The Poorer Nations:

A POSSIBLE HISTORY OF THE GLOBAL SOUTH

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With a Foreword by
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Introduction

THE THIRD WORLD PROJECT[1]

The Third World today faces Europe like a colossal mass whose project should be to try to resolve the problem to which Europe has not been able to find the answers.

Frantz Fanon, 1961[2]

The massive wave of anticolonial movements that opened with the Haitian Revolution (1791–1804) and came into its own by the last quarter of the nineteenth century broke the legitimacy of colonial domination. No longer could it be said that a European power had the manifest destiny to govern other peoples. When such colonial adventures were tried out, they were chastised for being immoral.

In 1928, the anticolonial leaders gathered in Brussels for a meeting of the League Against Imperialism. This was the first attempt to create a global platform to unite the visions of the anticolonial movements from Africa, Asia, and Latin America. Considerations of expediency and the convulsions of World War II blocked any progress on such a platform. It would have to wait until 1955, in Bandung, Indonesia, when a smattering of newly independent or almost independent African and Asian countries sent their leaders to confer on a planetary agenda. The Bandung dynamic inaugurated the Third World Project, a seemingly incoherent set of demands that were actually very carefully worked out through the institutions of the United Nations and what would become, in 1961, the Non-Aligned Movement (NAM).

The central concept for the new nations was the Third World. The Third World was not a place; it was a project. Galvanized by the mass movements and by the failures of capitalist mal-development, the leaderships in the darker nations looked to each other for another agenda. Politically they wanted more planetary democracy. No more the serfs of their colonial masters, they wanted to have a voice and power on the world stage. What did that voice say? It spoke of three main themes:

a. *Peace*. It had become apparent by the mid 1950s and early 1960s that the Cold War between the two superpower blocs was catastrophic for

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1 This section relies upon Vijay Prashad, *The Darker Nations: A People's History of the Third World*, New York: New Press, 2008.

2 Frantz Fanon, *The Wretched of the Earth*, New York: Grove Press, 1963, p. 314.

the planet. Not only might the nuclear-fueled confrontation result in Armageddon, but the sheer waste of social resources on the arms race would distort the possibility of human development. By the early 1950s, the United States was spending 10 percent of its gross domestic product on its defense sector, a development that raised the ire of President Eisenhower, who at the end of the decade bemoaned the growth of the "military-industrial complex." This complex did not end at the borders of the United States. It had ambitions for the planet, wanting to sell arms to every country and to insinuate a security complex over the social agenda of the Third World Project. No wonder that the first concrete task after the formation of the Non-Aligned Movement in Belgrade was to send India's Nehru and Ghana's Nkrumah to Moscow, and Indonesia's Sukarno and Mali's Keita to Washington, carrying the NAM's Appeal for Peace. Kennedy and Khrushchev offered the typical bromides, but did not reverse the tensions that intensified with the building of the Berlin Wall and the tank standoff at Checkpoint Charlie. The Third World Project kept faith with the Bandung communiqué, which called for "the regulation, limitation, control and reduction of all armed forces and armaments, including the prohibition of the production, experimentation and use of all weapons of mass destruction, and to establish effective international controls to this end."[3] The International Atomic Energy Agency of 1957 was a child of Bandung, and a cornerstone of the Third World Project.

b. *Bread*. The new nations of Africa and Asia, and the renewed national agendas of Latin America, explicitly recognized that the countries they had seized were impoverished. Any direction forward would have to confront the legacy of colonial economy—with the advantages seized by the Atlantic powers and the trade rules drawn up to benefit those historical, not comparative, advantages. Economists like Raúl Prebisch of Argentina, who would become the first director-general of the UN Conference on Trade and Development (UNCTAD), challenged the Atlantic institutions such as the General Agreement on Trade and Tariffs (GATT) and the IMF, which Prebisch called "a conspiracy against the laws of the market." When Prebisch took the helm at UNCTAD, the economic arm of the Third World Project, he announced the need for a "new order in the international economy … so that the market functions properly not only for the big countries but the developing countries in their relations with the developed."[4] It was out of this

3 George McTuran Kahin, ed., *The Asian-African Conference: Bandung, Indonesia, April 1955*, New York: Cornell University Press, 1956, p. 83.

4 Edgar J. Dosman, *The Life and Times of Raúl Prebisch, 1901–1986*, Montreal:

general framework that the Third World fought for a revision of the "free trade" agenda, for better commodity prices, for primary goods cartels (out of which came OPEC), and for a more generous policy for the transfer of investment and technology from North to South. Fought at each turn by the Atlantic powers, the Third World took refuge in the UN General Assembly with the 1973 New International Economic Order resolution. It was the highest point of the Third World Project.

c. *Justice*. The NAM, created in 1961, was designed as a secretariat of the Third World Project, with the Group of 77 (1964) to act on its behalf in the United Nations. The founders of the NAM (Nehru of India, Nasser of Egypt, Sukarno of Indonesia, and Tito of Yugoslavia) recognized that little of their agenda would be able to move forward without a more democratic international structure. The UN had been hijacked by the five permanent members of the Security Council. The IMF and the World Bank had been captured by the Atlantic powers, and the GATT was designed to undermine any attempt by the new nations to revise the international economic order. It was hoped that the NAM, and the G77, would put pressure on both the West and the East to afford political space to the new nations. It was not to be. Nigeria's foreign minister, Jaja Wachuku, came to the United Nations on September 30, 1963, and put the problem plainly: "Does this Organization want the African States to be just vocal members, with no right to express their views on any particular matter in important organs of the United Nations[?] Are we going to continue to be veranda boys?"[5] The implication was that the NAM states would watch from the balcony while the five permanent members controlled the debate within the UN.

That was the Third World Project: for peace, for bread, and for justice. It came to the world stage on shaky terrain. The houses of the new nations were not in order. They were constrained by a lack of democracy in their own political worlds, combined with mismanagement of economic resources and a very shallow reconstruction of the social landscape. The old social classes hesitated before the anticolonial mass movements, but as these were demobilized the old elites called on the generals or on right-wing populist politicians to sweep up the mess. The Project was hampered by these failings, but it was not these limitations that did it in.

What did it in was the Atlantic project.

McGill-Queens University Press, 2008, p. 393.

5 Thomas Hovet, Jr., "The Role of Africa in the United Nations," *Annals of the American Academy of Political and Social Science* 354: 1 (1964), p. 128.

THE ATLANTIC PROJECT

> Nothing important can come from the South. The axis of history starts in Moscow, goes to Bonn, crosses over to Washington, and then goes to Tokyo. What happens in the South is of no importance.
>
> Henry Kissinger, 1969[6]

In 1975, the seven leaders of the major advanced industrial countries met in the Château de Rambouillet to decide the fate of the planet. They were the Group of 7: the United States, the United Kingdom, France, Germany, Italy, Japan, and Canada. The Rambouillet gathering was their first formal meeting. The G7 leaders were detained by four facts. Three of them were encumbrances that they wished to do away with:

1. The *social-democratic agenda* that many of them emerged from had now become expensive (in terms not only of the social wages that had to be paid, but also the wage packets to the restive workers).
2. The *communist agenda*, which had become more accommodating, but was still able to offer those restive workers an alternative.
3. The *Third World Project*, whose most recent instantiations—the Oil Weapon of 1973, accompanied by the demand for a New International Economic Order (NIEO)—had come as a genuine shock.

These three horizons needed to be abandoned. The fourth problem was a more general one, and it ended up being the solution to their other three irritants: the new *geography of production*.

Gerald Ford opened the conversation at Rambouillet with a plea that the main thrust had to be for the leaders "to ensure that the current world economic situation is not seen as a crisis in the democratic or capitalist system."[7] The G7 had to prevent the capitalist crisis from becoming a political one; it had to be handled as a technical economic problem. This was all very well as rhetoric, but it was not a salve from the point of view of the more realistic people in the room.

Helmut Schmidt, who was a socialist and chancellor of West Germany, took the floor:

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6 Seymour M. Hersh, *The Price of Power: Kissinger in the White House*, New York: Summit Books, 1983, p. 263.

7 "Memorandum of Conversation from the First Session of the Economic Summit at Rambouillet," November 15, 1975, Rambouillet Economic Summit, NSA, Memoranda of Conversations, 1973–1977, Gerald R. Ford Library.

> Harold [Wilson] of the UK, you talked of viable industries, and indicated that this excluded lame ducks. You referred to textiles as an example. I am a close friend of the chairman of the textile workers union in Germany. It is a union of a shrinking industry. *I would hope that this would not be repeated outside this room*. Given the high level of wages in Europe, I cannot help but believe that in the long run textile industries here will have to vanish. We cannot ward off cheaper competition from outside. *It is a pity because it is viable*; capital invested in a job in the textile industry in Germany is as high as it is in the German steel mills. But wages in East Asia are very low compared with ours. The German textile industry is viable, but will vanish in ten or twelve years.[8]

Foresight, collusion: it does not matter. What matters is the emergence of the new geography of production, *viz*. the disarticulation of Northern Fordism, the emergence of satellite and undersea cable technology, the containerization of ships, and other technological shifts that enabled firms to take advantage of differential wage rates. In Schmidt's case, the wages of East Asia.

This is familiar stuff. It is often taken as the ground for the emergence of neoliberalism. From David Harvey's useful primer, we get the impression that neoliberalism was experimented with during the New York municipal crisis, and then, via the IMF and its *élèves*, exported to the rest of the planet.[9] This is not the full story. What Harvey does not relate is the necessary demise of the Third World Project, and so the opening up of the countries of the South to the new geography of production. Resistance to transnational corporations had been quite strong until the late 1970s, when the Third World Project went into a tailspin, assassinated by the enforced debt crisis. For example, the United Nations Centre on Transnational Corporations spent its energy for three decades defining a code of conduct for transnational firms. It was substantially dissolved in 1992, and became a fixer for corporations rather than a regulator of their business practices.

Neoliberalism had a polycentric revival—in the G7, of course; but so too in the capitals of the Pacific Rim and in the emergent "locomotives of the South" (Brazil, India, South Africa, and China). The ruling classes in these societies had, like their European and American cousins, long wanted to abandon the cultural strictures of old Nationalism: the requirements of the social-democratic Welfare State in the Atlantic sector; and the requirements of the anticolonial Third World State in the continents of Africa, Asia, and Latin

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8 "Memorandum of Conversation at the Rambouillet Summit, made for Brent Scowcroft by Robert Hormats," November 15–17, 1975, National Security Adviser's Memoranda of Conversation Collection, Box 16, Gerald Ford Presidential Library. Emphasis added.

9 David Harvey, *A Brief History of Neoliberalism*, New York: Oxford University Press, 2005.

America. Small pockets of elite opinion harbored resentment at the anticolonial heritage. Out of these pockets came new intellectual agendas, including the revival of the Hayek school of liberalism, holding that the state must be excluded from economic activity as much as possible. Cultural ideas of individualism and enterprise were celebrated in the corporate media, at the expense of the national liberation ideas of socialism and the collective good. The impatient elites wanted to set themselves apart from the obligations of the postcolonial state. They wanted to live, as the Indian poet Nissim Ezekiel put it,

> At jazzy picnics,
> Cooking on a smoky stove,
> Shooing beggars from the backdoor wall.[10]

It was fitting for them that the new postcolonial states had failed in so many ways; the failures were used as a measure to push for their own agendas. These elites produced their own neoliberalism in response to the same debt crisis that had opened their countries up to the factories of the North.

By the 1980s the reinvigorated Atlantic bloc was fighting back aggressively against the NAM and all talk of a New International Economic Order. At the Cancún meeting in 1981 to discuss the ill-starred Brandt Report, Ronald Reagan and Margaret Thatcher came to throw down the gauntlet. Reagan mocked the proceedings, particularly those "who mistake compassion for development, and claim massive transfers of wealth somehow, miraculously, will produce new well-being." The North-South dialogue was effectively ended.

The corridors of the IMF and the World Bank were scrubbed clean of old Keynesians and developmentalists. Only marginalists and neoliberal thinkers were welcome into the leadership. Questions of history and of sociology were of no consequence. GDP was the only variable that mattered. At the IMF, H. Johannes Witteveen gave way to Jacques de Larosière, and at the World Bank, Tom Clausen and Anna Krueger washed the stains left by Robert McNamara. Liberalism was shown the door.

The UN too had to be cleansed. When he briefed Daniel Moynihan for his new UN post, Henry Kissinger told him, "We need a strategy. In principle, I think we should move things from the General Assembly to the Security Council. It is important to see that we have our confidence and nerve." He wanted the US to "get hold of the Specialized Agencies," such as UNCTAD and UNESCO, and turn them to the "business civilization" of the North.

Having excised the institutional threats to the Atlantic project, the G7 moved to use the debt crisis of the 1980s to its advantage, pushing through a new intellectual property and trade regime to consolidate the gains of the

10 Nissim Ezekiel, "Portrait," *Collected Poems, 1952–1988*, New Delhi: Oxford University Press, 1989, p. 45.

North against the South. By the time the NAM met in New Delhi in 1983, the exhaustion of the Third World Project before the fierce thrust from the North was evident. There was to be no effective political strategy to deal with the debt crisis. The Southern countries were willing out of political necessity to see the Club of Paris and the Club of London one by one, receiving their structural adjustment orders so as to extend their credit lines. More radical voices called for a debtors' strike, but this fell on deaf ears. The problem was not the debt itself. The problem lay with the power asymmetry, the favored countries being able to refinance their debts on favorable rates from the bank cartels, as well as having lower risk premiums than other countries. The North could command the banks.

Rather than a South-led New International Economic Order, the world had to live with a North-led New International Property Order. The Uruguay Round of the GATT changed the intellectual property regime so that reverse engineering or transfer of technology became illegal. The North and its businesses would be able to outsource the production of commodities to the South, but the bulk of the profits for their sale would be preserved as rent for intellectual property (this was the process that produced "jobless growth" in the North and led to the debt-fueled consumerism indulged in by its vast mass—a social imbalance that has now exploded, first through the housing market, and soon after through the personal credit market).

In 1981, the new secretary-general of the UN, Javier Pérez de Cuéllar, called the gap between North and South "a breach of the most fundamental human right," and pledged that the UN would work to bridge it. The UN, now under Atlantic tutelage, did no such thing.

THE SOUTH PROJECT

In Mohammed Lakhdar-Hamina's *Chronique des Années de Braise* (1975), a crazy prophet emerges from the city to greet a horde of bedraggled peasants. He extends his arms and says, "You were poor and free. Now you are only poor!"

In 1989, the poor from the hillside settlements around Caracas, Venezuela, rose in revolt against the rise in bus fares, spurred on by an increase in petrol prices. This was the most spectacular of the IMF riots, or bread riots. More such protests and rebellions shaped the social world on all the continents, now increasingly even in the Atlantic world (as we see with the social convulsions in the southern European countries, and with the Tea Party and the Occupy protests in the United States). These protests were united by at least five processes:

1. Enforced austerity regimes, pushed first in Africa, Asia, and Latin America under the name of structural adjustment, and then more

recently in the Atlantic world under the name of balanced budgets and fiscal responsibility.

2. The dominance of the FIRE (finance, insurance and real estate) sector, whose fire-sale of assets in the name of privatization produced higher unemployment and very great levels of social inequality.
3. Catastrophic unemployment in pockets, particularly in rural areas where factory farming has deskilled work through the use of expensive and unsustainable technological inputs. Global unemployment is at spectacularly high levels, with an "alarming" future for joblessness, according to the International Labour Organization's *World of Work Report 2012*. Young people are nearly three times as likely as adults to be unemployed. An estimated 6.4 million young people have given up hope of finding a job.
4. High unemployment comes in the context of a collapsed state-support network, a weakened social fabric, and criminally high food and fuel prices that have resulted mostly from commodity speculation in these markets. From Rome, the Food and Agriculture Organization reports that the number of the world's hungry has topped one billion. Since 2008, food riots have struck Africa, Asia, and Latin America, with the edges of Europe and the United States now prone to inflation protests. The Social Unrest Index shows that 57 out of 106 countries showed a risk of increased social unrest. The IMF recognized that one of the spurs for the Arab Revolt of this year was the rise in bread prices resulting from the end to the "democracy of bread" (*dimuqratiyyat al-khubz*).[11]
5. Disparity and deprivation do not sit well with the commonplace ideas of fairness and justice. The powerful know this. The way they divide the national budgets of their countries demonstrates their values. More goes to the military, police, and prisons than to schools, to the *Mukhabarat* than to the ministry of health, to guns than to bread. Given the social consequences of neoliberalism, it is far more effective and logical for the 1 percent to build a security apparatus, to cage people into devastated cities or to hold them in congested high-security prisons. There is nothing irrational about the prison-industrial complex; from a neoliberal perspective, it is perfectly reasonable. Neoliberalism was always purchased with an iron fist, and rarely with a velvet glove.
6. It is bad enough if one is reduced to the level of bare existence, but even worse if this condition is not general across the population. Rates of social inequality are at record levels for the modern era. "Some have

11 Vijay Prashad, *Arab Spring/Libyan Winter*, Oakland and London: AK Press, 2012.

> predicted convergence," the UNDP had noted in 1999, "but the past decade has shown increasing concentration of income among people, corporations and countries."[12] The gaps have increased exponentially since 1999. A 2008 UN report shows us that the richest 1 percent of adults across the planet own 40 percent of global assets, while the richest 10 percent own 85 percent.[13]

One word unites the variegated protests across the planet: no! From Occupy Wall Street to Tahrir Square, from the Kennedy Road shack settlement in Durban to the rural hamlets of Haryana, the policies of neoliberalism have been resoundingly rejected. What has emerged since the 1990s has been *resistance*, the defusing of the energy of the neoliberal policies that emerge out of international and national institutions. The "global South" has come to refer to this concatenation of protests against the theft of the commons, against the theft of human dignity and rights, against the undermining of democratic institutions and the promises of modernity. The global South is this: a world of protest, a whirlwind of creative activity. These protests have produced an opening that has no easily definable political direction. Some of them turn backwards, taking refuge in imagined unities of the past or in the divine realm. Others are merely defensive, seeking to survive in the present. And yet others find the present intolerable, and nudge us into the future.

How has the NAM reacted to these developments? Has it been able to break out of the defensive posture that has distinguished it since the 1980s? At the 2006 Havana NAM summit, Venezuela's Hugo Chávez called for the creation of a new commission to study the current situation and propose an agenda that "will not be thrown to the wind." He nodded to the South Commission, whose work in the 1980s set in motion the theory of the "locomotives of the South"—although its own report, *The Challenge of the South*, published on the day Iraq invaded Kuwait in 1990, is little read.

The South Commission toiled in the unfavorable climate of the 1980s. Shunned by the North, the Commission made a virtue of necessity: it called for South-South cooperation, its general secretary, Manmohan Singh, offering the view that "the new locomotive forces have to be found within the South itself." It was this thinking that provided the calculations for the creation of the Group of 15 (at the 1989 NAM summit), then the IBSA Group (India, Brazil, South Africa) in 2003, and eventually the BRICS formation (Brazil, Russia, India,

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12 United Nations Development Programme, *Human Development Report 1999*, New York: UNDP and Oxford University Press, 1999, p. 3.

13 James B. Davies, Susanna Sandström, Anthony Shorrocks, and Edward N. Wolff, "The World Distribution of Household Wealth," Discussion Paper no. 2008/03, United Nations University World Institute Development Economic Research, February 2008, p. 7.

China, South Africa) in 2009. These groups were seen as the locomotives of the South.

The IMF's 2011 report suggests that by 2016 the United States will no longer be the largest economy in the world.[14] This is, as the historian Fernand Braudel put it, the "sign of autumn" for Atlantic hegemony.[15] Signals of decline are visible in the fragile economic fundamentals in the Atlantic states, with the red light of caution burning bright over the dominance of finance in the economy and the increase in military spending. Since 2001, the United States alone has spent $7.6 trillion on its wars and its national security apparatus. This has accompanied massive cuts in social spending and tax breaks for the rich (in 2011, the top 1 percent in the United States earned an average tax cut greater than the average income of the other 99 percent). When, in 1925, it became clear that the United Kingdom's autumn was at hand, Winston Churchill proclaimed, "I would rather see finance less proud and industry more content."[16] These words would apply to the dominance of the stock exchanges of Wall Street, the City of London, and elsewhere over the lifeblood of the social economy.

Though, according to IMF projections, China will be the largest economy in 2016, it does not appear to wish to assert itself alone. China appears content to share the stage with the BRICS states, and to push for multipolarity and economic diversity. But the BRICS platform is limited in several ways:

1. The domestic policies of the BRICS states follow the general tenor of what one might consider Neoliberalism with Southern Characteristics—with sales of commodities and low wages to workers accompanying a recycled surplus turned over as credit to the North, as the livelihood of its own citizens remains flat. For example, the Indian people experience high levels of poverty and hunger, and yet India's growth rate is moderately high. Rather than turn over the social wealth in transfer payments or in the creation of a more robust social wage, the country seems to follow World Bank president Robert Zoellick's advice to turn over its surplus to "help the global economy recover from the crisis." There is something obscene about making the "locomotives from the South" pull the wagons of the North (particularly given the North's own reticence in allowing for a new surplus-recycling mechanism during the debt crisis of the 1980s).

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14 IMF, *World Economic Outlook: Tensions from the Two-Speed Recovery: Unemployment, Commodities and Capital Flows*, Washington, DC: IMF, April 2011.

15 Fernand Braudel, *The Perspective of the World: Civilization and Capitalism, Fifteenth–Eighteenth Century*, Berkeley: University of California Press, 1992, p. 246.

16 D. E. Moggridge, *The Return to Gold, 1925: The Formulation of Economic Policy and its Critics*, Cambridge: Cambridge University Press, 1969, p. 54.

2. The BRICS alliance has not been able to create a new *institutional* foundation for its emergent authority. It continues to plead for a more democratic United Nations, and for more democracy at the IMF and the World Bank. These pleas have made little headway. During the height of the financial crisis, the G8 promised to disband, ceding its role to the G20; that is now forgotten. Anemic increases in its share of the vote at the IMF were insufficient to enable the South to put forward a joint candidate to become its executive in 2011.
3. The BRICS formation has not endorsed an *ideological* alternative to neoliberalism. There are many proposals for the creation of a more sustainable economic order, but these are left at the margins. The Rio formula for "separate and differential treatment" allows the South to make demands for concessions from universal policies that the North refuses to endorse (not the least of which relates to climate change). This is a defensive stand. There is, as yet, no positive alternative that has been taken forward. It might emerge out of the convulsions from below, where there is no appetite for tinkering with a system that most people see as fundamentally broken.
4. Finally, the BRICS project has no ability to sequester the *military* dominance of the United States and NATO. When the UN votes to allow "members states to use all necessary measures," as it did in Resolution 1973 on Libya, it essentially gives carte blanche to the Atlantic world to act with military force. There are no regional alternatives that have the capacity to operate. The force-projection of the United States remains planetary—with bases on every continent and with the ability of the US to strike almost anywhere. Regional mechanisms for peace and conflict resolution are weakened by this global presence of NATO and the US. Overwhelming military power translates into political power.

If we look into the entrails of the system, we will find that its solutions do not lie within it. Its problems are not technical, nor are they cultural. They are social problems that require political solutions. The social order of property, propriety, and power has to be radically revised. That is without question. The issue is what must be the strategy, the tactics, the way forward to a place that is not what we have now. The global South is a place of great struggle, of various tactics and strategies experimented with on the streets and in the halls of government. It is an unfinished story—one that has to have a good ending.

THE POORER NATIONS

The book before you will tell this story in four chapters. It opens at the high point of the Third World Project, with the New International Economic Order