

# And now France: Neoliberal globalisation again under attack\*

TAKIS FOTOPOULOS

After the slap given to the British political elite in the last elections by 58% of the electorate, who either abstained or voted down the social-liberal ‘new’ Labour party and the neoliberal Conservative party, a new, even more resounding, slap is expected to be given by the French people in tomorrow’s plebiscite on the neoliberal EU constitution<sup>[1]</sup> to the elites, who are wholeheartedly supported by the reformist Left of the Cohn Bendits and Toni Negris<sup>[2]</sup> of this world! Again, despite the brain washing by the mass media controlled by the elites, it is clear that the ‘non’ vote will attract a very significant amount of popular support if not an outright majority. This shows that whenever people manage to overcome the bipartisan trap of neoliberalism/social-liberalism—a trap in which the German people still find themselves as the regional results showed last week—the process of realising the “benefits” of present neoliberal globalisation is greatly advanced.

This process is particularly significant because it takes place despite the massive propaganda of the neoliberal and social-liberal ideologues who try to block it and obscure reality in every way possible. Thus, neoliberals unashamedly support the baseless view that the present globalisation, far from increasing inequality and poverty, in fact ...decreases it.<sup>[3]</sup> On the other hand, social-liberals admonish us that we must, like China,<sup>[4]</sup> exploit the supposed advantages of capitalist globalisation to our benefit. Although it is, of course, up to the peoples themselves, who actually suffer the consequences of globalisation, to assess the validity of the arguments in favour of it, it would be worthwhile to examine whether the existing evidence does indeed support the neoliberal/socialliberal thesis according to which the present globalisation reduces poverty and inequality.

As regards, first, inequality, it should be clear that even the neoliberal institutions of the New World Order (IMF, World Bank etc) do not seriously challenge the view that globalisation increases inequality. It is mainly with respect to poverty that neoliberal institutions, as well as ideologues of the market economy, attempt —usually with the help of statistical alchemy— to argue that globalisation is good! The reason why inequality and poverty are treated differently is that they are measured differently. Inequality is always measured in relative terms, for instance, as the percentage share of income received by the lowest fifth of the population (ranked by income) vs. the percentage share of income received by the highest fifth of the population. On the other hand, poverty is attempted to be measured in absolute terms, for example as the percentage of the population under the international poverty line (usually defined as those living with less than \$1 or \$2 a day—adjusted to local currency using purchasing power parities). Clearly, this arbitrary way of defining poverty could easily lead to various conclusions about it, which are usually based

on statistical alchemies.

Thus, as I noted in my article on the 'Neoliberal Myths about Globalisation',<sup>[5]</sup> the supposed decrease in poverty as advertised by neoliberals is due to dubious conclusions which result from the exploitation of the above arbitrary way of defining poverty. Particularly so since, as some studies have shown, 'most of the people lifted out of poverty by these projections had their incomes raised from just below the international poverty level of \$2 per day to just above this level'.<sup>[6]</sup> It is also important to point out that a major role in the world-wide 'decrease' of poverty was played by the fact that during the last decade 6 million people a year were lifted out of poverty (defined as subsistence on less than about \$1.5 a day) in which more than 85 m still live. However, in 2001 and 2002, the 6-million figure had shrunk to fewer than 2 million a year, while in 2003 the government admitted that the number of farmers living in poverty surged by 800,000 –for the first time since the start of market-orientated reforms in 1978 - despite a 9% economic growth rate that enriched the urban middle class and corrupt party officials.<sup>[7]</sup>

Similarly, Martin Wolf in his article in the Financial Times (the well known ideological bastion of the City of London and of neoliberalism), on the basis of data showing that between 1981 and 1999 the percentage of the population living on less than \$1 a day in East Asia and the Pacific region fell from 56% to 16%, draws a sweeping generalisation about a supposed decrease in world-wide poverty and inequality in the globalisation era. This, despite the fact that, as a recent authoritative UN study showed, during the last decade, when neoliberal globalisation was flourishing, the number of people living on less than a \$1 a day –excluding China—had gone up from 916 m. in 1990 to 936 m. in 1999, while at the same time 2,8 b. people (almost half the world population) were living on less than \$2 a day (the official poverty line).<sup>[8]</sup>

The phenomenon of the rise in world poverty is not of course inexplicable, given that the opening and liberalisation of markets not only destroyed the agriculture of many countries in the South, causing in the process huge concentrations of populations in monstrous mega-cities, but it also created even more unemployment and underemployment, as even relatively low-technology manufacturing (which is today transferred from the capitalist centres to the peripheral capitalist 'paradises' of cheap labour and miserable working conditions in China and India) is not capable of creating significant employment. This fact is confirmed by the International Labour Organisation's annual Reports, which show a continuous rise in planetary unemployment and underemployment in the era of neoliberal globalisation. Thus, while in 1990, the total number of unemployed was 100 m, by 2003 it had increased to 186 m. This is the highest level ever recorded by the ILO, amounting to 6.2% of the world's labour force! Furthermore, the ILO report for 2003 confirms that in that year about 1.4 b workers (almost half the world's labour force) survived on less than \$2 a day, with 550,000 of them being on less than \$1 a day!

Finally, as far as the supposed decrease in poverty is concerned, the following UN data is sufficient to show what the real situation is: in 1960, before neoliberal globalisation began, the richest 20% of the world population had about 30% of world GDP (income) versus 1% accrued to the poorest 20%. Forty years later, the richest 20% had 86% of world GDP versus 1% accrued to the poorest 20%.<sup>[9]</sup>

\* This is based on an article which was first published in the fortnightly column of Takis Fotopoulos in the mass circulation Athens daily *Eleftherotypia* on 28/5/2005

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[1] See [‘The European Constitution and the Left’](#), *ID Newsletter* #13 (25/04/2005).

[2] see the critique on Toni Negri’s best-seller *Empire*, (the book which made clear his reformist turn), in Takis Fotopoulos and Alexandros Gezerlis, [‘Hardt and Negri’s \*Empire\*: a new Communist Manifesto or a reformist welcome to neoliberal globalisation’](#), *Democracy & Nature*, Vol. 8, No. 2 (July 2002).

[3] see e.g. Martin Wolf, "How managing growth can consign poverty to history", *Financial Times* (5/5/2004).

[4] see Will Hutton ‘Mao's children seek their fortune’, *The Observer* 20/3/05 and the writings of the ex editor of *Marxism Today* and now social-liberal Martin Jacques, e.g. ‘No monopoly on modernity’, *The Guardian* (5/2/2005). See also Jack Straw, ‘Globalisation is good for us’, *The Guardian* (10/9/2001).

[5] T. Fotopoulos, [‘The Neoliberal Myths about Globalisation’](#), *ID Newsletter* #11 (21/3/2005).

[6] See Mark Weisbrot, David Rosnick, and Dean Baker, [‘Poor Numbers: The Impact of Trade Liberalization on World Poverty’](#), Center for Economic and Policy Research (18/11/2004).

[7] Jonathan Watts, ‘China admits first rise in poverty since 1978’, *The Guardian* (20/7/2004).

[8] UN: *Human Development Report 2002*, Table 1.2

[9] UN, *Human Development Report 1999* (NY: Oxford University Press, 1999).