

Socialism's Answer To Global Capitalism

By Robert Bills

*An address delivered at the Finnish Brotherhood Hall,
Berkeley, Calif., Sunday, Nov. 21, 1999*

The following is the text of an address delivered by SLP National Secretary Robert Bills at the Northern California Thanksgiving Affair in Berkeley, Calif., Sunday, Nov. 21, 1999. The affair, which was sponsored by Section San Francisco Bay Area of the SLP, was held 10 days before the Third Ministerial Conference of the World Trade Organization in Seattle and the demonstrations the WTO meeting provoked.

Ladies and Gentlemen, Comrades and Friends—

More than 150 years ago, in the *Communist Manifesto*, Karl Marx and Frederick Engels declared:

“The bourgeoisie has through its exploitation of the world’s market given a cosmopolitan character to production and consumption in every country. To the great chagrin of reactionists, it has drawn from under the feet of industry the national ground on which it stood.”

Commenting on this in an editorial he wrote for a May Day issue of the *Daily People*, Daniel De Leon added:

“In no country is the truth of the above statement so well illustrated as in this. The American bourgeoisie, or capitalist class, has been compelled by its colossal system of...production to seek foreign outlets for the surplus products not absorbed by ‘the home market.’ As a result, it has exported the products of American labor to the remotest parts of the world, and taken their imports in exchange. It has, in order to protect its interests in foreign markets, engaged in international conferences for the regulation of the financial, political and economic problems of world capitalism, such as the Brussels monetary, the Hague arbitration and the very recent steel conference; and it has become involved, contrary to [George] Washington’s warning against foreign entanglements, in various international controversies, of which the Spanish-American War, the Chinese war and the Panama affair are the most conspicuous. In brief, to the great chagrin of the reactionist, the ground has not only been drawn from under the feet of national industry, but of the nation itself. No longer is ‘Americanism’ triumphant; internationalism reigns in its stead.”

De Leon went on to note that those developments, pronounced and conspicuous even in 1904, left—

“...no vestige of reason for the continuance of the spirit of nationalism among the working class. The bourgeoisie, in giving a cosmopolitan character

to production and distribution, has also given a cosmopolitan character to the struggle between capitalist and laborer. To the great chagrin of the labor reactionists, it has drawn from under the feet of their labor-misleading industry the national ground on which it stood, and made the workers of the world what they really are, viz., the victims of international capitalism, who, in working for its overthrow, have a world to gain, and nothing but their chains to lose.”

Does all of this sound familiar? Well, it should. “Exploitation of the world’s markets”; “international conferences for the regulation of the financial, political and economic problems of world capitalism”; “international controversies” that lead to wars; “labor reactionists” having the feet kicked out from under the “national ground” on which their “labor-misleading industry” has stood; the “workers of the world” shown to be what they really are, “victims of international capitalism”—all these phrases are as fresh as this morning’s headlines, though the origins of the developments these ideas convey are older by far than De Leon’s 1904 editorial and even Marx’s 150-year-old *Manifesto*.

Capitalism—world capitalism—creates so many problems it is hard to know which one to focus on. Occasionally, however, something comes along that seems to put everything else into perspective.

That something else may not have a direct effect on the working class, though the treatment it receives in the mass media, or at the hands of the politicians, the unions, and all the institutions of capitalism, often converge to make it appear otherwise.

This is particularly true whenever the capitalist class has a big stake in the outcome of some piece of legislation, or some dispute with another country.

When that happens, all the institutions of capitalism converge to claim that workers also have an enormous stake in how the issue is resolved.

While most issues affecting the capitalist class do not affect the vital interests of the working class, they invariably serve the purpose of confusing the working class and, more important, of distorting or concealing entirely what workers’ interests really are. The present debate over the World Trade Organization and, together with that, the U.S.-led effort to draw China into it, provide a case in point.

The debate over the WTO has touched on virtually all the evils of capitalism. Nearly every dreadful effect of the capitalist system has been dragged into it in one way or another, including, among others, U.S. capitalism's place in the world market, the role of the political state, the power and influence of the ruling class, the limits on that power, the unions, poverty, wages, jobs, unemployment, immigration, crime, workers' rights, human rights, child labor and environmental pollution.

Several days from now, representatives from more than 130 countries will be gathered in Seattle for what is being called the Third Ministerial Conference of the World Trade Organization.

They won't be alone.

Dozens of organizations, the AFL-CIO "labor reactionists" among them, are expected to send thousands of people to Seattle to stage a demonstration objecting to the way the WTO conducts its affairs. President Clinton referred to all of them in unmistakably condescending tones during a speech he gave at a Harley-Davidson motorcycle plant in Pennsylvania on Nov. 10.

"Every group in the world with an ax to grind is going to Seattle to demonstrate," he said, and he added that he hoped they would.

Clinton said something similar at a press conference on Oct. 14. He said he was "sympathetic with all these negative feelings. But one of the things that spawns these negative feelings is, these folks feel like they've been shut out. They think the WTO is some rich guys' club where people get in and talk funny language, and use words nobody understands, and make a bunch of rules that help the people that already have and stick it to the people that have not. That's what they think."

Clinton's sarcasm aside, he was right about what many people think of the WTO.

What is the WTO? What and whose purposes does it serve?

According to itself, the WTO "is the only international organization dealing with the global rules of trade between nations." The WTO also says that, "Its main function is to ensure that trade flows as smoothly, predictably and freely as possible."

Something calling itself the Working Group on the World Trade Organization and Multilateral Agreement on Investment puts it somewhat differently. They describe the WTO as "a powerful new global commerce

agency, which transformed the General Agreement on Tariffs and Trade (GATT) into an enforceable global commercial code.”

Elaborating, this group goes on to say that, “The WTO is one of the main mechanisms of corporate globalization. While its proponents say it is based on ‘free trade,’ in fact, the WTO’s 700-plus pages of rules set out a comprehensive system of corporate-managed trade.”

To round out its definition, the same group added that, “Under the WTO’s system of corporate-managed trade, economic efficiency, reflected in short-term profits, dominates other values. Decisions affecting the economy are to be confined to the private sector, while social and environmental costs are borne by the public.”

The AFL-CIO agrees with much of this. Speaking before the National Press Club in Washington, D.C., day before yesterday, AFL-CIO President John Sweeney had this to say:

“The World Trade Organization, founded five years ago, is the capstone of the corporate-dominated world marketplace—it oversees and enforces the rules of the global economy, arbitrates trade conflicts, and claims the authority to challenge state and national laws that conflict with its rules—rules that protect corporate interests, but not people.”

Sweeney denies that the AFL-CIO’s concerns have anything to do with differences over so-called free trade versus protective tariffs, despite the AFL-CIO’s stand on NAFTA and similar capitalist trade agreements. “This is nonsense,” he told his Press Club audience. “The debate isn’t about free trade or protection, engagement [with China] or isolation. We all know we are part of a global economy.”

“The real debate isn’t about free trade or protection,” he added, “but over what are the rules for that economy and who makes them—not whether to engage China, but what are the terms of that engagement, and whose values are to be represented.”

Pursuing this line of thought, Sweeney went on to say:

“Global corporations have defined the global market and dominate it. They enlisted governments to slash regulations, free up capital, open up markets, [and] guarantee investment. They made the rules and cut the deals.”

Well, of course they did. What did Sweeney expect?

International trade agreements are precisely that—agreements on tariffs and trade. They are not an agreement on jobs or wages, on unions or on workers' rights. They are not conceived and are not designed to protect the American working class, or the workers of any other country. They are conceived and designed to protect the interests of the capitalist owners of huge corporations. Yet, from all the back-and-forth on the World Trade Organization set up to enforce and improve on rules and regulations promoting global capitalism one would think the whole debate centered on what is best for workers.

Indeed, while Sweeney was speaking to the National Press Club on November 19 more than half of the Democrats in the House of Representatives were sending a letter to President Clinton in which they made arguments similar to those of the head of the AFL-CIO. In that letter they said:

“Through the WTO, rights of business have been greatly expanded in the form of tariff reductions, trade liberalization, curtailment of government purchasing prerogatives and intellectual property protections.

“But not a single worker protection, child labor prohibition, minimum wage standard or right to organize unions and bargain collectively has been achieved or even protected through the WTO.”

Sweeney and the congressional Democrats who signed the letter to Clinton are right when they say that some developing countries, China among them, are undemocratic, persecute and imprison trade union leaders, and prevent workers from organizing themselves for the trade union goals of better wages, better conditions and harmonious relations with their economic masters. What of it?

Even in America—democratic America, where unions may be broken with virtual impunity, where workers are frequently fired for trying to organize themselves, where the police are frequently called out to harass picket lines and protect capitalist interests, and where the state will occasionally step in to destroy a union, as was done with the air traffic controllers union by the Reagan administration—even in democratic America workers have no more say over international trade agreements than they have over anything else that does not belong to them.

Workers do not own the state or the industries, and they have no meaningful say over either of them. That is as true in the United States as it

is in China, or anywhere else in the world. The weight of working-class numbers counts for nothing, unless it is as a gauge of their mood and an indicator of when it is time to go a little easier on them.

As noted a moment ago, and in an editorial on this very subject in the current issue of *The People*, many groups have issued calls for workers to come to Seattle to join the protest, most of them under the guise of protecting jobs, protecting the environment or “socially responsible investing.” The Web site of the Seattle WTO-Mobilization Against Corporate Globalization says, “We are a group of international, national and Seattle groups who have come together to oppose the destruction of people and environment that untrammelled free trade promises.” It encouraged workers “to come to Seattle to be counted in our call for the involvement of civil society in the assessment of the impact of the WTO on people, governments and the environment.”

Through its Web site, the AFL-CIO spoke of working families coming together “at Seattle’s Memorial Stadium to make their voices heard for new rules to make the global economy work for working families.” “This,” said the AFL-CIO, “is the best opportunity working families have had in decades to change the rules for international trade and investment and stop the global race to the bottom.”

Is it really?

Even if the WTO meeting—or the demonstrations outside—*were* the “best opportunity...to change the rules for international trade and investment,” such changes couldn’t do much for workers. This is not to deny that some basic U.S. industries are shipping production and jobs overseas and cloaking themselves in the dress of their supposed “foreign” competitors. Nor is it to deny that international capital, “untrammelled” by any sort of regulation, is likely to more rapidly reduce our remaining forests to barren landscapes and speed up other environmental degradation. Domestic capital has done a pretty good job of both all by itself. Lest we forget, American capitalism was built behind a wall of 19th-century protective tariffs, and that was the century in which it stripped most of our forests and much of our other natural resources away.

Likewise with massive dislocations for workers. These, too, are a feature of the *capitalist system*, not merely a side effect of one trade policy that would be absent under another trade policy.

Not many capitalists today cry out for protective tariffs to keep foreign commodities off U.S. markets. That is because American capitalism, by and large, is more competitive than its foreign rivals. It is more competitive because American labor, on the whole, is still the most productive on Earth, which is only another way of saying that American capital exploits American labor more efficiently than any of its rivals.

There are exceptions, such as the steel industry, of course, and where deemed expedient the government has made, retained or restored certain protective measures. However, that is no foundation for the conclusion that such measures protect American jobs. Sticking to steel, according to the refrain sung by the AFL-CIO and steel capitalist duo, the 10,000 steelworkers who lost their jobs over the last year would not have lost them if not for Japanese and other foreign steel being “dumped” onto the American market.

Fact is that over the last 25 years or so, the U.S. steel industry has done everything it could to replace its entire steel producing plant with new technology specifically designed to eliminate jobs, reduce labor costs and place itself on a more competitive basis, i.e., to make its steel as cheap and dumpable as any cheap and dumpable steel could be. And in the doing, it turned large sections of Ohio, Pennsylvania and other states of the “industrial corridor” into a “Rust Bowl” that was the graveyard, not only for outmoded plants, but for tens of thousands of jobs in the steel, iron and ancillary industries. American steel simply wants to become more competitive in world trade. That means improving productivity, which means kicking workers out of jobs. Workers lose either way.

How would what Sweeney likes to call “fair trade” and “fair labor practices” protect the jobs of American workers and change the fact of international capitalist competition for markets? What good would it do a worker to have a job in an industry where new techniques of production increase productivity or exploitation to the point where domestic markets cannot be found to dispose of it all? What good would it do when the same new techniques of production, increased productivity and exploitation are duplicated in identical industries in other countries where unsold surpluses present the same problem?

Fact is that the loss of what Sweeney and other proponents of so-called fair trade measures are pleased to call “good jobs” is not caused by capitalist trade and treaties. Fact is that even a democratic China—democratic, that is,

as Sweeney and those who object to the way the WTO pursues capitalist interests conceive of democracy—would not alter that fact. The problems that trouble the AFL-CIO, and all the other groups about to converge on Seattle and the WTO meeting, are caused by capitalism itself—by the way in which our whole society is constructed. That is why the SLP maintains that workers have no stake in the WTO negotiations, or any other capitalist issue.

As for China, the SLP takes a back seat to no one when it comes to supporting the rights of workers to organize, politically and economically, to defend themselves against their oppressors and exploiters and to advance their own interests. China, despite its lingering socialist pretensions, is a despotic society dominated by a despotic ruling class.

Critics of the WTO charge that it is undemocratic because it focuses exclusively on the profit concerns of corporations to the exclusion of the concerns of what it describes as the “public.”

The WTO counters by asserting that the charge is not true. In what it describes as one of 10 misconceptions about itself, the WTO states that, “Decisions in the WTO are generally by consensus. In principle, that’s even more democratic than majority rule because everyone has to agree.”

And who is “everyone” in the eyes of the WTO? It makes that clear when it says that “the WTO’s trade rules...were negotiated by member governments and ratified in members’ parliaments.” In short, it is the ruling classes, collectively represented by their respective political states, that have a voice in its “democracy.”

But who is this “public” that the WTO’s critics speak of, and what are their “interests”?

If you strip the “public” of its working-class element, which owns nothing that figures into capitalist trade and commerce apart from their ability to perform physical and intellectual labor—

If you strip it of the young who are being nurtured in the schools and colleges to take their parents’ places on the labor market, like so many saplings on a tree farm being nurtured for the Christmas tree market—

If you strip the “public” of that working-class element, what do you have left?

What you have left, of course, is the capitalist element, the politician element, the bureaucrat element, the “negotiator” or “ministerial” element,

which adds up to a microscopic part of the population and amounts to less than the proverbial hill of beans.

If what the opponents of the WTO and its policies mean by the “public interest” is the working class’ interest, then let them say so. That, so to speak, would clear the air more than all the demonstrations and any new set of rules and laws and regulations put together.

Just over 150 years ago, again in the *Communist Manifesto*, Marx wrote that capitalism’s rapid development of industrial technology, transportation and communications, coupled with the “cheap prices of its commodities,” would eventually batter down all “Chinese walls” of resistance to the emergence of world capitalism.

That may seem ironic to those who believe that it is U.S. capital and U.S. labor that “cheap” foreign products and “cheap” foreign labor are pushing to the wall. Apparently, however, workers in China don’t see it that way. It is *cheap American commodities* produced by *cheap American labor* that is causing many in China to fret.

Indeed, one day after reporting what President Clinton said about the new trade pact creating “unprecedented opportunities for American farmers, workers and companies to compete successfully in China’s market,” ABCNEWS.com reported that, “Ordinary Chinese fretted that foreign competition would destroy jobs by pushing teetering state firms to the edge,” while others “in Beijing, despite anxiety over jobs, nevertheless looked forward to cheaper and better goods, especially cars.”

Are Chinese workers—and by implication, the workers of other developing countries—right to worry about losing their jobs to *cheap American imports* produced by *cheap American labor*? Yes, they are, and that fear was confirmed on Sept. 6 when the International Labor Office in Geneva issued a press release announcing a new study showing that American workers work longer, produce more and do it for less than the workers of any other country in the world. Here is some of what the ILO had to report:

“U.S. workers put in the longest hours on the job in industrialized nations, clocking up nearly 2,000 hours per capita in 1997, the equivalent of almost two working weeks more than their counterparts in Japan where annual hours worked have been gradually declining since 1980, according to a new statistical study of global labor trends published by the International Labor Office...”

The ILO press release went on to say that—

“The study examines 18 Key Indicators of the Labor Market (KILM), including labor productivity, labor costs, unemployment and underemployment and hours worked. It shows that the U.S. pattern of increasing annual hours worked per person (which totaled 1,966 in 1997 versus 1,883 in 1980, an increase of nearly 4 percent...) runs contrary to a worldwide trend in industrialized countries that has seen hours at work remaining steady or declining in recent years.”

That was not all the ILO had to report. Jeff Johnson, who was identified as the ILO “labor economist” who led the research team, was quoted as saying this:

“‘Currently the U.S. worker works more hours than his or her counterpart in other industrialized countries, and he or she also leads the way in terms of productivity.’

“He added that ‘in 1996, the U.S. outpaced Japan by nearly \$10,000 (USD) in terms of value added per person employed and in terms of value added per hour worked by nearly \$9, but in recent years workers in Japan have been rapidly closing the gap.’”

“A similar situation prevails vis-a-vis the U.S.’s largest trading partner, Canada, where labor productivity is increasing at a faster rate in terms of value added per hour worked. . . . In terms of valued added per hour worked in 1997, U.S. workers outproduced their Canadian counterparts by more than \$5USD.

“According to Johnson, ‘The productivity race is like a never-ending marathon in which the U.S. worker today is ahead of the pack, but a significant number of competitors—notably Japan, the Republic of Korea and the major European countries—are picking up speed with the U.S. in their sights.’”

It should be noted that the ILO also reported that this “productivity gap” is rapidly closing—and we all know why. It is closing because modern technology, applied to industry, is rapidly spreading from the industrialized to the industrializing countries.

In the current issue of *The People* we express our suspicion that if Karl Marx were alive today he might bow his head with regret over these developments while giving a reluctant nod of approval. Marx would bow his head with regret while nodding his approval because he understood that the

growth of 19th-century capitalism into the world capitalism of the 21st century was unstoppable—short of a socialist revolution. Short of that, Marx knew that unfettered capitalist competition on a world scale would translate into a ruthless increase in the exploitation of the working classes of all countries.

Yet, he might have nodded his approval because he knew that capitalist “free trade” on a world scale would finally force workers to understand that capitalism had to be replaced before it reduced them to a state of utter degradation—to what was once called “Chinese cooliedom.” As he put it:

“Generally speaking, the protective system in these days is conservative, while the free trade system works destructively. It breaks up old nationalities and carries antagonism of proletariat and bourgeoisie to the utmost point. In a word, the free trade system hastens the social revolution. In this revolutionary sense alone...I am in favor of free trade.”

The Socialist Labor Party cannot stop world capitalism from creating even more misery on a global scale than it already has. Only the working class can do that. What the SLP can do, however, is hasten the day when workers will come to the realization that they must act to end capitalism and build socialism. The SLP can do that *provided* it receives the full support of all those who appreciate the urgency of the times and the need to spread the socialist message.

The United States—not its working class, and certainly not its ruling class—cannot emancipate the Chinese working class, or the working class of any other country, from class oppression. That is something they must attend to for themselves.

What the American working class can do to help that process along, however, involves more than demonstrating disapproval or disgust with continuing “under the WTO’s system”—but really capitalism’s system—“of corporate-managed trade, economic efficiency, reflected in short-term profits, dominat[ing all] other values.” Capitalism is rapacious and hostile to all those “other values” by its nature. Something more decisive must be done, and the Socialist Labor Party believes that its program offers the strategy and tactics through which all those “other values” can be realized.

That program—Socialist Industrial Unionism—has revolutionary objectives and calls upon workers to form their own classwide political and economic organizations: A political party—

- To promote classconsciousness among workers while advocating a complete revolutionary change from capitalism to socialism;
- To urge into being a revolutionary economic organization embracing all workers;
- To challenge the power of the ruling class, to capture the state machinery and to turn the reins of social administration over to a socialist industrial government.

The immediate role of the Socialist Industrial Union form of classwide economic organization would be to mobilize workers to fight the class struggle on a daily basis. SIUs would organize both the employed and the unemployed to fight against all manifestations of exploitation. The class solidarity it would engender, the general revolutionary outlook it would embody, would make them infinitely more responsive to workers' needs and more effective in pursuing them than the existing unions with their procapitalist leadership and bourgeois ideology.

But the SIU's ultimate purpose would be to unite workers at all levels within an industry into a single integrated body capable of wielding the workers' collective economic might in behalf of their class interests. All the unions in the various industries would, in turn, be united at the local, regional and national levels around a common set of working-class objectives. Workers from all industries and services would be united into a single movement. The class solidarity that such organization would embody would make it an invincible force.

These socialist union organizations would also provide a framework on which to structure socialist society. Comprising a united network of producers fully competent and equipped to manage production cooperatively and democratically, the SIUs would be fully capable of seizing control of the entire productive process and of expropriating the capitalist class.

The chaos and increasing oppression that exists in capitalist America today make it clear that socialist revolution is past due. The working class is paying a heavy toll in human misery and suffering, which will become more intense unless our class organizes its political and economic strength and uses it to establish the socialist alternative.

As a Marxist organization, the SLP provides positive revolutionary direction to workers by promoting the growth of classconsciousness. However, just as classconsciousness will not grow of its own accord, neither will the

SLP. That responsibility ultimately rests with those the SLP has reached. Just as it is the responsibility of a revolutionary movement to promote classconsciousness, it is the responsibility of all those who grasp the SLP's message to step forward, to join the party's ranks and to enhance its ability to reach the working class.

Thank you.

The People, Vol. 109, No. 10. January 2000