



SYSTEM OVERHAUL, NOT MAKEOVER!

A peoples' response to the 2017 UNCTAD Trade and Development Report

PEOPLE OVER PROFIT

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It is now widely accepted among many circles that neoliberal globalization has failed to live up to its triple promise of lifting economies, eliminating poverty, and bridging the inequality gap. On the contrary, decades of neoliberal policies have only resulted in the concentration of wealth into a handful large corporations, financial institutions, and wealthy individuals.

The United Nations Conference on Trade and Development's (UNCTAD) Trade and Development Report for 2017 adds to the chorus of voices contesting the development narrative that has pervaded global economic thinking and policy since the early 1980s. This development narrative is otherwise called neoliberalism because monopoly capitalism reverts to using the outdated language and logic of free competition capitalism. Monopoly capitalists ostensibly champion liberalization, deregulation, and privatization to use the resources of states and giant corporations to extract ever higher profits from the working class and oppressed peoples and nations. Geopolitical rivalries, war, and militarization in many regions are on the rise, promoted by imperialism as a way to escape crisis.

Austerity measures adopted in the wake of the 2007 global financial crisis have mostly hit the poorest. Bailout of banks and corporations were carried out through public expenditure cuts and tax holidays for banks and corporations while raising taxes for the general population.

Public spending cuts have increased unemployment from the public and private sectors, depressing wages. Falling consumer demand causes a recession or deepening stagnation. Women, migrant workers, and youth are among the most vulnerable amid the downturn as they are among the first to be laid-off or forced to accept poorer working conditions in order to retain jobs or get new ones. Migrant workers are also used as scapegoats of the jobs crisis. Hence, they face increasing discrimination, xenophobia, and racism. Capitalists force workers to accept wage cuts, longer working hours, sped-up and short-term contracts to squeeze more profits. With the aid of state forces, capitalists bust unions or force them to concede past gains from collective bargaining. Monopoly capitalist firms are taking over huge tracts of land to set up plantations or special economic zones, adding to the millions of landless and jobless masses throughout the global South.

Wage cuts have also led to rising inequality and debt. More and more people without sufficient incomes and lacking access to social protection are being buried neck deep in debt while debt-driven spending artificially buoys up the economy.

The system is stuck in a global crawl with the absence of robust recovery in advanced capitalist countries constraining the growth of emerging and underdeveloped countries. The growing sense of anxiety and hopelessness contributes to the reinforcement of social discrimination along ethnic and gender lines.



A new global deal for business-as-usual?

As austerity measures bite while the economy continues to flat line, Keynesian responses to the recession are gaining wide traction among policy circles. UNCTAD's 2017 Trade and Development Report is yet another global deal for a system makeover modeled after the Keynesian reforms of the 1930s¹.

The New Global Deal proposes increasing wages to generate demand, boost sales and increase profits for businesses, leading to an upward spiral of recovery and economic growth. In the face of crisis, the state will take on the role of investor and spend money in the economy to create jobs. It calls for international regulations and coordination to better govern and regulate international economic actors, and for greater North-South equity in global institutions and economic relations.

Although the New Global Deal strongly emphasizes achieving broader social objectives such as full employment, social, domestic, and global equity, and environmental sustainability, it still shares neoliberalism's faith in capitalism, growth, and globalization. It is critical of neoliberalism for having produced poverty and economic and social inequalities, but believes that these result from policies that are misguided and driven by particularistic elite interests, rather than inherent to globalization and capitalism.

The New Global Deal is aimed at saving capitalism. It wagers that the pursuit of social goals on one hand, and globalization and capitalism on the other can be reconciled without overhauling the existing property regime that allows the concentration of society's wealth into the hands of the ruling elite.

The New Global Deal refuses to recognize capitalism as an exploitative system wherein workers and toiling peoples produce value and bosses capture some of the value as profit. Capitalism is fundamentally unplanned and competition leads to overproduction, booms, and slumps. The solutions offered by the New Global Deal at best are partial and at worst will only extend the capitalist exploitation of the workers and toilers and pillage of peoples, communities, and nations' wealth.

System Overhaul! Toward a people-led development path

Policies to stop further austerity, and to redistribute wealth through public spending and creation of decent, well paid jobs have long been the demands of people's movements and civil society as important stop gap measures to alleviate people's sufferings from the impacts of neoliberal globalization. That many policy makers including UNCTAD are increasingly recognizing these measures indicates the bankruptcy of neoliberal capitalism.

A return to state-managed capitalism via Keynesian policy reforms may buy time for the ruling elite but will not resolve the fundamental problem of capitalism. People need to take power back from the global and local elites and build a non-capitalist, socially just, equitable, and sustainable world.

Reinstating people's sovereign power over the commanding heights of the economy is crucial to achieve economic democracy. Economic democracy is a socio-economic structure and process that secures the equitable distribution of economic power among the people, allows people to collectively exercise authority over the economic sphere at multiple levels, and ensures the wellbeing of all and the full realization of human potential, including future generations².

¹ See UNCTAD "Trade and Development Report" (2017).

² See Ibon International "Democracy Founded on People's Sovereignty" (2016).



Productive resources and assets, such as land, machines, tools, infrastructure, and capital must be subject to democratic, collective, and community-based forms of ownership and management. Workers, poor peasants, women, Indigenous Peoples, and other disempowered classes, groups, and communities must be at the helm of designing, directing, and implementing the production and distribution of goods and services. The objective is for working peoples to manage and administer the production of goods and services generated by their own labor, for the purpose of increasing their quality of life, not profit.

In the face of mass unemployment and prolonged stagnation, workers' and peoples' movements should indeed be asserting the right of all women and men to decent and productive work that ensures their security and human dignity, but also work that is engaged in meeting the myriad unmet social needs for the present and future generations, including access to food, education, health, housing, other basic services, and environmental protection for all.

So-called public-private means of financing have only privatized profit while socializing losses and must be repudiated. A public investment fund sourced from levies on capital assets will sustain public projects. Banks and finance houses will have to be nationalized (not bailed out and propped up at public expense), and run under democratic peoples' control and management to ensure the credit required to develop all sectors of the economy. Tax havens need to be dismantled and capital controls are imperative to prevent capital flight especially from corporations that bleed local economies dry.

Economic trade and investment must not be treated as an end itself. Economic cooperation among states should be pursued on the basis of complementarity, equality, and solidarity, and should be aligned to people's rights and development priorities. The World Bank, International Monetary Fund, and World Trade Organization have only enforced undemocratic and unjust global economic policies and need to be abolished. Governments need to rally around the creation of alternative global governance institutions that would coordinate effective action around repayment and cancellation of foreign debt, push for solidarity with the economically weakest countries, set up a fund to assist their development of infrastructure, address climate change, prioritize food sufficiency in every country through self-reliant sustainable agriculture systems based on local knowledge and skill.

Worldwide discontent against the existing global socio-economic order disproves the neoliberal "end of history" mantra. Indeed, the history has shown that exploitative and oppressive economic systems could be reversed and subverted in favor of people's democratic and sovereign rule. Such goal will need to be asserted and realized by the peoples themselves in their historic struggle for system change.