

ECONOMIC, SOCIAL AND POLITICAL DISTORTIONS IN THE MODERN WORLD

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I - Identification of major distorsions

There are many economic, social and political distorsions in our world, which constitute in fact the most serious obstacles to any project of sustainable development. Many of these distorsions are not really new, but are growing more than ever; other represent perhaps new challenges.

Major economic distorsions can be classified under two broad categories, which characterize our period. These are :

1. Growing inequality in the distribution of income (and therefore also of wealth and power) operating at all levels, national as well as global. There are serious estimates for these dramatic evolutions (ref. i.e. the U.N. reports on Human Development). Moreover these negative evolutions occur in an atmosphere of relative stagnation, and therefore result into growing poverty and exclusion, such as more unemployment and/or marginalization, sometimes of whole countries or even of a continent, such as Africa ! Such a system does not deserve to be considered as a " new world order ", it is rather a new world disorder, or chaos as I chose to name in my book " the empire of Chaos ", M.R.Press, NewYork 1992. There are attempts to legitimize this unbearable state of affairs : either by claiming that this is only a " transition " towards a better future, but this claim is not proved at all, neither in theory nor in fact, and the transition might be so long that it does not deserve this qualification; or by adopting a philosophical ultra individualistic view of society (right anarchism in fact) as a collection of individuals. Such a view -initiated by von Hayek- is certainly unscientific, since it never reflected what actual societies are.
2. What is called in the economic jargon " the financiarisation " of the system, resulting into a de facto domination of the financial-speculative rationality, which is detrimental to further expansion of invesments in productive activities. Such a phenomenon is always the direct product of a deep structural crisis of accumulation: a huge growing amount of capital generated in the system cannot find outlets in the expansion and/or deepening of the productive sphere. This enormous surplus could lead to a dramatic breakdown and the devalorisation of capital on a large scale, unless financial outlets are created -even if artificially- in order to absorb it. I did submit elsewhere that high rates of interest, flexible exchange rates, the US external deficit, the Third World and Eastern European external debts, as well as the call for privatization, are those ways and means that create such financial outlets (S.Amin, " la gestion capitaliste de la crise ", Harmattan Paris 1995 and " Global capitalism, crisis management in a New Era ", Zed London, forthcoming).

Yet we ought to qualify somehow this description and identification of the major growing economic

distorsions in our world. To a certain extent these does not apply to Eastern Asia (China, Korea, Taiwan, South East Asia) and to a lesser degree to India, while they do fully characterise the cases of the whole American continent (North and Latin), of Europe (West and East until Vladivostok), of Africa and of the Middle East. In the first set of cases - which represent half of mankind !- not only growth continues or even accelerates, but while there are signs of inequality and financierisation coming into sight here and there, growth continues to be based on productive investment associated to growing employment opportunities and relative stability of the distribution of income. While the social content of these achievements cannot be, in no way, considered as necessarily fair and socially acceptable, at least one has to recognise those differences between " West " and " East " in that new sense.

What are the reasons for such differences ? This is a complex question which I shall not discuss here; I simply indicate that while the countries in the " West " have submitted to an " uncontrolled globalization ", those of the " East " do try to control -successfully until now, but for how long ?- the processes of globalization through efficient State interventions. These countries do exactly the opposite of what the World Bank, IMF, WTO and other global agencies prescribe !

All other major social and political distorsions derive basically from these economic factors. Such are the growing technological monopolies of the US, Japan and perhaps Europe (or of the major European countries), their monopoly over controlled communications, information and therefore cultural and behavioral patterns, their monopoly over the access and use of global natural resources, their monopoly over the major mass destruction arms.

There are other not less important distorsions, which in some ways are new, such as for instance the growing environmental damages, which now have reached a limit endangering the future of life on Earth. I submit that such an evolution is the product of the massive and growing modification of production, based on short term economic rationality and calculation. To the extent that this is so, one should ask the question wether capitalism, which is a social-economic system precisely based exclusively on short run rationality, devalorising the future while we need to valorize it, is a sustainable system.

In many other fields very old distorsions, which were reduced in the previous period (after World War II : 1945-1980) are revived again. Such are the positions that women had conquered and which are again menaced in many places by the revival of ultra-right wing ideologies and programmes.

II - How to analyse these distorsions ?

It is certainly never enough to identify problems. Scientific attitude calls for the analysis of the logic which have generated them. On that basis the current policies which are implemented here and there can be correctly assessed, and alternative policies, potentially efficient, designed. Lack of analysis leads to " wishfull thinking " attitudes, which unfortunately are widespread, including, I think, within our movement.

I submit that the distorsions which I have tried to identify above are not the consequences of " wrong economic theories " and/or " mistakes " from policy makers. Turning back to what has been said above, we see that there is a " recipe " implemented everywhere, in an extreme way in the " West " (including large parts of the " South " as indicated), less systematically in the " East ". This recipe is well known and includes : high rate of interest, flexible rates of exchange, the US debt, the Third World debt, privatisation. All these choices set up the nucleus of the neo-liberal view of an uncontrolled globalization.

These are rational and efficient policies, in consonance with the real targets that they serve, i.e. creating financial outlets with a view to avoiding a massive devalorisation of capital. These policies have indeed succeeded until now to avoid such a crisis, but there is no guarantee that this will necessarily continue to be so in the future. Therefore the sustainability of such policies is itself questionable. Moreover they do not constitute a solution to the crisis, if we define the crisis precisely by the above mentioned growing distorsions. On the opposite: they lock up the world in a vicious

spiral, resulting into unbearable distortions growing continuously.

We therefore ought to qualify what is usually labelled as " economic rationality ", i.e. a short run rationality, efficient in the narrow relative sense that it serves some targets (here avoiding massive devalorisation of capital) at the expense of other (sustainable development). Long ago, before Worldwar II, the german " Frankfurter School " had foreseen that Reason can be used efficiently to support goals which, from another reasonable point of view (humanistic, since ethical values can never be eliminated from any relevant societal project) are unreasonable. We ought never forget it, and further develop thinking and debating on this fundamental issue. In this light it would appear that Milton Friedman's " Monetary Theory " is in fact unreasonable, therefore unscientific. It is only a misery that such nonsense has been awarded a Nobel Prize !

Therefore current policies should be assessed for what they are: policies of crisis management, and not strategies to move beyond the crisis. In that sense they are not at all what they pretend to be: means organising a " transition ". They are not structural adjustments, but purely conjunctural adjustments, consonant with the immediate needs of the crisis management. The consequences of such policies constitute the problem, not the solution to it. The " deflationary spiral " in which they have locked up the system is responsible for the unbearable social situation it has generated. If the system concludes that a large quart of the human population is " redundant " (the unemployed in the North, a whole continent in the South) one should ask who is really redundant: these people or the system which generates such conditions ?

There are also political highly dramatic consequences to that " crisis management " choice. I submit that the peoples will less and less accept the unbearable conditions created by the neo-liberal utopia, and therefore will revolt. They already do so. Nonetheless the disarray is such, after the series of events and evolutions which accompanied the end of the post world war II period and took a variety of forms (the erosion of the Welfare State, the fall of sovietism, the breakdown of the national independant projects of modernisation), that no credible alternatives have yet cristallised. As a consequence most revolts take the form of revivals of an illusionary past, sometimes mythical. Such are the ethnicist, chauvinistic, and religious fundamentalisms. These movements do not provide answers to the real challenge which is how to associate the positive potential dimensions of globalization with legitimate social and cultural demands for respect of the autonomy of the various people and due consideration to their unequal capacity to meet competition on global markets.

In the meantime, until such responses find their way, the neo-liberal utopia will continue to lock us up in blind alleys. In their turn these chaotic movements, which reject the conditions created by ongoing policies but do not go to their roots, are a growing menace to many of needed positive evolutions, such as regionalisation projects. I even submit that they may destroy most of those projects, including that of the European Union. They also lead to setbacks in the processes of democratisation and may finally ruin the hopes which were invested in those processes.

III - What is to be done ?

A fundamental condition for a correct answer to the real challenges to which our modern world is confronted is a return to a sound and scientific basic understanding of Society. That implies moving away from the absurd, non realistic utopia on which neo-liberalism is founded. It implies recognising that history is not the product of unilateral laws of the so called market which would have " no alternative " as it is being said and repeated ad nauseam and to which mankind would have " to adjust ". Adjustment here means therefore that excluded minorities and sometimes whole peoples should accept their condemnation to death, this condemnation being " rational " ! Of course they prefer finding a way to survive, even if " irrational " from the point of view of the so called " laws of the market ", than to accept to die in accordance with that strange rationality.

History, real History, is actually the product of conflict between various logics, reflecting a variety of

interests. There is for sure a " logic of the market ", going along with supporting the interests of major dominant capital. But there are also logics of social, human and developmental needs. History of modern times is a history of struggles leading to historical compromises between these conflicting logics. The Welfare State, the national development projects of modernisation and even Sovietism were expressions of such compromises. Together, they made possible a " controlled globalization " in which, for instance, global negotiations could take place (within UNCTAD for what was related to North-South relations).

Such historical compromises constitute the substance of what is usually called " systems of regulation ". All societies are regulated; there is no society which could escape this social constraint. The attempt of neo-liberalism to negate it is pure utopia (it is indicative of this attempt that the current policy calls for " deregulation "), an utopia in which society is reduced to be a collection of individuals. Therefore, in fact the struggle is not choosing between regulation or deregulation, but between various forms of regulation. What is in fact suggested under the label of deregulation is regulation by oligopolistic and mainly financial capital (multinational corporations for most cases), ignoring all other interests. This pattern of regulation has nothing to do with the so called rule of competition. WTO is a good example of such practices : while in its rethoric it refers constantly to competition, in fact GATT (now WTO) is a chamber where MNCs share among themselves markets on which they then operate in position of monopoly !

I do not intend here to supply a recipe for an alternative. That should be in contradiction with the concept of historical compromises and regulation which I am referring to, since such compromises are specific to countries and time, reflecting social forces and their balances operating concretely. But we may for sure reject the unilateral " recipe " of neo-liberalism which is precisely the same for everybody and at any time, and therefore bears the main characteristic of an utopia. We may even say that the starting point is never to accept such non sense and therefore support all the struggles of working peoples for better conditions, whether wages or employment policies or the involvements in decision making at all levels from the enterprise unit to the local, national and international power systems.

Such a principle calls of course for adequate strategies. At national levels there are strategies aiming at the rebuilding of large popular alliances, organising its various components (the working class, the peasants, the informal sector, local enterprises, etc...) and allowing room for significant negotiations, setting up rules and laws in accordance with their common targets with due recognition of the different interests. At regional and international levels it is a call for setting up frames for the working of the capital markets, the monetary systems, trade, etc...in ways consonant with the target of a really sustainable non polarizing development. Currently there are no such systems, but only international institutions (the World Bank, IMF, WTO, the UN system) the task of which is designed in the opposite direction, that of the neo-liberal utopia.

For instance there is no global capital market, but actually only a global financial market dominated by MNCs (Multi National Corporations). We do need capital markets, articulating the various levels at which they should operate, from national to global, with a view to channelling excess capital to productive investment. Current systems channel capital towards financial opportunities, and that results into an outflow of capital from the South (where it is badly needed) to the North, from productive opportunities to speculative operations. On these questions I have made some suggestions elsewhere (Samir AMIN, " Fifty years is enough ", Monthly Review vol.46 N°11, NewYork 1995) to which I only refer here.

In all cases what is meant by alternative strategies is compelling capital to adjust to social goals, nationally and internationally. What is meant by adjustment currently is exactly the opposite : it is unilateral adjustment of the weakest partners (the working people, the poor nations) to dominant capital. We need a series of mutual adjustments between all the partners. That is the only realistic way to " run society " and eventually create the conditions for its sustainable development.

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