

International Regulations in the Context of the Socio-Economy of Solidarity in the Era of Globalization

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Critiquing Marxism

At the time of the socialist revolution that took place in Russia in November 1917, socialism was the sole alternate to capitalism. In other words, there was nothing but the socialist economy to replace the market economy.

However, 72 years later, socialism is no longer. With the notable exception of North Korea, nearly all the socialist countries have begun to trod the path of the market economy i.e. capitalism.

Why did Socialism fail?

The answer to this question can be found in V.I. Lenin, who led the Soviet revolution. He built his theory on those of Karl Marx. It is worthy to examine Marx's most essential book, i.e. *Capital*.

Marx used dialectical materialism as a tool to analyze capitalism. He wrote in *Capital* that the fundamental contradiction in the capitalist society is one between capital and labour. He began with the analysis of the commodity as the smallest material unit of capitalist society, and looked at the value of the commodity.

According to Marx, its value includes the cost of capital and labour as well as surplus value. This surplus value belongs to the capitalist who owns the capital, but is created by workers during the production process.

Thus, Marx discovered the exploitation of labour by the capitalist. He established a theory of exploitation of the worker by the capitalist, and saw this as an injustice. He claimed that the surplus value should belong to the worker, who actually created it. This contradiction between capital and labour was fundamental to capitalist society. Therefore, he argued for the necessity to create an alternative society where this contradiction would be resolved.

1) An Erroneous Hypothesis of Proletarian Dictatorship

But how to realize this new society? Marx proposed that workers should expropriate capital through revolution. In the *Communist Manifesto*, written together with Friedrich Engels, he called upon all the workers

of the world to rise up for revolution.

Lenin attempted to put Marx's theory into practice through the Russian Revolution. In the Soviet Union, the communist party was supposed to represent all workers. This mechanism was called the dictatorship of proletariat.

However, this theory of proletarian dictatorship was actually hypothetical, and moreover, the hypothesis was a mistake. This is because the leadership of the communist parties did not come from the real working class. They are all intellectuals. In the end, the "proletarian dictatorship" turned into no more than a party bureaucracy with enormous repressive machines, dominating socialist society. This is why the people in the socialist countries said "NO" to socialism and rose up in favor of democracy. Thus, the Berlin Wall fell.

Unfortunately, for the former socialist countries, there was no alternative to socialism other than the market economy. The people were plunged into the market economy without any social protection, which the socialist governments had at least provided for the people. The negative effects of market economy were seen at their cruelest in the transition economies.

2) Absence of So-called Marginal Issues in Marx's Analysis of Capitalist Society

In analyzing capitalism, Marx made use of the tool of dialectical materialism.

He saw the relationship between capital and labour as the fundamental contradiction of capitalism.

Marx lived in an era of imperialism, as British Imperialism had already invaded India. His death nearly coincided with the time when Europe divided Africa. Starting in the 16th century, Britain, where Marx lived, had accumulated its great wealth from the slave trade between Liverpool, West Africa, and America. This wealth later became the material basis for the industrial revolution.

First, however, Marx apparently did not find it necessary to take up the issue of the slave trade, or of colonial plunder.

Second, in *Capital*, Marx did not mention environmental issues such as the values of soil, sun and water, which should be counted in the trade of essential commodities such as coffee and tea.

Third, he neglected gender issues. In his analysis of capitalism, the social value of unpaid work by women was not taken into consideration. In addition, he did not examine cultural diversity, plurality and ethnicity.

Marx was a humane intellectual. He was enraged at seeing young children working in factories, and women working long hours in dirty work places. This rage took to his critique of capitalism.

However, Marx concentrated his analysis exclusively on capitalism as the fundamental contradiction to be solved, and did not see any of the other "marginalized" issues such as I mentioned above.

This is my most serious critique of Marx. I see this as the reason that socialism neglected all these issues. It is wrong to conclude that the contradiction between capital and labour is fundamental, and consequently that capital should be replaced by labour through revolution. Isn't there a possibility of integrating capital and labour plus surplus value in a way that can be shared by people, communities, society and nature in the interests of all. It is from this query that comes the idea of the socio-economy of solidarity.

Is the Socio-Economy of Solidarity an Alternative to the Market Economy?

Since the fall of the socialist economic system, there has been no alternative to the existing global market economy. When Ronald Reagan and Margaret Thatcher came to power in the early 1980s, the leaders of this "Anglo-Saxon holy alliance" began to implement neoliberal economic policies in their own countries. They dramatically cut government spending, privatized nearly all state-owned corporations and public services/welfare, and in the end introduced the doctrine of "everything is determined by free market".

In the same period, the IMF and World Bank began to introduce, with their "one-size-fits-all" methodology, the "structural adjustment programme" in development countries, using the pretext of it being a "remedy" for the debt crisis. The structural adjustment programme was roughly equivalent to what was implemented under Reagan and Thatcher's neo-liberalism.

The results of neoliberal globalization can be vividly seen in the fact that the assets of Bill Gates exceed the sum of the GDPs of the 49 least developing countries (LDCs). The total population in these LDCs amounts 600 millions. The annual sales of General Motors, Wal-Mart, Exxon-Mobile, Ford and Daimler-Chrysler also exceed the sum of the aggregate GDPs of the LDCs. Two trillion dollars of speculative money crosses borders every minute, having a large effect on national economies and on the poor in particular. Neoliberal globalization has turned the world into a huge casino.

This gap is too extreme. People have started to say "NO" to globalization.

Since transnational corporations (TNCs) have grown into global monopolies, it is no longer possible to dream the world today could be regulated by the invisible hand of Adam Smith, as it was in the early stages of capitalism.

Meanwhile, the United Nations has held a series of summit-level world conferences on global issues such as children, environment, human rights, population, social development, women, habitat, and education, and all the member governments have pledged to fulfill those goals which they themselves set. Finally in May 2000, the UN held the Millennium Summit, where it adopted the Millennium Development Goals (MDGs) to halve the number of people in absolute poverty by 2015.

However, the UN is not achieving those goals. Although the resolutions were adopted by consensus, the UN has no binding power over its members. The UN resolutions have the potential to be used as tools by civil society in advocacy work toward governments and international organizations, who have themselves agreed upon and pledged to fulfill those resolutions. But they are nothing more.

Where, then, can we find an alternate to the current system? It should not be hypothetical. It should exist in the practice of daily lives of people and communities.

While TNCs seek to maximize their accumulated profits, there are economic activities such as cooperatives, mutualities, NGOs, and NPOs. Solidarity-based economic activities must take into account the protection of environment and human rights, as well as unpaid labor by women. We also find this in the field of micro-credits and social money projects. At the local as well as central government level, there is now some commitment to a participatory approach to democracy and power-sharing with the population, such as participatory budget projects.

At the international level, we see fair trade and international development cooperation among NGOs of the North and the South.

These parts of the socio-economy of solidarity should not be large-scale, but should retain a human scale, because the socio-economy of solidarity is only possible if there is a trust among the people who participate in it. The various units, then, can be related in the form of loose networks at the national, regional and global levels.

Is it possible to simply destroy the globalized market economy and replace it with the above-mentioned socio-economy of solidarity? The answer, simply, is NO.

For instance, TNCs cannot be entirely replaced by cooperatives, Dollars cannot be replaced by social money. Commercial banks cannot be replaced by micro-credits. All foreign trade cannot be replaced by fair trade.

Instead, we must control the excessive, rampant, highly speculative and unaccountable activities of TNCs and the market economy in the search for maximum profits. We have to reign in the excessive exploitation of workers, unlimited destruction of the environment, and economic and political domination by the TNCs, as well as the concentration of power, decisions, options and functions by small elites. This control will only be possible if we promote the socio-economy of solidarity at the local, national, regional and global levels.

The Solidarity-based Economy Should Fight against Neoliberal Globalization at the Global Level

Since November 1999 in Seattle, a series of large demonstrations have taken place wherever summit-level meetings are held. Demonstrators protest against such international institutions as the WTO, IMF, World Bank, and the G8 leaders who control those institutions, as well as against the TNCs that are the real beneficiaries of neoliberal globalization. Demonstrators say "people before profits," and "another world is possible." An international campaign for debt cancellation for poor countries and for the introduction of a currency transaction tax (CTT) has also been waged with the aim of helping to achieve the Millennium Development Goals (MDG).

Since January 2001, yearly large-scaled gatherings of the World Social Forum have been held in Porto Alegre, Brazil as a counter to the World Economic Forum of neo-liberal TNC executives held in Davos, Switzerland.

The socio-economy of solidarity must also tackle the task of fighting against neoliberal globalization. If any activity carried out by a cooperative runs against the agreements of the WTO, and its panel passes a judgement that there has been a violation, the cooperative's activities have to be stopped. If the IMF and World Bank continue to impose their structural adjustment programmes (SAPs) and poverty reduction strategy papers (PRSP) on developing countries, the activities of the socio-economy of solidarity at the grassroots level will be hindered, and participatory budget projects at the local government level will be blocked. If two trillion dollars of speculative money continues to flow around the world,

it will be difficult to use micro-credits and social money projects. As we saw at the time of the Asian financial crisis in 1997, these flows of funds can lead to large-scale unemployment and poverty.

My conclusion is that the socio-economy of solidarity is a new, integrated, comprehensive, and convergent economic paradigm which involves combining the grassroots economic activities of people, participatory approaches of local and national governments, and global actions against neoliberal globalization by large masses of people.

Call for a Preparatory Meeting on International Regulations in the Context of the Solidarity-Based Economy in the Era of Globalization

In 1999, the Charles Leopold Mayer Foundation for the Progress of Humankind called for the organization of an Alliance for a Responsible, Plural and United World. The Alliance is composed of 4 pillars: on Governance & Citizenship, Socio-Economy of Solidarity, Humankind & Biosphere, and Values, Education & Culture.

Each pillar has 10-15 sub-themes. During the period from 1999 to 2001, more than 60 workshops have been organized on each sub-theme.

In December 2001, the Foundation organized the World Citizen's Assembly in Lille, France, based on the results of all the workshops for the past two years, with 400 participants. The Assembly adopted the Charter of Human Responsibilities to be carried out by global citizens in parallel with existing documents such as the Charter of the United Nations and the Universal Declaration of Human Rights, that are supposed to be observed by all states.

The Workshop on International Regulations, which was held in the context of the solidarity-based economy, belongs to the pillar of the Socio-Economy of Solidarity.

Today, the market economy is dominant around the world. Neoliberal globalization has become the mainstream, creating huge gaps between the rich and the poor.

In counter this globalization of the market economy, in search of maximum profits, the solidarity socio-economy must carry out its economic activities in search of solidarity from people to people.

In June 2001, prior to the Lille Assembly, a workshop was organized in Findhorn, Scotland, to reflect, stimulate and synthesize the results of 15 workshops held over the past two years on 14 themes. The themes of the workshops were Work, Employment and Activity, Companies and Solidarity, Production, Technology Investment, Ethical Consumption, Fiscal Policies and Social Welfare, Socially Responsible Finances, Sustainable Finance,

Social Money, Debt and Structural Adjustments, Fair Trade, International Trade and WTO, Sustainable Development, Economic Policies, Women and Economy, and Socially Responsible Economy.

Activities to build a socio-economy of solidarity have already been carried out by people at the grassroots, community, local government, and global levels. However, if international institutions such as the WTO, IMF and World Bank, which promote neoliberal globalization, impose their policies, and if TNCs carry out irresponsible activities, the fruits of the socio-economy of solidarity could be taken away.

During the Lille Assembly, members of the workshops on the socio-economy of solidarity met, and discussed how to carry out follow-up work. They agreed to start a new workshop on International Regulations in the context of the socio-economy of solidarity. This workshop will deal with issues such as debt cancellation, introduction of a currency transaction tax, SAPs/PRSPs of the IMF/World Bank, the free trade principle of the WTO, codes of conduct for TNCs, and the interrelationship between international regulations and the socio-economy of solidarity. Actions on international regulations, i.e. challenging neoliberal globalization, have not in the past been considered a part of building the socio-economy of solidarity.

It may be a first attempt at dialogue between people working toward the socio-economy of solidarity and people fighting against neoliberal globalization. Preparatory meeting to be held in Tokyo from 9th to 11th October on International Regulations in the context of Socio-Economy of Solidarity in the era of Neo-liberal Globalization is the one.