad of all kinds of groups, movements and NGOs. Even if we are not against capitalism in a categorical sense, our standpoint cannot be the standpoint of capital. To make money may be considered as legitimate, but taken as such it can never be a source of legitimacy. This is why all Governments and more and more corporations claim to pursue purposes of general interest: social welfare, high cultural goals, sponsoring of science, measures against the climate catastrophe etc. All this will remain illusory or mere make-believe if not resulting in an effective re-embedding of capitalism, but this time on a global scale. The main contradiction of globalization, therefore, is its vehicle, capitalism itself. As the french proverb says: *Le diable porte pierre*, the devil carries the stone – for building the church. At high risk, though. This church may crumble and bury all of us under its rubble. The ambiguous historical productivity of capitalism resides in the fact that capital *must* over-produce capital. Its profit-accumulation principle, which is its systemic driving force, excludes what the handbooks claim to be the purpose of all economy: to bring about the satisfaction of the needs of the people. This can, from the mere immanent standpoint of capital, never be more than a side product. Or, in the words of Niklas Luhmann's System theory: We, the people and our societies, can, from this standpoint, never be more than the environment of the system and an unwanted source of potential interferences. The task of politics is, to make the economic system a true subsystem of society, serving its purposes and doing so in a sustainable way. This reversal of the relations between capitalism and politics would be a first real step towards >building an information society for the benefit of humankind< (Castells/Himanen, 150), >which supports individuals and groups using the new technologies to create a more multicultural, egalitarian, democratic, and ecological globalization< (Kellner 2002).

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