

NEOLIBERALISM AND THE ALTERNATIVE GLOBALIZATION MOVEMENT

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## ABSTRACT

### NEOLIBERALISM AND THE ALTERNATIVE GLOBALIZATION MOVEMENT

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This thesis aims to analyze the social reactions against neoliberalism by using the Polanyian concept of double movement. The goal is to first to understand the nature of alternative globalization movement and provide a better framework of analysis for theorizing these social reactions. The criticisms of the alternative globalization movement against the World Trade Organization will be analyzed in order to provide a specific case example for the concerns and goals of the movement regarding the global political economy. It has been found out that the alternative globalization movement, which signalled a growing concern over the implications of the efforts to form a global free market on the state-society-market relations since the 1980s, forms the second counter-movement that resists the expansion of contemporary self-regulating market.

**Keywords:** Double-movement, Alternative Globalization Movement, Anti-Systemic Movements, World Trade Organization

## ÖZ

### NEOLİBERALİZM VE ALTERNATİF KÜRESELLEŞME HAREKETİ

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Bu çalışma neoliberalizm karşıtı toplumsal tepkileri Polanyi'nin çifte hareket kavramını kullanarak analiz etmeyi hedeflemektedir. Buradaki amaçlar alternatif küreselleşme hareketinin doğasını algılamak ve bu toplumsal tepkilerin teorik açıklamasının yapılabilmesi için daha iyi bir analiz çerçevesi sunmaktır. Alternatif küreselleşme hareketinin küresel siyasal iktisadi gelişmeler hakkındaki kaygılarının ve hedeflerinin daha iyi anlaşılması için hareketin Dünya Ticaret Örgütü'ne yönelttiği eleştiriler incelenecektir. Bulgular göstermektedir ki, küresel bir serbest piyasa yaratma çabalarının devlet-toplum-piyasa ilişkileri üzerindeki etkileri hakkında artan endişenin ifadesi olan alternatif küreselleşme hareketi, günümüzde yeni bir kendi kendini düzenleyen piyasa dengesinin oluşturulmasına tepki gösteren bir karşı harekettir.

**Anahtar Kelimeler:** Çifte hareket, Alternatif Küreselleşme Hareketi, Sistem Karşıtı Hareketler, Dünya Ticaret Örgütü

To My Dear Love Banu

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## CHAPTER 1

### INTRODUCTION

Historical progress is a result of the conflicts between different social groups which represent, in theory, the interests of their members. How the organizations of the societies are established and how they will change is the result of the conflict among these groups. Men is deemed a rational and egoistic being always looking to further his interests. As such, he has always tried to manipulate the social, economic and political contexts of his environment to his own benefit. Yet he is surrounded by similar beings that are driven by the same alluring power of maximization of interest. The conflict may change actors and be carried out in different arenas yet it is the same in nature.

The transformations in the political and economic fields in the last three decades or so are identified as the neoliberal restructuring. The answer to the question whether globalization is the same with neoliberalism or not is not easy to provide mostly because it depends on which theoretical approach a researcher uses. Some might prefer to define globalization as an ongoing process that has the same birth year as capitalism itself while others may prefer to see it as a relatively recent phenomenon. Some see it as a linear function of the level of integration of national economies while others argue it to be only one of the many patterns of systemic cycles of capital accumulation. The thesis does not compare and contrast different theories of globalization as it will not go into any discussions about what the term globalization refers to. The reason is that whatever term is used to define the transformations of the last three decades the result is the same with regards to the subject of this thesis. Nevertheless, the assumption of the thesis remains that the greater part of the changes identified with globalization in the last three decades are driven by neoliberal policies and political structures. To that end, rather than giving a definition of globalization the thesis will identify the changes experienced in the global political economy; the answer to the question whether these changes can be considered as comprising the totality of globalization will be up to the reader to decide.

What is neoliberalism and what is its profound importance? In one sentence, neoliberalism can be defined as the attempt to return to the Polanyian self-regulating

markets of the nineteenth century. It is the process of eliminating the collective structures which might impede the profit-maximization processes in the market. What this means and what it implies will be discussed in detail in the thesis. Briefly, the argument provided here will claim that just as the nineteenth century civilization which rested on the pillar of self-regulating markets entailed the commodification of land, labour and productive organization, the result of the neoliberal restructuring has been the re-commodification of these three elements of the society. Commodification of these three elements means that they are available for sale in the required amounts for an indefinite amount of time and their prices being dependent only on their supply and demand. In other words nature, the future of human beings and the productive organization are left to the functioning mechanisms of the markets which turn them into mere inputs in the economy and alienate them from their own essence and goals. Consequently, just as the attempt to establish self-regulating markets in the nineteenth century was met with a protectionist response from all the sections of the society including the businesses the recent neoliberal restructuring was met with a social protectionist opposition that has been working to restrain the expansion of capitalist markets. One segment of this social opposition is called as the alternative globalization movement.

This thesis identifies the problem as the emergence of this social opposition which has constituted itself as a global social movement after the mid-1990s. The resistances to neoliberal policies started almost simultaneously with the transformation. However it took around two decades before these seemingly unconnected oppositions could converge into one whole, global social opposition. The thesis will inquire into how and why such an opposition at a global level emerged and the major concerns of the movement will be identified with a specific reference to the criticisms against the World Trade Organization in order to better understand the nature of this global social opposition.

The movement entered the public space with the Seattle protests on 30 November 1999 during the Third Ministerial Meeting of the World Trade Organization. The Meeting was supposed to launch a new millennial trade round of negotiations. However the conflicts within the conference rooms between the developed and developing countries and the large-scale protests with the participation of over fifty thousand demonstrators outside the meeting building led to the collapse of the negotiations. From that date onwards, the media and academic attention turned towards the proliferation of the anti-neoliberal

protests that were taking place around the world. The mainstream media immediately denounced the protestors as young hooligans who did not have any idea how the world economy works and how it was actually functioning to achieve the things that the protestors wanted. The protestors were also criticized for being isolationist, protectionist and ignorant about the world facts. Similarly, there were many academicians that preferred to label these protestors as isolationist and unaware of what the existing policies were aiming to do. In fact, some even claimed that the populations of the South were very much appreciative of the institutions and the policies that the demonstrators protested against. However, these critics were either choosing to ignore or they did not know the fact that it was the South that has for more than two decades been protesting against the IMF, World Bank and GATT- induced policies and that the protests in the South had been going on simultaneously with those in the North. Despite the ongoing criticisms, the protests and demonstrations proliferated with the help of the intellectual and practical support of various NGOs. Then the question that needs to be asked is what are these people protesting against and what are they trying to achieve or change. This is the major problem identified in the thesis.

The thesis is divided into six chapters. The first one provides an introduction to the scope, objective and the main problem of the thesis. Second chapter provides a theoretical and historical background to the alternative globalization movement. The theoretical discussion presents an introduction to the Polanyian understanding of the political economy of self-regulating markets. The question, which markets can be defined as self-regulating will be answered in this section. This will provide an understanding of market societies. Such an understanding will help to develop a better explanation of another Polanyian term of double movement which refers to the attempts to create self-regulating markets and the simultaneous protectionist response. As it will be argued that the alternative globalization movement forms the second part of the contemporary double movement, this discussion will provide a theoretical framework for the following arguments of the thesis. The second part of the first chapter will analyze the previous resistances to capitalist market formations and expansions. In this section, Wallerstein's concept of anti-systemic movements will be utilized to analyze resistances to capitalist market expansions over the long term. This has been necessary because Polanyian concept of countermovement cannot be used to refer to the previous resistances to the expansions of free markets. This historical discussion will provide an explanation as to how and why over the long term the anti-systemic movements evolved.

The discussion will also provide an analysis of the roots of the alternative globalization movement.

In the third chapter the emergence and development of the alternative globalization movement will be examined. First, a historical analysis of the resistances to neoliberal transformations since the late 1970s will be provided with numerous examples of the establishment and proliferation of various non-governmental organizations and major protests against neoliberal policies and institutions around the world. The historical analysis will discuss the specific and important points and developments in different periods in time which have been of great influence in the establishment of the alternative globalization movement. The following part in the chapter will provide an analysis of the neoliberal transformation. First, neoliberalism will be defined from a critical perspective. Then the different parts of the neoliberal transformation will be discussed. This discussion will include changes in the global production relations, deregulation of global finance and the retreat of the state from the socio-economic fields. Following the analysis of the neoliberal transformation an examination of what these changes have implied in global political economy will be discussed with specific examples of real cases and developments. In addition to the examination of market failures related with neoliberal policies this section will also provide a discussion on the kind of alternatives do the movement propose to these failures. The second chapter will end with a discussion on the scope and characteristics of the alternative globalization movement.

The fourth chapter will try to focus on specifically how the alternative globalization movement criticizes the structure, goals and policies of the World Trade Organization. The chapter will first discuss the major changes and trends in the international trade and trade theories in the aftermath of the Second World War in order to provide a background to the trade related problems in international relations and the various debates regarding the conduct of international trade. This will help clarify the continuities and changes with regards to the debates surrounding international trade in the contemporary period. Then in the second part of the chapter the major criticisms directed at the World Trade Organization will be discussed under three main headings. The criticisms and the responses to those criticisms will be provided with examples of specific cases, policies and rulings. The main goal of this chapter is to provide a better understanding of the nature of the global social opposition and how their criticisms of the

overall global political economy are reflected in the specific case of the World Trade Organization and the international trade system.

The fifth chapter compares and contrasts the Polanyian and contemporary double movements based on the criticisms directed at the World Trade Organization by the alternative globalization movement. The chapter first lays out the similarities between the nineteenth century self-regulating markets and the neoliberal economics. Then, the similarities between the Polanyian counter-movements and the alternative globalization movement are laid out. The chapter ends with a discussion on how and why the contemporary global political economy has also been witnessing another double movement. The sixth chapter is the conclusion and will present an overview of the thesis and provide the findings of the research.

## CHAPTER 2

### THEORETICAL AND HISTORICAL BACKGROUND

The goal of this chapter is to provide a theoretical approach and an historical background to the alternative globalization movement. The chapter starts with a theoretical discussion on Polanyi's concept of *double movement*. It will be argued that the alternative globalization movement can be defined as the society's self-protection against the expansion of free markets which generates alternative visions of political authority-market relations as well as solidarity among different groups. Following the theoretical discussion it will be shown that since the beginnings of the formation of market societies there have always existed resistances to the expansion of capitalist markets. This will provide a historical background for the alternative globalization movement. In that section the previous resistances to capitalist expansions will be analyzed within the theoretical framework of anti-systemic movements. Major historical examples which can be classified under the title of anti-systemic activities will be reviewed. The time span of the examples will stretch from the early days of capitalism until the second half of the twentieth century when the traditional anti-systemic movements started to lose their legitimacy among the populations of the world and the search for new types of anti-systemic movements began. The chapter will identify the alternative globalization movement among the new anti-systemic movements which emerged at the end of this search and end with a discussion on why the traditional forms of anti-systemic movements lost their legitimacy.

#### **2.1) Theoretical Discussion: Polanyi's "Double Movement"**

The theoretical approach provided in Karl Polanyi's classic, *The Great Transformation*, can be considered as one of the many tools that may provide a better understanding of the contemporary social reactions against neoliberal policies. Basing his arguments on the foundational claim that a self-regulating market, or the practical implementation of the principle of *laissez-faire*, is an unnatural institution which "could not exist for any

length of time without annihilating the human and natural substance of society”<sup>1</sup> Polanyi explains how the historical example of the implementation of the self-regulating market, the nineteenth century civilization that rested on four institutions, the other three being the balance of power system, the gold standard and the liberal state, collapsed. Polanyi claims that out of these four institutions it was the self-regulating market utopia that gave rise to a specific civilization, as well as causing its demise and that the other three were erected upon this institution.

According to Polanyi, the nineteenth century civilization was characterized by two important, complementary developments that are reflected in the self-regulating market practice. One was the commodification of land, labour and money and the other was the theoretical as well as the institutional division of politics and economics.<sup>2</sup> Without these two constituent parts, he argues, it would not have been possible to establish a self-regulating market. By making a comparison between the earlier economic systems Polanyi argues that the self-adjusting market gave rise to a unique set of arrangements between the economy and the society. For the first time in history, it was the economic rules that governed all aspects of social relations. Throughout history there have always been market places and trade among people however the economic relations have been *embedded* in social institutions that value not efficiency or wealth generation but traditional concepts of how these relations should be governed. Previous societies would abide by the rules of conduct of economic relations that Polanyi calls redistribution, reciprocity and house-holding and the fount of these economic relations was the context of society: “As a rule, the economic system was absorbed in the social system, and whatever principle of behaviour predominated in the economy, the presence of the market pattern was found to be compatible with it.”<sup>3</sup> In these former societies profit-making did not constitute the original goal of production and exchange. For example the practice of redistribution takes place when a substantial amount of the produce, such as meat or wheat, is stored by either a tribal leader or another political authority which is based on an institutional pattern of centrality which provides a means to collect store and when the time comes redistribute the goods and services. An example to the practice of

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<sup>1</sup> Polanyi, Karl, *The Great Transformation: The Political and Economic Origins of Our Time*, Boston, Beacon Press, 2001, p.3

<sup>2</sup> *Ibid.*, pp.72-74

<sup>3</sup> *Ibid.*, p. 71



reciprocity, which is based on the symmetrical organization of societies, is the sustenance of families by the male relatives; a man takes care of his sister and her family while the sister's husband looks after his own sister and her family. Another example of reciprocity is the practice of gift giving; every village spares some of its produce as gifts for the neighbouring village thereby creating reciprocal relationships. The principle of house-holding which is based on the autarchic organization of the society consists of production and storing for the needs of the members of the group. According to Polanyi all economic systems known to men up to the end of feudalism in Western Europe were organized on the principles of redistribution, reciprocity or house-holding, or a combination of these three, which were institutionalized as a result of the social organization that utilized the patterns of symmetry, centricity and autarchy.<sup>4</sup> Thus, the overall organization of the society induced general principles of behaviour which created and sustained the individual motives that guaranteed the production and distribution of goods and services in an orderly and stable fashion. In other words the society was organized around other institutional patterns than the market. However, the change brought about by the Industrial Revolution, defined as the establishment of market economy, as Polanyi argues, resulted in a transformation through which "[a]ll transactions are turned into money transactions, and these in turn require that a medium of exchange be introduced into every articulation of industrial life."<sup>5</sup> In this new and unique economic system all income is derived from sales and it must be guaranteed that everything is an input that at a certain price level can be bought at required quantities for the merchants to make profit. In other words all the goods and services produced must be for sale on the market and their sales must form all the income. Thus a market economy is "an economic system controlled, regulated, and directed by market prices; order in the production and distribution of goods is entrusted to this self-regulating mechanism."<sup>6</sup> This kind of an economy can only function if the individuals act to achieve maximum economic gains. In addition to maximization of gain the individuals are forced to sell their labour as a result of the fear of hunger and ultimate death. While the commoner is separated from the land as it is commodified he is also stripped of all the social institutions that previously had provided him with his material needs for survival. In that

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<sup>4</sup> *Ibid.*, p. 57

<sup>5</sup> *Ibid.*, p. 44

<sup>6</sup> *Ibid.*, p. 71

sense, Polanyi draws a parallel between the impacts of processes of establishing a market society after the Industrial Revolution in England on the working men and the colonization of Africa on the tribesmen both of which experienced cultural catastrophes during the commodification of their societies.<sup>7</sup> In other words, in the nineteenth century all the previous traditional socio-economic relations, rules and understandings have been discarded and the belief in the markets to independently, without outside intervention, generate solutions to all economic problems in society had been promoted.

After explaining the functioning mechanism of this self-regulating market Polanyi raises a point that is relevant to the discussion presented in the thesis. Although the market economy requires that everything should be bought and sold this presents a huge contradiction because land, labour and money are not actually commodities and treating them as such would initiate a protective response. Defining these three as *fictitious commodities* Polanyi argues that these have not come into existence to be bought and sold in the marketplace and yet without treating them as such the market economy cannot function without outside intervention; the fiction that land, labour and money are commodities therefore, supplies an important organizing principle in regard to the whole society affecting almost all its institutions in the most diversified way, specifically the principle according to which no arrangement or behaviour should be allowed to exist that might prevent the actual functioning of the market mechanism on the lines of the commodity fiction.<sup>8</sup> The price for labour is called wage, for land rent and for money interest. The prices of these goods form incomes and the difference between the prices of two goods form the profits. If political authority implements policies that will disturb the commodification of these three elements or if it allows the formation of incomes other than through sales, self-regulation of the markets will be impaired. As it can be clear upholding the claim that land, labour and money are commodities and the separation of politics and economics are necessary for the functioning the self-regulating market yet they also constitute a destructive feature for the society. This results from the natural properties of fictitious commodities. Although labour is considered as a commodity, it cannot be used, or be left unused, without also affecting the human being that provides this labour. Man needs some sort of social protection from the self-regulating market

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<sup>7</sup> *Ibid.*, pp. 156-157

<sup>8</sup> *Ibid.*, p. 76

otherwise he would suffer physical, psychological and moral damage; left to the mechanism of the market economy nature would lose its integrity, ability to provide food and raw materials and the productive organization would succumb to the volatility of prices.<sup>9</sup> Without acting to protect itself no society could withstand the effects of the self-regulating market.

As the attempt at creating such a short-sighted utopia of establishing a self-regulating market throughout the nineteenth century gradually commodified every aspect of society, bringing it under the subjection of market forces, people started to respond to these changes in a way that would provide them some sort of protection against this “satanic mill”. The expansion of market economy has been undertaken by turning a blind eye to the fact that commodification of land, labour and money means an enormous social and environmental cost. The society’s response to this became clear from the increasing protectionism after 1870s and the rise of the fascist and communist regimes and the fall of laissez-faire liberalism from grace during the interwar years. This countermovement was a direct political intervention in the self-regulating market by the society and forms the second part of what Polanyi calls *the double movement*.

Polanyi’s double movement identifies two contradictory developments in a market society. First, is the extension of the market relations to every aspect of human life thereby commodifying life itself and second, is the protectionist countermovement against this commodification and depoliticization of the economy that places society under the subjection of market rules. Noting on this dialectical relationship Polanyi notes that although it was vital for the protection of society the countermovement was incompatible with the self-regulation of the market and thus the market system itself.<sup>10</sup> What is seen here is a clear response of the society to the destructive effects of market economy. Both the extension of the markets and the protective countermovement constitute two organizing principles in society with their own goals, methods and support from different social forces. While the first movement is governed by the principle of economic liberalism, whose purpose was to create a free market, with the help of free trader, the protective movement is governed by the principle of social protection

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<sup>9</sup> *Ibid.*, pp. 76-77

<sup>10</sup> *Ibid.*, p. 136

targeting the preservation of human beings, nature and productive organization with the support of those gravely affected by the extension of free markets using legislations and regulations to restrict the extension of the rule of economy over the society.<sup>11</sup>

There is another argument that Polanyi puts forward in his discussion about the origins of free markets. Contrary to the liberal creed that free markets were natural Polanyi brings into light the state involvement in the construction of free markets. He argues that through the expansion of administrative functions and legislation providing freedom from restrictions it was the state intervention that paved the road for the construction of free markets.<sup>12</sup> The reason for this was that the establishment of free markets increased the need for control, regulation and intervention to ensure that the markets worked freely and therefore while the liberals asked that the activities of the states be restricted they had to in the end demand that the state be equipped with powers and institutions to ensure that free markets functioned.<sup>13</sup> What's more interesting was, Polanyi adds, that while the establishment and preservation of the free markets required the state intervention the consequent protectionist counter-movement was unintentional, unplanned and spontaneous.<sup>14</sup> Thus contrary to the liberal interpretations of the anti-free market, protectionist movement being deliberate actions of opponents of liberalism and a mistake due to impatience, greed and short-sightedness Polanyi argues that the counter-movement was the realistic attempt of the society trying to protect itself while in reality it was the free market that was a short-sighted and stark utopia.<sup>15</sup> The important point here is to recognize that the extension of free markets has always been a planned project while protectionist movements are not.

How does Polanyi's double movement relate to the discussion presented in the thesis? According to Gill, Polanyi's historical counter-movements constitute an attempt to reassert popular control over the extension of the unfettered power of capital in determining the alternatives for the future; and while the case examples of double

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<sup>11</sup> *Ibid.*, p. 138

<sup>12</sup> *Ibid.*, p. 145-146

<sup>13</sup> *Ibid.*, p. 147

<sup>14</sup> *Ibid.*

<sup>15</sup> *Ibid.*, p. 148

movement Polanyi provided were those in the late nineteenth century and the interwar period Gill asserts that the double movement that is observed today is between the neoliberal discourse and practices and those “socio-political forces which wish to assert more democratic control over political life, and to harness the productive aspects of world society to achieve broad social purposes on an inclusionary basis”<sup>16</sup> among different types of civilization. Similarly, Cox argues that Polanyi’s approach can be considered as logic of analysis for the contemporary global political economy. Today, neoliberalism is forcing states to become agencies for integrating domestic economies into the global economy to increase competitiveness and break the markets free from governmental intervention through deregulation, liberalization and privatization thereby creating sources for counter-movements.<sup>17</sup> The societies that have been gradually stripped away of protectionist institutions since the 1970s that previously during the Keynesian welfare state period provided them with more or less a barrier against the extension of market forces are now acting in what can be called a transnational solidarity to declare their concerns and increase their control over the direction the global political economy is moving towards. Contemporary societies are again confronted with a political project, a stark utopia that wants to atomize and commodify social relations. Labour is increasingly subjected to the growing power of capital losing its hard-earned rights; the environment is under brink of total destruction and the productive organization is more and more sacrificed for the expansion of finance. These developments are giving birth to another double movement in our era.

What’s more is that similar to the state involvement in the creation of free markets in the nineteenth century the implementation of the neoliberal policies required an active role by the state; legislations were implemented to withdraw the restrictions on the free movement of capital, protectionist regulations that increased the production costs were repealed and the military and police were used to oppress the social discontent. After noting that neoliberalism is a political economic practice that is based on the belief that there is a direct proportion between the advancement of human welfare and liberation of individual entrepreneurship through free markets, free trade and strong private property

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<sup>16</sup> Gill, Stephen, *Theorizing the Interregnum: The Double Movement and Global Politics in the 1990s*, in Hettne, Björn (ed), *International Political Economy: Understanding Global Disorder*, London: Zed Books, 1995, p. 67

<sup>17</sup> Cox, Robert W., *Critical Political Economy*, in in Hettne, Björn (ed), *International Political Economy: Understanding Global Disorder*, London: Zed Books, 1995, pp. 39-40

rights David Harvey argues that state involvement in the neoliberal period has been to create and maintain an institutional framework appropriate to such practices such as maintaining the quality and integrity of money, securing private property rights by force when necessary and expand markets into areas, like healthcare, social security, education, land and water, where they do not exist.<sup>18</sup> Consequently, similar to the example Polanyi provides, the contemporary protectionist countermovement is again spontaneous and unplanned; rather than being a collectivist, isolationist conspiracy. First of all there is the great diversity of issues the movement brings into attention, from job security to environmental destruction. Second, the movement consists of a wide array of political, ideological and geographical configuration, from the landless peasants in Brazil to students in Turkey. Third, even the free traders themselves demand, from time to time, government protection when the markets do not reach equilibrium the way they argue it would; the most recent example being the companies asking for bail-outs throughout the Western economies during the 2008 global financial crisis.

Polanyi's theoretical approach therefore provides an understanding that the attempts at establishing self-regulating markets which will subject human life and all other social institutions to its dynamics will be met with a protectionist response, which will constitute a double movement, like the one that has been observed in the neoliberal period. Moreover, his theoretical approach also warns against the potential failure of the implementation of self-regulating markets which cannot be more than theoretical abstracts disconnected from the social reality.

## **2.2) Glimpse at the History**

History of societies is the history of struggle between different social actors because hierarchic social structures necessarily include clashes between the interests of different groups. The conflicts are directly related with various power relations which are both the source and the target of these social struggles. Based on the progress level of particular societies the channels through which these power relations are exerted may differ. In this section an effort will be made to analyze the social power struggles resulting from the expansion of capitalist relations since the early days of capitalism. In other words a historical examination of resistance to or the attempts at redirecting the expansion of

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<sup>18</sup> Harvey, David, *A Brief History of Neoliberalism*, New York: Oxford University Press, 2005, p. 2

capitalism will take place in the rest of chapter. The goal of this section is twofold: First one is to show that contemporary social reactions within the framework of the alternative globalization movement, which can also be described as a resistance to the expansion of capitalism, feed from a history of struggle throughout the entire lifetime of capitalism. The anti-capitalist tactics and intellectual traditions employed throughout the centuries would be precursors to those employed in the twentieth and twenty-first centuries. The second goal is to lay down the characteristics of the previous social reactions so that it may be possible in the second chapter to point out the novelties of the alternative globalization movement. It will be shown that before the mid-nineteenth century the resistances to capitalist expansion were uninstitutionalized, disorganized and more or less aimed only to remain outside the newly forming capitalist markets and protect the previous social fabric. Following the French and Industrial Revolutions resistances developed a more institutionalized, normative and national character as political parties, trade unions and other institutions were being formed to promote egalitarian social systems embedded in a national framework. Increasingly they became involved in activities aiming to increase the movements' political influence and eventually capturing state itself. However, as it will be shown, the capture of state power would pose a threat to the anti-systemic movements for they would find out that state power was more limited than they thought; they could not achieve their longer term goal of transforming the social world.

It should be reminded that the examples provided in the following discussion by no means constitute a full account of each and every one resistance against capitalist expansion as it would be impossible to do so for practical reasons. All that is argued here is that resistance to capitalist expansions has existed since the emergence of capitalism and the recurrence of those resistances in these events will be analyzed. Obviously, these events themselves resulted in various different, major and minor, developments. However, here the aim is to provide an insight mainly to the existence of resistance to capitalist expansion in the past, not to discuss all aspects of these events.

In this section where an historical analysis of resistances to capitalist expansion will take place the concept of anti-systemic movements will be utilized as a perspective in order to carefully select the examples that are going to be discussed from the history. Although in the second chapter Polanyi's concept of countermovement will be utilized to conceptualize the contemporary social reactions against neoliberalism, when looking at

the entire history of capitalism this term may be inappropriate to describe the earlier struggles against the expansion of capitalism because Polanyi's countermovement is designed as part of a double movement; that is countermovement refers to those social reactions that oppose the total commodification of the society or the establishment of self-regulating markets. As it has been mentioned Polanyian countermovements took place in the late nineteenth to early twentieth century, during the interwar years, and as it will be shown in the second chapter since the late twentieth to early twenty first century against the attempts to establish self-adjusting markets. However capitalism has not always been capable of achieving such universal socio-economic change. There have been times when only local communities or small groups been affected by the disruptive expansion of capitalism, specifically during its initial phases. Their resistance or revolt to this expansion cannot be named as countermovement unless this word is attached a different meaning than the one Polanyi used. There obviously were great differences between particular periods in history regarding the structure and size of capitalist market formations as well as social reactions against them. Thus different terms should be used based on the historical and contextual variations between the examples in question. However this is only an issue of which term to use when referring to these early social reactions against capitalist expansion and thus should not overshadow the basic argument that there have always been reactions to the expansion of capitalist markets. An alternative, and a more general name, would be anti-systemic movements referring to the opposition, whether spontaneous and destructive or organized, normative and institutionalized, against major capitalist powers and processes.<sup>19</sup> The term anti-systemic movements, coined by Immanuel Wallerstein in the 1970s, originally refer to two distinct and in many ways rival kinds of popular movements.<sup>20</sup> First group includes social movements which were conceived primarily as socialist parties and trade unions seeking to challenge the bourgeois rule through class struggle while the second group includes national movements which fought for the creation of a national state either by combining separate political units that were considered to be part of one nation or by

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<sup>19</sup> Martin, William G., *Sistem Karşıtı Hareket Arayışı*, in Martin, William G. (ed), *Toplumsal Hareketler 1750-2005: Dipten Gelen Dalgalar*, Translated by Deniz Keskin, İstanbul: Versus Kitap, 2008, p. 15 As it will be shown the reactions to capitalist expansion include tactics whose targets range from revolution to reform.

<sup>20</sup> Wallerstein, Immanuel, *New Revolts Against the System*, New Left Review No.18, November /December 2002, p. 29



seceding from states considered imperial and oppressive.<sup>21</sup> Socialism strived to achieve equality among classes by challenging the bourgeoisie while nationalism sought equality among nations by fighting imperial systems. Both types of anti-systemic movements defined oppression as the problem and sought to replace it. They borrowed from each other's rhetoric often in order to draw a larger portion of the population to their camp. Wallerstein argues that the lifetime of these anti-systemic movements covered the period from around mid-nineteenth century until 1970s after when world's populations did not any more believe that these two types of anti-systemic movements could bring a golden future and an egalitarian world as they were unable to achieve fundamental transformation and people reacted to the hegemony of the United States and the collusion in this hegemony by the Soviet Union; as a result people withdrew their legitimation from them and the search for a new type of anti-systemic movement began.<sup>22</sup>

The examples provided here will include anti-systemic activities which date back to the early days of capitalism because the wider historical analysis of anti-systemic movements, including earlier resistances to capitalist expansion, is relevant to the discussion in the second chapter as this will provide us with an understanding of how social struggles resulting from the expansion of capitalism have evolved over time. The contemporary social reactions, or the alternative globalization movement, will also be defined as another phase of resistance to capitalist expansion in the thesis. To make it clear again, the underlying triggering mechanism of both countermovements and anti-systemic movements are the social actors' needs to protect themselves from the disruptions of the social fabric and oppression resulting from capitalist expansion. Therefore, they do not refer to fundamentally different social attempts. In the second chapter when discussing the alternative globalization movement the term countermovement will be used because it will be argued that the alternative globalization movement is the social reaction against the recent worldwide shift towards self-regulating markets. In other words the reason that led to the formation of the alternative globalization movement will be argued to be this attempt to establish Polanyian self-regulating markets. Obviously the term anti-systemic movement may also be used to describe the alternative globalization movement however what is desired to be pointed out in this thesis is the shift towards a self-regulating market as well as the alternative

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<sup>21</sup> *Ibid.*

<sup>22</sup> *Ibid.*, pp. 33-34

globalization movement. The term anti-systemic movement does not refer only to reactions against self-regulating markets but to all reactions against the major capitalist powers and transformations.

### **2.2.1) Earlier Anti-systemic Activities**

In this section the resistances to capitalist expansions until the mid-nineteenth century will take place. It will be argued that from the early days of capitalist expansions both in the Western Europe and in the rest of the world there have been resistances to this expansion but until the mid-nineteenth century these resistances were in the form of uninstitutionalized, disorganized, spontaneous and discontinuous rebellions or revolts which lasted for a short amount of time and could not be very effective except in few cases.

Earlier anti-systemic activities include resistances to slavery, specifically in the plantations in the Americas, attempts at remaining out of or disintegrating from the expanding capitalist markets in Asia, the Middle East and Americas and the cultural or religious movements trying to protect the local culture against the European intrusion<sup>23</sup> and resistances to the disruption of the social fabric during the long transition from feudalism to capitalism in Western Europe. The examples for these attempts will be tried to be analyzed in this section in a chronological order.

The history of the protests and rebellions brought about by the changes in the political and economic conditions of societies experiencing capitalist market formations date to the peasant revolts in the early fourteenth century. As the medieval agricultural practices were developed through the innovations in production techniques the productivity of the soil and labour increased; this increase in agricultural productivity was accompanied by the growth of population and rise of cities.<sup>24</sup> This was one of the earliest examples of the formation of the labour market. During this period of expansion of the medieval economy population and urban growth increased the labour supply as well as the prices

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<sup>23</sup> Ağartan, Tuba, Woo- Young Choi and Tu Huynh, *Kapitalist Dünyanın Dönüşümü: 1750-1850*, in Martin, William G. (ed), *Toplumsal Hareketler 1750-2005: Dipten Gelen Dalgalar*, Translated by Deniz Keskin, İstanbul: Versus Kitap, 2008, p.34

<sup>24</sup> Cameron, Rondo E., *A Concise Economic History of the World: From Paleolithic Times to the Present*, New York: Oxford University Press, 1993, pp. 51-54

of agricultural products while decreasing the wages and, not surprisingly, to increase their profits by taking advantage of this price-wage difference most landlords started to cultivate their lands with hired labour. As a result the great mass of peasants who had to pay for the cost of higher priced agricultural products with decreasing wages found themselves in worsened conditions. These developments followed by increased taxation constituted the early sources of social tensions and conflict in the fourteenth century such as those seen during the revolt of Flemish peasants during the Great Famine of 1315-17; the following Black Death and Hundred Years War intensified these tensions.<sup>25</sup> The dramatic fall in population levels and urban demand caused by the plague, civil strife and war reversed the previous price-wage differential as the wages increased as a result of shortage of labour and prices decreased as demand diminished. The reaction of the authorities to these economic changes was to impose wage controls as they did not want to pay the increased amount of wages for their labour.<sup>26</sup> However these wage controls only resulted in increased hostility of peasants and workers and thus in the second half of fourteenth century revolts, revolutions and civil wars took place in every part of Europe: 1358 peasant rebellion in France, 1381 great peasant rebellion in England, 1378 workers rebellion in Florence and other similar revolts occurred in Germany, Spain, Portugal, Poland and Russia.<sup>27</sup> For two decades after the Black Death peasants in Europe frequently rebelled to protect their eroding rights and increase their political influence and against over-taxation. Scandinavian and Austrian peasants rebelled during the fifteenth and sixteenth centuries; peasants in France rebelled in 1548, 1594 and 1707 and many times between 1620 and 1680; in Bavaria rebellions occurred in 1633-1634 and in 1705; Italian peninsula saw a massive peasant rebellion in 1647-1648; Swiss peasants revolted between 1725 and 1745.<sup>28</sup> In fact the rebellions in Germany and Russia were so massive that they are called the Peasants' Wars.

Another example of causes of social tension in the long process of formation and expansion of capitalist markets was the enclosures in England that started during

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<sup>25</sup> *Ibid.*, p. 75

<sup>26</sup> Huberman, Leo, *Feodal Toplumdan Yirminci Yüzyıla*, Translated by Murat Belge, İstanbul: İletişim Yayınları, 1995, pp. 63-64

<sup>27</sup> Cameron, *op. cit.*, p. 75

<sup>28</sup> Postma, Johannes, *Slave Revolts*, Westport: Greenwood Press, 2008, p. 20

fifteenth and sixteenth centuries, accelerated during the seventeenth century and ended in the Victorian Era. These enclosures basically transferred property rights from local farmers and peasants by force with the help of the Parliament to big landlords in the English rural economy.<sup>29</sup> Following the price revolution in the sixteenth century caused by the huge shipments of gold and silver from the Americas one way for the landowners to increase their profits was to engage in enclosures. Many landowners saw that as the prices of wool, England's major export product, rose they could increase their earnings by transferring common arable lands into pastures and thus following the price revolution, which accelerated this process, many landlords enclosed these lands.<sup>30</sup> The result was more profits for the landlords, depopulation of villages and towns, decreasing amount of food provisions and loss of livelihood for the farmers as they were forcefully removed from those lands previously entitled to common usage. The peasants had to leave their home and were pauperized and forced into beggary, theft and rebellions. Beginning with the Kett's Rebellion in 1549 agrarian revolts denouncing the enclosures occurred in England. Though enclosures were obviously trend of economic progress as they improved agricultural techniques and helped develop the cotton industry of England the rate of disruption of the social order, customs and common law was too fast for the society to adjust and the dispossessed populations to find new employment; were it not for the policies of Tudor and Stuart statesmen and the Church which aimed at defending the welfare of the community and slowed down the process this change could have been fatally destructive for the whole society.<sup>31</sup> It is possible to see contemporary examples of movements against unjust land distribution such as the Homeless Workers' and Landless Workers' Movements in Brazil, Landless Peoples' Movement in South Africa and most famously Zapatista Army of National Liberation in Mexico.

Of course it was not only the Western Europeans who experienced the social struggles during periods of capitalist expansions. There were various indigenous populations around the world from the Middle East to the Caribbean that experienced socio-economic change as a result of European-capitalist expansion. The resistance in the Americas to the capitalist expansion can be traced back to the fifteenth century. From

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<sup>29</sup> Gray, John, *Sahte Şafak: Küresel Kapitalizmin Aldatmacaları*, İstanbul: Om Yayınevi, 2000, p. 16-17

<sup>30</sup> Huberman, *op. cit.*, p. 121

<sup>31</sup> Polanyi, *op. cit.*, p. 39

that century onwards millions from the local population who resisted colonization and slavery were either killed or died from exposure to harsh working conditions as well as diseases. The American Revolution and the establishment of a new republic increased the clashes between the Indian tribes and the new state giving birth to destructive and violent rebellions. Meanwhile the Spanish were also encountering local resistance. Increased taxation, colonial monopolies, fall in the agricultural prices and confiscation of labour and property led to various local rebellions such as the 1780 Tupac Amaru Revolt in Peru and 1781-1783 Comuneros Revolt in Colombia. One of the most successful examples of the revolts in the Americas was the Haitian Revolution (1791-1804) against the plantation slavery which brought together anti-racist, anti-colonialist and anti-slavery activism and established Haiti as the first republic ruled by blacks. In 1789 Haiti was the most profitable colony of the French and in fact the wealthiest and most flourishing of the slave colonies in the Caribbean based on sugarcane production.<sup>32</sup> However the pre-Revolution era was marked by violent conflicts between white colonists and black slaves. Slaves who ran away from plantations and formed gangs, known as maroons, lived in the woods away from control where they would find food, shelter, and isolation; they also conducted violent raids on the island's sugar and coffee plantations during when the maroons would burn crops, steal livestock and tools, kill slave masters, and invite other slaves to join their communities.<sup>33</sup> The success of these attacks established a black Haitian martial tradition of violence and brutality to reach political ends and would be influential in the starting and conducting of the Haitian Revolution. In the end the successful Haitian Revolution which built upon this history of violent conflict between the white colonists and black slaves would end the rule of the old ruling classes, violent labour exploitation based on racism and slavery and would carry out redistribution of land and property.<sup>34</sup>

Resistance based on the religious law and culture against or triggered by European capitalist expansion was also one of the struggles taking place outside Western Europe.

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<sup>32</sup> Taylor, Quintard, *Haitian Revolution (1791-1804)*, <http://www.blackpast.org/?q=gah/haitian-revolution-1791-1804>, accessed on 28.03.2009

<sup>33</sup> Postma, *op. cit.*, pp. 91-92

<sup>34</sup> Ağartan, Choi and Huynh, *op. cit.*, p. 38. Haitian Revolution was the only successful slave revolt in the history among many other attempts. For a brief chronology of slave revolts see Postma, *op. cit.*, pp. xv-xix

The Islamic revivalist movements as well as other cultural resistances emerged as reactions to large scale structural changes caused by Europe's capitalist expansion, European conquests of Muslim and non-Christian territories and the new laws enacted by the states to solve these problems; consequently these reactionist movements started to perceive their states as corrupt and illegitimate.<sup>35</sup> Thus they would challenge their own state as well as colonial powers. An example was the result of Ottoman-European interaction in the nineteenth century. While capitalist expansion into the Ottoman Empire was transforming the economic and social basis of the land system which maintained and reproduced society's specific Islamic culture it also triggered the dynamics of private property and markets increasing the trade, profits and local agricultural production.<sup>36</sup> These transformations caused by European capitalist expansions and the accompanying reforms conducted by the Ottomans meant the loss of previous privileges enjoyed by the Muslim populations of the Empire. In order to find a solution to their growing problems Muslims started to look to their past to understand what went wrong and concluded that the state was no longer capable of politically and militarily protecting the religion; this forced them to find popular ways to strengthen the Islamic identity and culture.<sup>37</sup> As a result in the nineteenth century there were over twenty five religious revivalist movements calling on the faithful to protect the religion and community against the European intrusions and aiming to transform what they saw as the corrupt society in the way that the Prophet Mohammed did with the Arab society in his time.<sup>38</sup> Other examples of such resistances can be found in Asia where European expansion similarly disrupted commercial and social life. Specifically, following the Opium Wars of 1840-1842 after when the Chinese Empire was subjected to more European control popular anger was triggered against both what people saw as the corrupt state and the Western political domination as well as the worsening socio-economic conditions which would later culminate in one of the earliest anti-imperialist revolts of Taiping Rebellion of 1850-1864 when the rebels fought the royal dynasty whom they believed to be in

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<sup>35</sup> Ağartan, Choi and Huynh, *op. cit.*, p. 59

<sup>36</sup> Karpat, Kemal H., *İslâm'ın Siyasallaşması*, İstanbul Bilgi Üniversitesi Yayınları, translated from English by Şiar Yalçın, 2004, p.1

<sup>37</sup> *Ibid.*, p.8

<sup>38</sup> *Ibid.*, pp.8, 10

cooperation with the colonial powers.<sup>39</sup> Taiping leaders embraced a primitive form of egalitarian society where equality of sexes was established, private ownership of land and property were abolished and an equal land distribution program was developed.<sup>40</sup> The period until mid-nineteenth century had witnessed growing attempts around the world at establishing alternative societies capable of escaping the clutches of capitalist expansion as these examples show. There emerged groups and sometimes even states whose origins were directly based on the struggle against the capitalist expansion. However, the anti-systemic movements until the mid-nineteenth century were disorganized, not institutionalized, spontaneous and short-term. In addition to the ones provided before another similar social reaction was the social movement of British skilled workers in the textiles industries, between 1811 and 1817, the Luddites, who reacted to the changes brought about by the use of large-scale machines, mainly lowering of wages and production of inferior goods which damaged their trade's reputation, by destroying mechanized looms that were operated by less-skilled workers.<sup>41</sup> They wanted to maintain their jobs, wages and trade. These machines were framed as the source of their misery and hunger because they were perceived to be forcing the masses into unemployment and wages down.<sup>42</sup> As a result of their uninstitutionalized, disorganized, short-term and destructive character most of these similar anti-systemic movements had been unable reverse the process of change though they probably have slowed down the rate of transformation. Most of them were basically reactionary initiatives that wanted to return to the political, economic and social conditions that have existed prior to the introduction of capitalist relations. However this was not possible any longer because change was taking place on a world scale and its revolutionary mechanism stretched across the continents disturbing and sweeping away all previous social conditions. This proved the necessity of taking the control of state power because for the anti-systemic movements to reach their goals it was only through state, which was the ultimate source of power capable of achieving fundamental social transformation, that they could put an

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<sup>39</sup> Ağartan, Choi and Huynh, *op. cit.*, p. 68

<sup>40</sup> Micheal, Franz, *The Taiping Rebellion: History and Documents, vol. 2, Documents and Comments*, Seattle: University of Washington Press, 1971, pp. 313-315, 319-320 taken from Chinese Cultural Studies: The Taiping Rebellion: 1851-1864, <http://academic.brooklyn.cuny.edu/core9/phalsall/texts/taiping.html>, accessed on 15.03.2009

<sup>41</sup> Binfield, Kevin (ed), *Writings of the Luddites*, Baltimore: Johns Hopkins University Press, 2004 pp. 2-5

<sup>42</sup> Huberman, *op. cit.*, p. 210

end to or reverse the disruption of social order; nevertheless these struggles with capitalist expansion would provide the precursors of anti-capitalist tactics that would be applied during the second half of the twentieth century such as marooning tactics, disconnection from the world economy, subsistence localities and decommodification.<sup>43</sup> Though they failed they built a history of social opposition. Therefore they constitute an important part of the history of anti-systemic movements.

### **2.2.2) From Mid-Nineteenth Century to Mid-Twentieth Century**

There were two major impacts on the evolution of the anti-systemic movements: The French Revolution and the Industrial Revolution. As shown below they would transform the resistances to capitalist expansion into more organized, institutionalized, normative and continuous movements with short and long term political goals. This does not mean that all resistances to capitalist expansion underwent this transformation. Disorganized, discontinuous, uninstitutionalized resistances would continue in the period after the French and Industrial Revolutions such as the Red Indian tribes' struggle from the 1860s to 1890s against the American expansion to the West. However there is observed a formation of new anti-systemic movements, namely the social and national movements that have been greatly influenced by the impacts of the French and Industrial Revolutions. The discussion now turns to how the anti-systemic movements were influenced by these two major developments.

The French Revolution was important in two respects: First of all, it gave birth to the politically active citizens and the idea of popular governments thereby bringing the capture of state power within the reach of anti-systemic movements.<sup>44</sup> The transfer of the source of the legitimacy of the political authority from royalty to people was the most important change in this sense. If the anti-systemic movements were to achieve fundamental social transformation they would have to take control of the state power. Thus from the nineteenth century onwards the capture of state power became the first step in achieving the desired social, economic and political transformation. This would be an important feature of the anti-systemic movements until the 1970s when the new

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<sup>43</sup> Ağartan, Choi and Huynh, *op. cit.*, pp. 84-85

<sup>44</sup> *Ibid.*, pp. 30-31



anti-systemic movements which do not consider achieving state power as the main goal anymore emerged, as the discussion will show in the second chapter. Before the nineteenth century resistance was short-term, spontaneous and disorganized. However throughout the nineteenth century, specifically after the mid-nineteenth century, as a result of the legacy of the French Revolution as well as the transformation brought about by the Industrial Revolution, resistance achieved a more organized and institutional character and formed political goals which included the capture of state power. Parties, organizations and unions with political goals aiming to change socio-economic conditions would flourish in the nineteenth century. Second, the Revolution became the rallying point and the moral base for the consequent anti-systemic movements with its ideals of equality, nationalism and freedom.<sup>45</sup> There were various popular anti-systemic movements that took place immediately after the Revolution such as the sans-culottes movement and the movement inspired by the ideals of Babeuf which attacked the legitimacy of private property and capital accumulation, fought to destroy hierarchical class divisions and supported egalitarian and communitarian visions of future.<sup>46</sup> The spread of the ideals of nationalism with Napoleonic Wars, as it will be shown later, would influence the nationalist movements in the Eastern Europe and the Balkans. These attempts were directly influenced by Revolutionary ideals of liberty, equality and fraternity. Though they failed, they were important examples for the following socialist as well as nationalist movements which used the French revolutionary slogan of “liberty, equality and fraternity” almost interchangeably.<sup>47</sup>

In addition to the influence of the French Revolution the onset of the Industrial Revolution was another important development that had a great influence on the anti-systemic movements. This peculiar process brought about enormous changes in the lives of everyone who endured it. Industrial Revolution was the establishment of the market economy and resulted in the total commodification of all social relations giving birth to in the end the society’s protectionist response, the countermovement. Polanyi points to the parallel between the enclosures and the Industrial Revolution arguing that although both of these were unregulated economic improvements they devastated the lives of

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<sup>45</sup> *Ibid.*

<sup>46</sup> *Ibid., op. cit.*, p. 31

<sup>47</sup> Wallerstein, Immanuel and Sharon Zukin, 1968, *Revolution in the World-System: Theses and Queries*, Theory and Society, Vol. 18, No. 4, July 1989, p. 434

common people.<sup>48</sup> Obviously the Industrial Revolution by far surpassed the social dislocation caused by the enclosures as it gave birth to this new institutional mechanism, the market economy. While productivity, profits and trade volumes were skyrocketing compared with the previous centuries these developments came at a great social cost: increased working hours during when the workers were forced to carry out monotonous tasks under the factory discipline, disastrous working conditions, exploitation of workers, children and women included, and many others. Commodification of all social relations lied at the heart of this transformation for the market economy requires that at a certain price the sale of required quantities of products can be guaranteed so that profits can be realized with large scale mechanized production. The Industrial Revolution intensified the social tensions between different actors for various reasons. First, while the modern capitalist economy was revolutionizing the means of production and starting to increase capital accumulation the higher production speed and technological improvements as well as increasing levels of urbanization caused major developments. To begin with, it encouraged the spread of European capitalism to the world in search of new markets. This would be a major step towards the imperial conquests of the rest of the world by the European states; a development which would enter into conflict with the other major anti-systemic movement, nationalism, in the following decades. Additionally by acting as an important source of increased socio-economic conflict it gave birth to a new social actor: the working poor and the pauperized masses which started to challenge the political economic systems and raise demands for new states and societies.<sup>49</sup> These new social actors would undertake a major role in the 1848 Revolutions as well as the rise of the modern working class movement, which would in the second half of the nineteenth century become the main anti-systemic force. Second, the increased technology allowed better communication, spread of ideas and transportation providing more efficient means of organization and institutionalization. Though before the nineteenth century communication between different movements and spread of ideas also existed this obviously cannot be compared with the efficiency with which communication, transportation and therefore mobilization was conducted after the Industrial Revolution. The continuous revolution in the communication and transportation networks would have a major influence on the anti-systemic movements in this sense.

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<sup>48</sup> Polanyi, *op. cit.*, p.36

<sup>49</sup> Ağartan, Choi and Huynh, *op. cit.*, p. 60

The socialist and anti-imperialist/nationalist anti-systemic movements that emerged following the spread of the influences of the French and Industrial Revolutions were the cause of the same processes of the expansion of capitalism and they were forcing the dynamics of capitalist expansion to face various difficulties such as workers' struggles to a larger share of production and national resistances against imperial stretches.<sup>50</sup> In addition there was an important change in the sense that from the mid-nineteenth century onwards what happened was the establishment of the continuity of resistance as political groupings with short and long term goals were founded; this was a fundamental transformation in the characteristics of the anti-systemic movements which were previously short-term, disconnected and spontaneous.<sup>51</sup> For the first time in history anti-systemic activity was creating continuous organizations with specific political objectives and becoming a movement. Their long-term goals were defined as ending the oppression that they saw as constituting the problem yet their mid-term goal was the capture of state power for they thought that those with existing privileges would never cede it willingly and use their control of state power and violence as a means to prevent social transformation.<sup>52</sup> As a consequence the anti-systemic movements have become major elements of politics and the later movements have profited from their achievements by moral encouragement, lessons in political tactics and direct assistance.<sup>53</sup>

Napoleon's conquests have brought to light the vulnerability of states previously perceived as indestructible by destabilizing the European political structure and ratified the principle of nationality as the basis of independent state formation; the increasing number of independence movements from the early nineteenth century onwards was a change in that sense from the previous provincial revolts.<sup>54</sup> The spread of the ideals of French Revolution helped construct the idea of nationality and the multi-national empires

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<sup>50</sup> Bush, Caleb M., *Reformcular ve Devrimciler: Sistem Karşıtı Hareketlerin Yükselişi ve İktidar Paradoksu, 1848-1917*, in Martin, William G. (ed), *Toplumsal Hareketler 1750-2005: Dipten Gelen Dalgalar*, Translated by Deniz Keskin, İstanbul: Versus Kitap, 2008, p. 137

<sup>51</sup> Arrighi, Giovanni, Terrence K. Hopkins and Immanuel Wallerstein, *Sistem Karşıtı Hareketler*, Translated by C. Kanat, B. Somat, S. Sökmen, İstanbul: Metis Yayınları, 2004, pp. 35-36

<sup>52</sup> Wallerstein and Zukin, *op. cit.*, p. 443

<sup>53</sup> Arrighi, Hopkins and Wallerstein, *op. cit.*, p. 39

<sup>54</sup> Tilly, Charles, *European Revolutions: 1492-1992*, Oxford, UK ; Cambridge, Mass., USA: Blackwell, 1993, p.93

were specifically more vulnerable to these influences; in the end they had to deal with national independence movements which led to the formation of various states such as Belgium in 1830, Greece in 1831 as well as various rebellions such as the Bulgarian Revolt of 1834 and the Polish Revolt of 1830-1831. There were also anti-imperial rebellions in different parts of the world such as the British India in 1857, 1859, in New Zealand between 1845-1847 and 1860-1866 and Jamaica in 1865 against the British, in Cuba between 1868-1878 against the Spanish. Although these movements had been influenced by various dynamics they were necessarily part of the same processes of the expansion of European territories and markets.<sup>55</sup> The nationalist movements would be successful during the decolonization period when the old imperial control over the colonies was overthrown by these movements in the second half of the twentieth century.

The Chartist movement (1838-1848) which was the first specifically working-class movement for political and social reform in the England was one of the earliest attempts of these new anti-systemic movements that aimed to capture the state power. Following the earlier Radical movements which demanded a widening of the franchise Chartism was a movement established and controlled by a diverse array of working men, from artisans to factory workers, to achieve parliamentary democracy as a step towards social and economic reform. It was a reaction against a changing economy and society, which was unjust and bewildering to the working man. Chartism was a product of industrialization, but was also part of the radical tradition, which dated back to the mid-eighteenth century. The movement represented the fundamental belief that economic exploitation and political subservience could be righted by parliamentary means thus capture of state power. The six main aims of the movement, which were suffrage for all adult men, equal sized electoral districts, voting by secret ballot, an end to the need for a property qualification for Parliament membership, pay for members of the Parliament and annual election of the Parliament, were proposed first by the reformist London Workingmen's Association established in 1836 and it was not long before various groups and labour organizations pledged their support to the movement which was increasingly institutionalized.<sup>56</sup> The main goal of the movement was to win equal political rights but as a whole the Chartist program failed to become a part of the United Kingdom law until

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<sup>55</sup> Ađartan, Choi and Huynh, *op. cit.*, p. 44

<sup>56</sup> Tilly, Charles, *Toplumsal Hareketler: 1768-2004*, Translated by Orhan Düz, İstanbul: Babil Yayınları, 2008, pp. 80-81

the twentieth century although it inspired many of the mass social movements of the nineteenth century.<sup>57</sup>

European Revolutions of 1848 have been important in the sense that they symbolize the transformations which institutionalized the old anti-systemic movements.<sup>58</sup> While after the fall of Napoleon I the restoration of the dynastic monarchies in Europe was successful the ideas of the French Revolution, constitutionalism, liberalism and nationalism were spreading in Europe and facing the authorities of different governments with populist challenges.<sup>59</sup> The accumulating problems of 1845-47, famine, economic downturns and high unemployment, radicalized the lower and working classes in Europe resulting in continent-wide revolutions in 1848. While the revolutions in Italy, Germany, Austria and Hungary were nationalist and populist revolts against foreign rule and repressive policies of Metternich and his allies the revolutions in Western Europe were democratic protests demanding social and democratic reforms.<sup>60</sup> The revolutions were against the settlement of Europe established in 1815 and their mood was conditioned by the political idealism, liberal nationalism and radicalism inherited from the French Revolution sustained by secret societies and liberal and democratic revolutionary parties of the continent, by very high levels of population growth which caused demographic restlessness, and by the economic development in transportation technologies and industry which were transforming whole societies in the nineteenth century.<sup>61</sup> It would be very hard to try and find a single cause for the 1848 Revolutions but the changes the nineteenth century societies were experiencing were all influential in the outbreak of these revolutions and again these popular uprisings signify important interventions, now at the European level, in the state-market relations.

After the 1848 Revolutions, bringing together some of the most radical thinkers of different industrial societies the International Workingmen's Association, more

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<sup>57</sup> *Ibid.*, p. 83

<sup>58</sup> Aslan, Eylem, *Küreselleşme Karşıtı Hareketler ve Savaş Karşıtı Sivil İtaatsizlik*, February 2007, Unpublished MSc Thesis, Mimar Sinan University, Sociology, pp. 68-69

<sup>59</sup> El-Ojeili, Chamsy and Patrick Hayden, *Critical Theories of Globalization*, New York: Palgrave MacMillan, 2006, p. 182

<sup>60</sup> Thomson, David, *Europe Since Napoleon*, London: Penguin Books, 1990, p. 204

<sup>61</sup> *Ibid.*, pp. 226-234

commonly known as the First International, was founded in 1864. The First International, acting as a forum for various left-wing groups and trade unions, was a sign of increasingly institutionalized anti-systemic activity. While the First International divided the working class movement into various segments it also acted as an ideological umbrella for the organized working class movement. Following the establishment of the First International, the Paris Commune, which is said to be the first example of working classes taking over the authority, ruled Paris from March 16 to May 26, 1871. It has been noted that the progressive and radical Parisians, compared with the conservative provincials, were angered at the conditions of the Peace Treaty, signed after the defeat of France in Franco-Prussian War of 1871, and the entry of German troops into Paris following the destructive siege.<sup>62</sup> At the end of the war the Parisians opposed the National Government and the National Assembly for their royalist nature, conservatism and acceptance of humiliating defeat against Germany. The Commune was a protest of civic pride against a humiliating defeat, a radical republican protest against the predominantly monarchist assembly and a social uprising resulting from the sufferings of siege and hunger as well as a socialist revolt of the urban workers.<sup>63</sup> It was a movement against centralized government aiming to displace it by a federalized self-governing local units and groups. The Commune uprising was coloured with anarchist and socialist ideals of self-government and political and economic equality and although it failed in the end the Commune was the example for the idea of the capture of state power. In 1889 the Second International bringing together major anti-systemic forces most of which were based on national foundations was established. National working class parties and national trade union federations participating in the Second International were organizations which had achieved continuity in targeting a radical change within the confines of national borders and this was a sign of the increasingly national, organized, hierarchical and institutional character of the anti-systemic movements; in France, the USA, Britain, Germany and other countries syndicalism and socialism was gaining power.<sup>64</sup> Indeed, many of the major trade unions confederations were established in this period: Trades Unions Congress (1868) in the United Kingdom, American Federation of Labor (1886), Unión General de Trabajadores of Spain (1888), Confédération Général du

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<sup>62</sup> Grant, A. J., and H. Temperley, *Europe in the Nineteenth and Twentieth Centuries (1789-1950)*, London; New York: Longmans, Green, 1952, pp. 281-282

<sup>63</sup> Thomson, *op. cit.*, p. 321

<sup>64</sup> Bush, *op. cit.*, p. 110

Travail of France (1895) and Generalkommission der Gewerkschaften Deutschlands (1892). This period is considered as beginning of the rise working class movements which specifically during the first Great Depression of 1873-1896 would reach their peak. For the first time in history the anti-systemic opposition was being transformed into organized movements supported by millions of people demanding social change.<sup>65</sup>

Following the 1848 Revolutions the anti-systemic movements had started to work towards achieving the possibilities offered by the French Revolution, namely the capture of state power. The anti-systemic movements from the mid-nineteenth century onwards were institutionalized to realize this goal and increasingly they have been successful in capturing state power whether by reform or revolution. In this context one of the most important points in history has been the Bolshevik Revolution of 1917 which was one of the examples of the successful capture of the state power by the anti-systemic movements. Soviet Russia became an alternative vision and an example for the other movements around the world trying to capture state power. The Bolshevik Revolution is an example of a strategy of violent overthrow however there were also reformist movements that worked through within the system. These reformist movements included trade unions and political parties as well as intellectual participation and activities such as mass strikes. The Socialist Labor Party of America (1876), Socialist Party of America (1901), Labour Party of the United Kingdom (1906), Social Democratic Party of Germany (1875), and the Australian Labour Party (1891) were all few of the examples of the increasing reformist political activities of anti-systemic movements that were aiming to capture the state power gradually by gaining more political control rather than engaging in a revolution.<sup>66</sup> This debate between reform and revolution, or between Social Democrats and Communists, in the mode of capturing state power was one of the major dilemmas of the social anti-systemic movements. Nevertheless, both the social and national anti-systemic movements asserted themselves to be revolutionary in the sense that they wanted to profoundly transform the existing social relations. Even though they both had developed groups and organizations that preferred a more gradualist approach rather than working to overthrow the existing economic and political systems, those in power continuously saw these anti-systemic movements, even the gradualist versions, as

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<sup>65</sup> *Ibid.*, p. 120

<sup>66</sup> *Ibid.*, p. 132

threats to their hold on power. Thus these movements were repressed through various means such as criminalization, arresting of the leaders and outright violence by state forces or illegal measures.

### **2.2.3) End of Traditional Anti-Systemic Movements**

A question that needs to be asked is when does an anti-systemic movement stop being against the system and is incorporated in it. This question is relevant for the anti-systemic movements of the twentieth century. From socialist to anti-imperial/nationalist opposition many of the anti-systemic movements in the period beginning with the 1917 Bolshevik Revolution have achieved their mid-term goal of capturing state power. However the movements which brought together masses to challenge the political authority lost their anti-systemic nature when they reached this goal.<sup>67</sup> As mentioned before there are two different anti-systemic movements based on how they identify oppression. According to the social movements oppression is defined as the exploitation of the proletariat by the bourgeoisie. This problem can be solved only by replacing capitalism with socialism. According to the national movements oppression is defined as the repression of one nation by the other. This problem can only be solved by establishing a new state for the oppressed ethnic group. There are many differences between these two anti-systemic movements that result both from the way they define the problem and the social groups whose support they seek. Yet, as mentioned before, there was one major similarity between these two groups: they both sought to capture the power of the state which they saw as the key political organization of the modern world.<sup>68</sup> This created a national framework for the struggles of these two anti-systemic movements; in other words both movements were confined, in terms of their organization as well as their goals, within the borders of one political authority. This was even true for the socialist movements despite their internationalist motto.<sup>69</sup> Nevertheless many of the anti-systemic movements have been able to achieve their medium-term goal

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<sup>67</sup> *Ibid.*, p. 141

<sup>68</sup> Arrighi, Hopkins and Wallerstein, *op. cit.*, p. 37

<sup>69</sup> The national framework of the proletarian struggle can also be found in the Communist Manifesto: “In that the proletariat must first acquire political supremacy, must elevate itself to be the national class, must constitute itself the nation, it is itself yet national...” Marx, Karl and F. Engels, *Manifesto of the Communist Party*, [www.marxist.org/archive/marx/works/download/manifest.pdf](http://www.marxist.org/archive/marx/works/download/manifest.pdf), accessed on 06.01.2009



of capturing state power. This of course took a long period of mobilization and organization as mentioned before specifically in the late nineteenth and early twentieth centuries. Their success in capturing state power became more obvious after the end of the Second World War. In many of the Western European countries Social Democratic parties have come to power at various times. There have also been Communist parties that have come to power in various parts of the world, such as Eastern Europe, China and North Korea, sometimes through revolts, sometimes through the military intervention of the USSR. In addition the nationalist movements have been successful in overthrowing imperial and colonial authorities and establishing nation-states in the Middle East, Asia and Africa. However the coming to state power of all these movements had resulted in a sense of unfulfilled revolution which was due to the inability of these movements to achieve their longer term goals of eliminating inequalities between either classes or nations; they lost their anti-systemic nature and became bureaucratic structures within the existing political organizations.<sup>70</sup> Social democratic parties have not been able to achieve more than a simple redistribution of wealth to the middle classes in exchange for political stability and the class compromise in the post-Second World War years in the Western Europe and the United States. Communists have achieved economic development yet they have given birth to different kinds of social divisions and inequalities as a group of elite officials or bureaucrats emerged above the rest of the population with more economic and political power. Nationalist movements have been able to provide political independence to their nations yet the inequalities among different nations still exist to a great extent as the former colonies remain economically less-developed. In other words the anti-systemic movements have come to power but they were unable to fulfil their promises and lost their anti-systemic nature as they grew into bureaucratic structures in the state. These facts cast doubts on the performance of the anti-systemic movements and led to a widespread disillusionment of their supporters. Wallerstein argues that the world's populations' conclusion for the performance of the anti-systemic movements was negative as they ceased to believe that either kind of anti-systemic movement would bring an end to the oppression and establish a more egalitarian world.<sup>71</sup> Thus the anti-systemic movements were no longer considered as part

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<sup>70</sup> Arrighi, Hopkins and Wallerstein, *op. cit.*, p. 39

<sup>71</sup> Wallerstein and Zukin, *op. cit.*, p. 435

of the solution; they had become in the eyes of the world's populations part of the problem.

In this sense Wallerstein argues that with the end of the 1960s there was a reaction to the old anti-systemic movements around the world that coincided with the growing discontent with the hegemony of the United States and the Soviet acquiescence in that hegemony.<sup>72</sup> The year 1968 was a symbol in the sense that all around the world there were emerging reactions to these two elements of old anti-systemic movements and the hegemony of the United States coinciding with the war in Vietnam. These reactions included the student and anti-war protests and the Black movement in the United States, student protests in Japan and Mexico, workers and student movements in Europe and various feminist movements and the Prague Spring. These emerging reactions and protests signalled a significant change with regards to the trajectory of anti-systemic movements. Historically because both varieties of old anti-systemic movements represented the interests of the primary oppressed group – either the working class of a country or an ethnic group that has not achieved national liberation – according to these two movements other groups which also declared being subjected to social or political oppression were secondary or diversionary.<sup>73</sup> It was argued that these secondary oppressions, such as the oppression of women, would disappear either because a new system will eliminate these secondary oppressions or because required political action will be taken once social transformation was completed therefore as long as these anti-systemic movements were in the mobilizing phase where they had not yet captured state power what would happen to these secondary oppressions in the post-revolutionary era remained hypothetical.<sup>74</sup> However, many of these anti-systemic movements were successful in capturing state power which allowed the assessment of their performances once they were in the state. As mentioned before, the conclusion that the world's populations, which included the followers of these two main anti-systemic movements as well as the opponents of multiple other inequalities, drew from the performance of these two movements was negative. They were unable to put an end to the social group hierarchies that had previously existed.

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<sup>72</sup> Wallerstein, *op.cit.*, p. 33

<sup>73</sup> Wallerstein and Zukin, *op. cit.*, p. 437

<sup>74</sup> *Ibid.*, p. 438

Meanwhile two major developments that would influence this debate on the performances of the two major anti-systemic forces were being realized: First, contrary to the theoretical expectations, the capitalist development did not transform the majority of the world's labouring groups into the ideal type of proletarian, urban salaried factory workers, and second establishing a new nation-state for an oppressed ethnic minority in a previously multi-ethnic state did not automatically resolve ethnic oppression.<sup>75</sup> With regards to the first development it became clear that capitalism was giving birth to varieties of occupations therefore the ideal type of proletarians still remained a minority after a century since it first came into being within the totality of labourers; to organize the movement in accordance with the interests of this ideal proletarian alone would be giving them an illegitimate priority over others. In addition, it became clear that once a new nation-state was established new sub-nations would start to emerge for the nationalities were not objective phenomenon. They came into being through a constructive social process. Once some minority was transformed into a majority through the establishment of a nation-state there emerged new minorities which claimed right to self-determination creating an endless process of creation and conflict. As these developments were realized by the end of 1960s the claim of the leaders of old anti-systemic movements, proletariat and the oppressed ethnic groups, to priority in the anti-systemic struggle was thus undermined and the other oppressed groups such as women, racial minorities and environmentalists would not accept to wait to voice their own demands until some other revolution has been successfully undertaken.<sup>76</sup> Regarding this point, Wilkin argues that as a result of the new idea that a single group could not have a prioritized position in determining how social transformation should take place, political absolutism, or the idea that any single political group can claim to speak on behalf of the society as a whole, was rejected by the new social movements that emerged after 1968.<sup>77</sup>

Since 1968 there has been a continuous search to establish a better anti-systemic movement which could actually achieve democracy and equality among people. There have thus far been four strands of these new kinds of anti-systemic movements: multiple Maoisms or third worldism, movements which were basically influenced by the Cultural

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<sup>75</sup> *Ibid.*, p. 438-439

<sup>76</sup> *Ibid.*, p. 439

<sup>77</sup> Wilkin, Peter, *Solidarity in A Global Age – Seattle and Beyond*, Journal of World-Systems Research, Vol. 6, No. 1, Spring 2000, p.38

Revolution and had claimed to have found the mistake of the old left in not teaching purely revolutionary ideals, new social movements which include environmentalist, feminists and minorities which reject delaying their needs to a post-revolutionary era and are highly suspicious of old anti-systemic movements' state-oriented actions, human rights organizations and finally alternative globalization movement.<sup>78</sup> The scope of the definition of oppression was expanded to include the concerns of other groups, such as women and non-white peoples, which resulted in the inclusion of challenges to patriarchy, racism and sexism within these new anti-systemic movements.<sup>79</sup> The alternative globalization movement, a rather recent development that emerged in the 1990s as a coalition of the old leftist movements, human rights bodies, feminists, environmentalists, anti-racists and various other organizations in trans-border cooperation, targets the social, political and economic problems caused by neoliberalism. The alternative globalization movement thus far has based itself as an ideological and practical rejection of neoliberalism and a breeding ground for alternative proposals of social transformation. Wallerstein describes alternative globalization movement as a relatively new phenomenon that emerged after the failure of the older forms of anti-systemic movements in the 1970s to achieve their goals of progress, solidarity and equality. Similarly, Brecher et al. try to conceptualize the roots of the alternative globalization movement by giving an account of how different counter-movements in the second half of the twentieth century, more specifically from the early 1970s onwards, first realized that trans-border solidarity was necessary if they wished to further their own agendas in the global political economy.<sup>80</sup> These different groups included environmentalists which saw that environmental destruction did not respect national borders, groups of poor countries coming together in the 1970s to form the G-77 to fight for a New International Economic Order, small farmers all around the world which began to hold meetings to oppose the proposals of the negotiations of the Uruguay Round, feminists who tried to increase the global awareness of the oppression of women and critics of the structural adjustment programs and the Third World debt. These diverse groups increasingly came to identify the common root of their problems as neoliberal globalization and thus started to envision themselves as parts of a wider

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<sup>78</sup> Wallerstein, *op. cit.*, pp. 34-36

<sup>79</sup> Wilkin, *op. cit.*

<sup>80</sup> Brecher, Jeremy, Tim Costello, and Benford Smith, *Globalization From Below: The Power of Solidarity*, Cambridge: South End Press, 2000, pp. 10-14

struggle. Brecher et al. suggest that while most of this convergence of the movements is negative in the sense that various groups around the world find themselves struggling against the same physical entities, such as global corporations and institutions, as well as the theoretical abstractions, such as prioritization of profit making above all other social norms, increasingly the movement is developing a positive convergence as it establishes common targets such as promotion of democracy, environmental protection and economic justice.<sup>81</sup> These kinds of explanations regarding the roots and the beginning of the movement for globalization from below have the power to place the movement in the context of wider developments in the global political economy. Both analyses provide us with an explanation why the alternative globalization movement is a recent phenomenon allowing us to differentiate it from the older anti-systemic movements.

As the chapter draws to an end it would be in order to review the conclusions drawn from the historical analysis of anti-systemic movements. There have been resistances to capitalist expansions from the earliest days of the transition to capitalist economies. These took place sometimes to protect the previous social fabric and traditional way of life, sometimes to protect the benefits acquired as a result of this expansion itself and sometimes against the no longer bearable conditions resulting from the colonial or imperial policies. However most of the time these resistances were in the form of uninstitutionalized, disorganized, spontaneous and discontinuous rebellions or revolts which lasted for a short amount of time and that could not be very effective, except in few cases. Towards the mid-nineteenth century there emerged long-term, institutionalized movements with political goals and continuous organizations. There were two important developments that had major influences in the emergence of such movements: The French and Industrial Revolutions. While bringing the capture of state power within the reach of anti-systemic movements by giving birth to politically active citizens the French Revolution was also an ideological rallying point and an example for the later anti-systemic movements with its ideals of equality, brotherhood and freedom. Meanwhile the Industrial Revolution was giving birth to a new class of urban workers that would be the popular base of one of the major anti-systemic movements. In addition the changes brought about by the Industrial Revolution, specifically the development of more efficient means of communication and transportation were allowing better organization for the political activities. The two, social and national, anti-systemic

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<sup>81</sup> *Ibid.*, p. 15

movements emerged from this history and as a result of these developments towards the mid-nineteenth century and remained the major anti-systemic forces until the 1970s. These anti-systemic movements were in the long run aiming to achieve social transformation in order to eliminate the main problems that they identified as either bourgeois or ethnic oppression. But their mid-term goal was the capture of state power because it was the state that they saw as the only element capable of achieving such fundamental social change. In addition, these anti-systemic movements rationalized that those holding the state power would utilize their right to violent oppression to stop anti-systemic movements; and they experienced many times the oppression of different social groups and states. Thus capture of state power became their mid-term goal. In the twentieth century, more specifically, after the end of the Second World War, increasingly the anti-systemic movements have been capable of achieving this goal. However their performance fell short of achieving social transformation that they promised. The problems that they identified were still intact, inequality between classes and nations still remained. Thus world's populations withdrew their legitimation from them and started looking for new anti-systemic movements that could put an end to inequalities and achieve a more democratic social system. Beginning with the 1970s there emerged new anti-systemic movements, multiple Maoisms, human rights bodies, feminists, environmentalists and anti-racists and finally in the 1990s the alternative globalization movement to which the discussion now turns.

## CHAPTER 3

### ALTERNATIVE GLOBALIZATION MOVEMENT

The goal of this chapter is to provide an introduction to the emergence and development of the alternative globalization movement which will be defined as a countermovement against the recent worldwide shift towards a Polanyian self-regulating market. This recent worldwide shift will be identified as neoliberal globalization. To provide such an analysis of the alternative globalization movement its emergence and development will be discussed in the first section. Then the discussion will turn towards the root causes of these social reactions. The second section will first provide a brief introduction to the practical and theoretical rise of neoliberalism out the crisis of the 1970s and then the major trends associated with neoliberalism will be discussed. The chapter will end with a discussion on the scope and characteristics of the movement.

#### 3.1) Emergence and Development of the Movement

The social reactions resisting the expansion of capitalist markets by trying to alter the interaction between the political authority and the markets have always existed. The first chapter has dealt with the history of such resistances and how they evolved over time until the 1970s. As globalization has been transforming people's lives since the 1970s they began to react to these changes in order to increase their control over the direction that these processes will take. The alternative globalization movement<sup>82</sup> which is aiming

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<sup>82</sup> There is an ongoing debate about the naming of the movement and therefore consensus does not exist on which name to use. Although it has been the title "anti-globalization movement" that caught on and has been used most widely the participants and activists in the movement reject such labelling because of its reactionary, conservative and xenophobic connotations arguing that the term anti-globalization does not do justice to their goals and strategies. Beside the term anti-globalization movement there are many other names used to describe the movement such as the anti-corporate movement, anti-neoliberal movement, the movement of movements, alter-globalization movement, counter-globalization movement, globalization from below and the anti-capitalist movement. The number of examples can be increased but the point is clear; there are different titles given to the movement. To avoid a digressive discussion and to respect the participants' choice of use throughout the thesis the term alternative globalization movement has been used to refer to these social reactions rather than the more commonly used title the anti-globalization movement. For an extended discussion on the naming of the movement see Gümrükçü, Selin Bengi, *Bir Toplumsal Hareketin Doğuşu: Küreselleşme Karşısı Hareketlerin*

to enforce a more democratic control over the process of globalization can be defined as the global coalition of the reactions against neoliberal policies. As the scope, goal and characteristics of the movement will be discussed later on now the discussion turns to the emergence and development of the movement.

Just as the naming of the movement is problematic similarly, it is very hard to give an exact date for the beginnings of the alternative globalization movement because of its inclusive scope. Although the movement entered the public space mainly after the Seattle Protests against the World Trade Organization in 1999 which attracted wide media attention this cannot be identified as the beginning date of the movement. At the end of the first chapter it was argued that after the 1970s when as a result of the end of the traditional anti-systemic movements' legitimation among the world's populations the search for a new type of anti-systemic movement began. From the 1970s onwards there have been many reactions, protests and movements against developments that have been related with the neoliberal transformation all around the world. As it will be explained in more detail in the following section of the chapter, these developments include globalization of production and finance, retreat of the state from the socio-economic sphere in both the First and Third World countries and the emergence of various groups, organizations and coalitions that are perceived as the implementation mechanisms of neoliberal policies. The reactions against the changes associated with the neoliberal transformation from the 1970s onwards have culminated into one big coalition of movement of movements in the 1990s. This coalition did not only include the movements that emerged after the 1970s such as the environmentalists and feminists. Older types of anti-systemic movements such as various labour organizations and left movements also participate in the alternative globalization movement which has today become one of the most important social opposition movements.

While the majority of the protests against neoliberal policies took place in the South until the 1990s, the Northern countries witnessed the proliferation of various NGOs that were interested in socio-economic and political problems both in their country and in the rest of the world. For example, in 1970 the World Development Movement was founded in the United Kingdom as a democratic movement to end poverty in the Third World



promoting campaigns such as debt cancellation.<sup>83</sup> In 1971 the Public Citizen, whose interests now cover a diverse span of issues from global trade to public health, was established to protect consumer rights, promote government accountability, democracy and regulatory policies.<sup>84</sup> Again in 1971 Friends of the Earth, which is now the largest international network of environmental organizations in seventy seven countries was established. The Network's aim is to promote solutions that will help to create environmentally sustainable societies.<sup>85</sup> In 1974 the Transnational Institute was founded as an international network of activist-scholars promoting critical analyses of the global problems such as militarism and conflict, poverty and marginalization, social injustice<sup>86</sup> and environmental degradation.<sup>87</sup> In 1975 the Institute for Food and Development Policy – Food First! was established to eliminate the causes of hunger; since then it has been promoting subsistence agriculture and opposing the policies of the international organizations such as the WTO, IMF and World Bank as well as the proposed Free Trade Area of the Americas.<sup>88</sup> In 1976 the Development Group for Alternative Policies was established to assist in the promotion of economic justice across the Third World, by helping to increase control by poor communities and sectors over their own development against impositions from the North. Critical of the structural adjustment and free market policies prescribed by the international financial institutions, the group wants to promote

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<sup>83</sup> The organization now demands reform of the WTO for the benefit of the poor. World Development Movement, *About World Development Movement*, <http://www.wdm.org.uk/about/index.htm>, accessed on 07.04.2009

<sup>84</sup> Public Citizen, *About Public Citizen*, <http://www.citizen.org/about/>, accessed on 07.04.2009. A division of the Public Citizen, Global Trade Watch which would later be established in 1995, has been influential in the protests against and the eventual failure of the signing of Multilateral Agreement on Investments.

<sup>85</sup> Friends of the Earth International, *What We Do*, <http://www.foei.org/en/what-we-do>, accessed on 05.04.2009

<sup>86</sup> Social injustice is a term used to describe a situation in which not all the members of the society have equal access to the services and systems provided, representing a lack of fairness and equality. The root causes of social injustice are socio-economic inequalities such as poverty, unequal distribution of wealth and income gap, historical discriminations and prejudices such as racism, sexism and ageism as well as political inequalities leading to disenfranchisement and oppression of minorities. Levy, Barry S. and Victor W. Sidel, *Social Injustice and Public Health*, US: Oxford University Press, 2006, pp.6-7

<sup>87</sup> Transnational Institute, *About TNI*, [http://www.tni.org/detail\\_page.phtml?&publish=&int02=&pub\\_niv=&workgroup=&text06=&text03=&keywords=&lang=en&text00=&text10=tni-docs\\_tni](http://www.tni.org/detail_page.phtml?&publish=&int02=&pub_niv=&workgroup=&text06=&text03=&keywords=&lang=en&text00=&text10=tni-docs_tni), accessed on 05.04. 2009

<sup>88</sup> Food First, *Food First History*, <http://www.foodfirst.org/en/history>, accessed on 05.04 2009

more democratic decision-making processes and policies in the global political economy.<sup>89</sup> Again in 1976 the Asia Resource Monitor Center was established to focus on the working conditions in Asia supporting the labour rights and democratic labour movements in Asia and Pacific.<sup>90</sup> In 1977 the Infant Formula Action Coalition in the United States launched the Nestle boycott leading two years later to the establishment of the International Baby Food Action Network by six of the campaigning groups. Nestle has become the target of the boycott in twenty, mostly European, countries because the members of these NGOs argue that it disregards the World Health Assembly marketing requirements and contributes to the death of infants around the world.<sup>91</sup> In 1984 the Third World Network was established to provide a platform to promote the interests of the South and to deal with problems regarding the North-South relations.<sup>92</sup> More specifically it tries to bring together the organizations that are involved in issues relating to the development of the Third World, fair distribution of world's resources and environmental protection. In 1985 World Economic Forum was held in Bonn while several protests were held including one of twenty-five thousand participants.<sup>93</sup> Two years later in 1987 Jobs with Justice was established in the US to improve the standard of living of the workers, maintain job security and protect workers' right to organize.<sup>94</sup> Again in 1987, the Institute for Agriculture and Trade Policy was established as a research and advocacy organization that promotes sustainable food, farm, and trade systems.<sup>95</sup> The Institute was founded upon the belief that the farmers in Europe, Asia and

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<sup>89</sup> The Development Group for Alternative Policies, *The Development GAP's Mission and Operating Principles*, [http://www.developmentgap.org/mission%26principles/mission\\_principles.html](http://www.developmentgap.org/mission%26principles/mission_principles.html) accessed on 06.04.2009

<sup>90</sup> Asia Monitor Resource Center, *About Us*, <http://www.amrc.org.hk/about>, accessed on 06.05.2009

<sup>91</sup> Baby Milk Action, *History of the Campaign*, <http://www.babymilkaction.org/pages/history.html>, accessed on 07.04.2009

<sup>92</sup> Third World Network, *Introduction*, <http://www.twinside.org.sg/twnintro.htm>, accessed on 01.04.2009

<sup>93</sup> Murray, Warwick E., *Geographies of Globalization*, London; New York: Routledge, 2006, p.209

<sup>94</sup> Jobs With Justice, *About Jobs With Justice*, <http://www.jwj.org/about.html> accessed on 06.04.2009

<sup>95</sup> Institute for Agriculture and Trade Policy, *A Brief History of IATP*, <http://www.iatp.org/iatp/history.cfm>, accessed on 06.04.2009

Africa were faced with the same problems that the farmers in America struggle with and the Institute wanted to promote an understanding of the link between the local communities' livelihood and global trade policies. According to the Institute, the source of majority of the problems of the farmers in various continents was the GATT and WTO trade policies which resulted in low incomes for farmers, over-extraction of natural resources as well as pollution. Protests were held by several thousand demonstrators in 1987 during the thirteenth World Economic Summit in Venice.<sup>96</sup> In 1988 Global Exchange was established aiming to build political alliances across national boundaries to protect the economic, social and political rights by promoting worker rights, environmental protection, local and green economy<sup>97</sup> and international collaboration between different NGOs with the same goals.<sup>98</sup> In 1988 mass protests in several German cities took place during the annual meetings of the IMF and World Bank in West Berlin.<sup>99</sup> Meanwhile in Canada the Canada-US Free Trade Agreement gave rise to a widespread public protest in 1988 and turned out to be a national anti-free trade movement; a process which would later help activists to establish transnational solidarity links during the negotiations for NAFTA which as argued by Ayres promoted a shift towards greater transnational activism, cross-border spread of protests and political action.<sup>100</sup> These public demonstrations can be considered as precursors of the transnational protests that would take place in the 1990s.

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<sup>96</sup> Murray, *op. cit.*

<sup>97</sup> Local economy is the concept describing the purchasing of the goods and services produced in zones close to the buyer rather than the goods produced in distant regions. The goal is to eliminate the environmental pollution caused during the transportation of distantly produced goods. However local production can sometimes lead to more pollution if the local production requires heavy machinery or energy-inefficient production utilities as well as a loss of markets for the developing country producers. Green economy is based on production with renewable energy resources rather than fossil fuels in order to reduce environmental pollution, resource depletion and global warming.

<sup>98</sup> Global Exchange, *About Global Exchange*, <http://www.globalexchange.org/about/> accessed on 07.04.2009. To bring the unfair and desperate living conditions in the Third World to the attention of the Northern populations, Global Exchange offers tours to over thirty countries around the world.

<sup>99</sup> Murray, *op. cit.*

<sup>100</sup> Ayres, Jeffrey M., *Transnational Political Processes and Contention Against the Global Economy*, in Smith and Johnston eds., *Globalization and Resistance: Transnational Dimensions of Social Movements*, 2002, Oxford: Rowman&Littlefield, pp. 194-196

Sader notes that because of the extremity of neoliberal transformation as a result of structural adjustment policies and the socio-economic crisis in the continent throughout the 1980s Latin America has been the main focus of resistance to neoliberalism.<sup>101</sup> Similarly Buttel and Gould argue that the lion's share of protests from the beginnings of neoliberal restructuring have taken place in the global South since the 1970s against the IMF and World Bank and structural adjustment policies; protests have particularly been common in Bolivia, Argentina, Thailand, Ecuador, India, Brazil and Indonesia.<sup>102</sup> Meanwhile, riots and protests occurred in other various Third World countries; examples include Peru in 1976, Egypt in 1977, Ghana in 1978, Jamaica and Liberia in 1979, Zaire – now Democratic Republic of Congo – and the Philippines in 1980, Morocco and Sierra Leone in 1981, Sudan and Chile in 1982, Panama in 1983, Tunisia and Dominican Republic in 1984, Jamaica, Zaire, Haiti, El Salvador, Guatemala and Costa Rica in 1985, Mexico and Nigeria in 1986, Ghana and Sudan in 1987, Algeria in 1988, Jordan and Benin in 1989 and Ivory Coast, Uganda and Niger in 1990.<sup>103</sup> One of the Southern groups resisting the neoliberal policies has been the Brazilian Landless Workers' Movement, with Maoist backgrounds, which since 1985 has carried out land reforms to correct the unjust land redistribution, helped peasants to win millions of acres of land titles and create literacy programs and food cooperatives and small agricultural industries.<sup>104</sup> The extreme inequality of wealth is a central issue for the Movement which views itself as promoting democracy and promoting the food sovereignty of common people. The Landless Workers' Movement has become the largest social movement in Latin America with an estimated one and a half million landless members organized in twenty three out of twenty six states of Brazil.<sup>105</sup> These reactions have been influential in building a history of resistance to neoliberal policies and their convergence into a big coalition in the 1990s would bring about the alternative globalization movement.

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<sup>101</sup> Sader, E., *Taking Lula's Measure*, New Left Review No. 33, May/June 2005, p. 59

<sup>102</sup> Buttel, Frederick H. and Kenneth A. Gould, *Global Social Movement(s) at the Crossroads: Some Observations on the Trajectory of the Anti-Corporate Globalization Movement*, Journal of World-Systems Research, , Vol.10, No.1, Winter 2004, p. 42

<sup>103</sup> Robbins, Richard, H., *Anti-IMF/World Bank Protests in the Global South 1976-2001*, <http://faculty.plattsburgh.edu/richard.robbins/legacy/Anti-IMF%20Protests%201976-2001.htm>, accessed on 10.04.2009

<sup>104</sup> El-Ojeili, and Hayden, *op. cit.*, p. 191

<sup>105</sup> Brazil's Landless Workers' Movement, *About MST*, <http://www.mstbrazil.org/?q=about>, accessed on 07.04.2009

Therefore, what came next was attempt towards a collective action at a transnational level against neoliberalism among these different coalition groups. What this means is that the participants of these movements were increasingly able to identify a common target, neoliberal globalization. Though at the local level the problems they have been facing may differ individually they have been able to formulate a shared understanding of a single cause for these various problems. In other words green activists were still concerned with environmental degradation but now they were becoming sympathetic to the cause of workers and vice versa. Or the peasant movements that were once worried about declining prices for their products were now becoming concerned also with environmental pollution. This has led to the rise of transnational solidarity, practical and theoretical, among different groups as trans-border networks of coalitions have been established among different activists. According to Ayres protestors in different parts of the world have been gradually linking the causes of a variety of social, political and economical problems with some of the major developments in the global political economy.<sup>106</sup> Here he argues that participants of social reactions engage in a productive process which becomes a dynamic for the construction of the alternative globalization movement through determining a common target for the ills they suffer, proposing alternative formal and informal institutions and delegitimizing current set of socio-economic and political arrangements.<sup>107</sup> The author and activist Vandana Shiva's description of the movement captures this idea:

When labour joins hands with environmentalist, when farmers from the North and farmers from the South make a common commitment to say "no" to genetically engineered crops, they are not acting as special interests. They are defending the common interests and common rights of all people, everywhere.<sup>108</sup>

However it should be kept in mind that this process of transnationalization of resistance was not a smooth process. The activists had to endure a long and difficult process as they faced two major challenges which were the interests of powerful and wealthy corporations, groups and social actors such as states supporting neoliberal policies; and

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<sup>106</sup> Ayres, Jeffrey M., *Framing Collective Action Against Neoliberalism: The Case of the "Anti-Globalization" Movement*, Journal of World-Systems Research, Vol. 10, No.1, Winter 2004, pp.14- 15

<sup>107</sup> *Ibid.*, p. 14

<sup>108</sup> Quoted in Brecher, Costello, and Smith, *op. cit.*, p.15

the diversity of different regions, states, languages, cultures and popular experiences affected by neoliberal globalization.

Although the roots of the alternative globalization movement can be taken back to the 1970s in terms of resistances to neoliberalism the movement as a collective framework emerged in the 1990s. The 1990s witnessed the increasing numbers of new networks and coalitions as well as protests. In his chronology of the global resistance movement Şensever, who is one of the earliest from Turkey to have participated in the movement, mentions that in 1990 the Sao Paulo Forum was established after a call by the Brazilian Workers Party with the goal of bringing together the radical leftist groups in Latin America together in opposition to the neoliberalism.<sup>109</sup> In 1990 Indigenous Environmental Network was established in the United States to address environmental and economic justice issues and provide support and resources to indigenous communities and youth throughout primarily North America and in recent years globally.<sup>110</sup> Protests took place during the 1990 meeting of the GATT in Brussels; demonstrations were held by thousands of farmers in Europe as well as the USA, Japan, South Korea, Argentina and Switzerland.<sup>111</sup> In 1991 Action for Solidarity, Equality, Environment and Diversity was established which targets the causes of environmental destruction and social injustice and focuses on issues related to the global food chain and climate change such as genetic engineering, soy monocultures, power concentration by global agro/biotech giants, agro-fuels and meat consumption, and international financial and trade institutions.<sup>112</sup> Again in 1991 protests were held by approximately seventeen thousand people during the World Economic Summit in Munich.<sup>113</sup> 1992 Citizens Trade Campaign was founded to improve the NAFTA arguing that international trade and investment are not ends in themselves but must be viewed as a means for achieving other

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<sup>109</sup> Şensever, Levent, *Dünya Sosyal Forumu: Aşağıdan Küreselleşme Hareketi ve Küresel Direniş*, İstanbul: Metis Yayınları, 2003, p. 27

<sup>110</sup> Indigenous Environmental Network, *About the Indigenous Environmental Network*, <http://www.ienearth.org/about.html> accessed on 06.04.2009

<sup>111</sup> Murray, *op. cit.*

<sup>112</sup> Action For Solidarity, Environment, Equality and Diversity, *About A SEED Europe*, [http://www.aseed.net/index.php?option=com\\_content&task=view&id=19&Itemid=43](http://www.aseed.net/index.php?option=com_content&task=view&id=19&Itemid=43) accessed on 06.04.2009

<sup>113</sup> Murray, *op. cit.*

societal goals such as economic justice, human rights, healthy communities, and a sound environment.<sup>114</sup> Again in 1992 Via Campesina was established as an international network that coordinates peasants organizations of small and middle-scale producers, agricultural workers, rural women, and indigenous communities from Asia, Africa, America and Europe and advocates family-farm-based sustainable agriculture<sup>115</sup>, end to the privatization of biodiversity and is the group that first coined the term food sovereignty which refers to the right to produce food on one's own territory.<sup>116</sup> In the same year the autumn conference of the World Bank was blockaded to protest the construction of World Bank-financed dams over the Indian Narmada River.<sup>117</sup> Next year, in 1993 over ten thousand Indian farmers met in New Delhi to protest against the GATT agreements.<sup>118</sup>

Ayres argues that the early protests against the Maastricht Treaty which proposed a monetary union that would necessitate fiscal discipline and decreases in social spending would later be transformed into widespread European Union Summit protests which reflected a growing concern among the Europeans of an elite-led integration process that lacks democratic accountability and prioritizes market efficiency over the socio-economic problems of the population; most dramatic of these earlier protests was the general strike in 1995 in the French public sector against the Juppe government's economic proposals.<sup>119</sup> While the Europeans were mobilizing against the Maastricht Treaty-induced proposals the North Americans were engaged in cross-border cooperation against the NAFTA. The development of a transnational cooperation was facilitated by the fact that NAFTA became a common target of the social movements in the United States, Canada and Mexico who were concerned for its future impact on the

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<sup>114</sup> Citizens Trade Campaign, *What is Citizens Trade Campaign*, [http://www.citizenstrade.org/what\\_is\\_ctc.php](http://www.citizenstrade.org/what_is_ctc.php) accessed on 07.04.2009

<sup>115</sup> Sustainable agriculture is a practice of producing food for an indefinite amount of time without causing irreversible damage to the environment.

<sup>116</sup> Borras, Saturnino M. Jr., *La Vía Campesina An Evolving Transnational Social Movement*, Transnational Institute Briefing Series, No:2004/6, pp. 9-10

<sup>117</sup> Murray, *op. cit.*

<sup>118</sup> Holzapfel, Miriam and Karin König, *A History of Anti-Globalization Protests*, <http://www.eurozine.com/articles/2002-04-05-holzapfel-en.html>, accessed on 10.04.2009

<sup>119</sup> Ayres, *Framing Collective Action...*, *op.cit.*, p. 15

socio-economic and environmental conditions of their countries.<sup>120</sup> It has been argued that the dominant liberal arguments on globalization as identified with the NAFTA proposals were subjected to contestation from two different political strands; one is identified with the cosmopolitan, democratically oriented left, which evolved later on to become part of the alternative globalization movement, and second is nationalistic far right which opposes neoliberal policies from a national-interest perspective.<sup>121</sup> After the ratification of NAFTA in spite of mass protests, International Forum on Globalization was established. Founded in 1994, it defines itself as a North-South research and educational institution composed of activists, economists, scholars, and researchers providing analyses and critiques on the cultural, social, political, and environmental impacts of economic globalization that came together out of shared concern that the world's corporate and political leadership was restructuring global politics and economics; the Forum is critical of the fact that changes in the global political economy are accompanied by no discussion or even recognition of this neoliberal model, or of the institutions and agreements enforcing this system such as the WTO, IMF, World Bank and NAFTA.<sup>122</sup>

One the most important movements in response to the ratification of NAFTA was the Zapatista rebellion that started on the very same day the treaty went into effect and members of the Zapatista Army of National Liberation took control of various municipalities in Chiapas in Southern Mexico. Although the Mexican army soon was able to force the Zapatistas to retreat the contestation between the Zapatistas and the state continues. This rebellion, with its attack against NAFTA and neoliberal policy prescriptions for freer trade and investment is generally considered to be one of the most important influences on the alternative globalization movement. The Zapatistas argue that they fight for the control of their own resources, specifically their land and oppose neoliberalism because they consider it to be a process of commodification and subjecting everything in society to the will of market dynamics. It has been argued that the

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<sup>120</sup> Ayres, *Transnational Political...*, *op.cit.*, p. 199

<sup>121</sup> Callinicos, A., *An Anti-Capitalist Manifesto*, Cambridge: Polity, 2003, p. 6. The differences between how and why the alternative globalization movement and the nationalist/cultural movements oppose neoliberal globalization will be discussed at a greater length in the following sections in the second chapter.

<sup>122</sup> International Forum on Globalization, *About the IFG*, <http://www.ifg.org/about.htm>, accessed on 06.04.2009



neoliberal transformations of the last thirty years which has led to the monopolization of the land, abandoning of traditional crops in order to provide more agricultural products for export and the relocation of peasants for infrastructure projects and oil search have given birth to this resistance movement.<sup>123</sup> Zapatistas adopted the strategy of trying to forge links with the Mexican and international societies to attract the support of various NGOs and other groups. They refrained from engaging partisan electoral projects or transforming themselves into a political party. In other words unlike the traditional guerrilla movements trying to capture the state power they focused more on the political mobilization of civil society and thus shifted the focus of contestation above and below the state level.<sup>124</sup> Rupert and Solomon argue that bypassing the conquest of state power, because it would not lead to the democratization of the Mexican or global societies, the Zapatistas practice a complex multilevel politics that involves organizing through self-determining grassroots communities, resisting the military and ideological power of the Mexican state, coordinating with social movements and groups across Mexico, and transnational networking among autonomous but related resistance movements.<sup>125</sup> Their communications strategies such as sending out electronic mails calling for a gathering, of international movements to meet in specific locations in the Chiapas jungle to discuss common tactics, problems and solutions have given them the power to attract worldwide attention to their problems and establish links with the others, generate public support to their movement as well as making them a part of the alternative globalization movement. As it has been pointed out by Ergül-Yılmaz there weren't any foreign influences that could be blamed for the armed conflict that was started by the Zapatistas; the Soviet Union had collapsed, and Cuba was far too weak to provide support; additionally, Subcommandante Marcos, the leader of Zapatistas declared their uprising as an opposition to globalization by arguing that the NAFTA will bring only poverty and underdevelopment to the currently poorer rural workers of Mexico.<sup>126</sup> The dissemination of information and the debates about the Chiapas uprising through the new

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<sup>123</sup> El-Ojeili, and Hayden, *op. cit.*, p.188

<sup>124</sup> Stahler-Sholk, Richard, *Globalization and Social Movement Resistance: The Zapatista Rebellion in Chiapas, Mexico*, New Political Science, Vol. 23, No.4, 2001, p. 493

<sup>125</sup> Rupert, Mark and M. Scott Solomon, *Globalization and International Political Economy: The Politics of Alternative Futures*, Lanham: Rowman & Littlefield Publishers, 2006, p. 63

<sup>126</sup> Ergül-Yılmaz, Müjgan, *The Anti/Alternative Globalization Movement: A Case Study on Turkey*, Unpublished MSc Thesis, METU, Sociology, p. 17

communication systems have generated wide public support, especially with the help of the anti-NAFTA organizations, as the proliferation of Networks which has been providing solidarity for globalizing challenges to the neoliberal policies disseminated the Zapatist spirit of activism.<sup>127</sup>

Another major public protest took place during the fiftieth anniversary of the IMF and World Bank which was celebrated in Madrid in 1994.<sup>128</sup> In the same year the 50 Years is Enough Network was established as a coalition of over two hundred American grassroots, women's, policy, social and economic justice, youth, labour and development organizations dedicated to the transformation of the World Bank and the International Monetary Fund and end the imposition of neoliberal programs.<sup>129</sup> Again in 1994 the Abya Yala Fund was established by and for indigenous peoples from Central and South America and Mexico aiming to improve solidarity among all these indigenous populations.<sup>130</sup> In 1995, as mentioned before, Global Trade watch, which argues that the current globalization model is neither a random inevitability nor a model of free trade and that democracy can only be promoted by challenging the influence of big business on the decision-making processes in the global political economy was established. In 1995 the Focus on Global South was established in Bangkok and today operates in Thailand, the Philippines and India. The organization defines its goals as to “dismantle oppressive economic and political structures and institutions, create liberating structures and institutions; to promote demilitarization and peace-building, instead of conflict” and argues that global economy should be transformed from being centred on the needs of transnational corporations to one that functions to solve the problems of people, communities and nations.<sup>131</sup> In 1995 the Ruckus Society was established. The Society provides organizations and activists working for environmental and human rights and socio-economic equality with the tools, training in nonviolent direct action and civil

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<sup>127</sup> *Ibid.*

<sup>128</sup> Anti-Globalization Movement, *Berlin88*, [http://en.wikipedia.org/wiki/Anti-globalization\\_movement#Madrid94](http://en.wikipedia.org/wiki/Anti-globalization_movement#Madrid94), accessed on 07.04.2009

<sup>129</sup> Fifty Years is Enough, *About Us*, <http://www.50years.org/about/>, accessed on 05.04. 2009

<sup>130</sup> Abya Yala Fund for Indigenous Self-Development, *What is Abya Yala Fund*, <http://ayf.nativeweb.org/whatisit.htm>, accessed on 07.04.2009

<sup>131</sup> Focus on the Global South, *Who we are*, <http://focusweb.org/who-we-are.html?Itemid=120>, accessed on 07.04.2009

disobedience<sup>132</sup>, and support necessary to achieve their goal.<sup>133</sup> Again in 1995 the Reclaim the Streets was established which defines itself as a direct action network for global and local social-ecological revolutions to transcend what they call as hierarchical and authoritarian society.<sup>134</sup> Reclaim the Streets often stage non-violent direct action events such as the blocking of roads. In 1996 the First Intercontinental Meeting for a Humanist Society and against Neo-liberalism, which was a meeting of thousands of people from over one hundred cities, took place in the Chiapas, Mexico following the invitation of the Zapatistas.<sup>135</sup> Participants discussed neoliberal policies and possible forms of resistance. In 1997, the Jubilee 2000 campaign was launched. This international campaign was working for the cancellation of the debts of least developed countries by the year 2000. The movement was able to mobilize more than seventy thousand people during the 1998 Birmingham G7 meeting protests; it was organized in sixty six countries and reached to millions of people around to world.<sup>136</sup> After 2000 the campaign split into an array of organizations and currently functions as a loose, global coalition still calling for cancellation of Third World debts. Again in 1997 during the European Summit, European Marches as protests against unemployment, insecurity and exclusion took place with the participation of fifty thousand people.<sup>137</sup> Another organization established in 1997 was the Polaris Institute in Canada. This Institute, established after years of opposition to the Canada-US Free Trade Agreement and NAFTA, believes that national and global decision-making processes are becoming increasingly undemocratic as multinational companies increase their control on policy making.<sup>138</sup> The Institute works

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<sup>132</sup> Direct action is politically motivated activity undertaken by individuals or groups to achieve political goals by informal means such as workplace occupations, sit-ins and graffiti. Civil disobedience is the politically-motivated non-violent protest which involves active refusal to obey laws, orders or government or any other political authority. Martin Luther King Jr.'s and Mahatma Gandhi's protest activities constitute historical examples of non-violent direct action and civil disobedience.

<sup>133</sup> The Ruckus Society, *Mission and History*, <http://www.ruckus.org/article.php?list=type&type=24> accessed on 07.04.2009

<sup>134</sup> Reclaim the Streets, <http://rts.gn.apc.org/> accessed on 07.04.2009

<sup>135</sup> Aslan, *op.cit.*, p. 79

<sup>136</sup> *Ibid.*, p.76

<sup>137</sup> Chabanet, Didier, *The European Marches Against Unemployment, Insecurity and Exclusion*, Paper presented at the biennial European Community Studies Association Conference in Madison, Wisconsin, May 31<sup>st</sup> – June 2<sup>nd</sup> 2001, p.1

<sup>138</sup> Polaris Institute, *About Us*, <http://www.polarisinstitute.org/aboutus>, accessed on 07.04.2009

as both as a research facility on the relations between the multinational companies and their influence on policy-making processes and as an activist organization that works with other organizations aiming to transform what is seen as globalization directed by multinational corporations. Perhaps one of the most important influences on the alternative globalization movement occurred in 1997. The East Asian Financial Crisis and the fact that the IMF appeared to privilege international monetary stability and investors over the millions of people in the South created a crisis of legitimacy.<sup>139</sup> The crisis has shown how unrestricted financial flows could disrupt fragile economies overnight and cause huge socio-economic problems; as international economists, such as Paul Krugman, Joseph Stiglitz and Jeffrey Sachs, raised criticisms against the Washington Consensus following the crisis Anglo-American model of deregulated world economy came to be increasingly questioned.<sup>140</sup> Meanwhile the populations in South East Asian countries, such as Indonesia, South Korea and the Philippines have reacted to the impoverishing effects of the crisis with various protests and riots.<sup>141</sup>

In 1998 there were widespread criticisms from civil society groups and mass demonstrations when the proposed-Multilateral Agreement on Investment, which was being secretly negotiated between the members of the Organization for Economic Cooperation and Development since 1995, was leaked to the public. After an intense campaign against the Agreement, France, the host of the negotiations declared in 1998 that it would not support the Agreement, leading to its failure. This failure is considered as one of the successes of the movement. Peoples' Global Action, as a network for communication and coordination of more radical organizations, was launched in 1998. PGA has no membership, nor is there a visible leadership. The principles it embraces include clear rejection of capitalism, imperialism, feudalism, patriarchy, racism, religious fundamentalism as well as acceptance of a confrontational attitude, direct action, civil disobedience and decentralization of political power and autonomy.<sup>142</sup> PGA is active in approximately forty countries and includes well-known movements such as the

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<sup>139</sup> Buttel and Gould, *op. cit.*, p. 47

<sup>140</sup> Callinicos, *op. cit.*, pp. 8-9

<sup>141</sup> Şensever, *op.cit.*, p. 11

<sup>142</sup> People's Global Action, *PGA Hallmarks*, <http://peoplesglobalaction.org/>, accessed on 07.04.2009

Sandinistas, Zapatistas, Philippine, Brazilian and Indian peasant movements in addition to Britain's Reclaim the Streets and Italy's Ya Basta.<sup>143</sup> Another major organization established in 1998 was the French ATTAC which originally was a single-issue movement demanding the introduction of Tobin-tax<sup>144</sup> on financial transactions but now is concerned also with other issues such as Third World debt and international economic institutions.<sup>145</sup> The year 1998 also saw various protests. Demonstrations were held twice from 16 May to 20 May during G7 Summit and WTO Ministerial Conference in Birmingham, England; at the same time anti-WTO protests were held in India by two hundred thousand peasants, in Brazil by fifty thousand landless peasants and in other thirty countries.<sup>146</sup> In 1999 the Direct Action Network was established. It was a confederation of anarchist groups that was influential in various protests until its disintegration in 2002. One of the major protests took place simultaneously in many cities all around the world on 18 June 1999, when a G8 Summit was held in Germany.<sup>147</sup> Another major protest of over eighty thousand participants took place in the same year on 30 November during the WTO Ministerial Conference in Seattle.<sup>148</sup> The Seattle protests have since become another symbol of the alternative globalization movement. The event had a major influence in the creation of a worldwide understanding that there exists an alternative globalization movement. Şensever argues that the most important success of the Seattle protests was to show the solidarity and determination of the transnational resistance against global capitalism by bringing together groups as diverse as workers' movements, direct action activists, environmentalists, human rights bodies,

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<sup>143</sup> Wood, Lesley J., *Breaking the Bank & Taking to the Streets: How Protestors Target Neoliberalism*, Journal of World Systems Research, Vol.10, No.1, Winter 2004, p. 78, see footnote 9.

<sup>144</sup> Named after the economist James Tobin, Tobin-tax is a proposed tax on all exchange of currencies across borders. The percentage of the Tobin-tax is low enough not to discourage long-term foreign investments that facilitates international trade and economic development but high enough to eliminate currency speculation which takes advantage of the changes in values of different currencies by short-term selling or buying of currencies in very large amounts that might destabilize the local economies or even lead to financial crises.

<sup>145</sup> Aslan, *op. cit.*, pp.78-79

<sup>146</sup> Gümrükçü, *op.cit.*, p. 47

<sup>147</sup> Ainger, Katherine, *Global Carnival Against Capitalism*, Z Magazine, September 1999, [http://www.thirdworldtraveler.com/Global\\_Economy/GlobalCarnival.html](http://www.thirdworldtraveler.com/Global_Economy/GlobalCarnival.html), accessed on 20.01.2009

<sup>148</sup> Aslan, *op. cit.*, p. 79

women's rights groups and animal rights defenders.<sup>149</sup> Similarly, Uzun argues that Seattle protests brought together mainly disconnected groups and symbolizes the convergence of multiple processes of opposition into a trans-border coalition.<sup>150</sup> The facts that the protest took place in the United States and the participation of substantial amount of activists from other developed countries were also an important sign of the proliferation of the concern with the current economic order.

After Seattle, the frequency of protests had increased. In 2000 there were various protests held around the world. In April demonstrations took place in Washington, DC against the World Bank and IMF. On 1 May Global May Day protests were held in various countries around the world including London and Berlin.<sup>151</sup> Global May Day protests would continue to be held in major cities around the world until present. On 11 September approximately ten thousand people protested the World Economic Forum meeting in Melbourne.<sup>152</sup> Another major protest took place in Prague on 26 September during the IMF, World Bank meetings which were cut short because of the demonstrations.<sup>153</sup> On 7 December there were again protests in Nice during the European Summit.<sup>154</sup> Meanwhile, in Bolivia the privatization of the water supply of the city of Cochabamba resulted in the doubling of the price of water and as riots started in the city and people attracted worldwide support to their concern through the use of the Internet; as a result of pressure on the corporation (Bechtel Corporation) by thousands of people around the world the company withdrew and the water supply was renationalized.<sup>155</sup> The year 2001 also witnessed major protests. In January 2001 protests were held, with the

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<sup>149</sup> Şensever, *op. cit.*, p.21

<sup>150</sup> Uzun, Türkan, *Cenova Günlüğü Küresel Direnis: Antikapitalizm ve Savas*, Stüdyo İmge, İstanbul, 2001, pp. 165-166

<sup>151</sup> List of Demonstrations against Corporate Globalization, [http://en.wikipedia.org/wiki/List\\_of\\_demonstrations\\_against\\_corporate\\_globalization](http://en.wikipedia.org/wiki/List_of_demonstrations_against_corporate_globalization), accessed on 07.04.2009

<sup>152</sup> Uzun, *op.cit.*, p. 167

<sup>153</sup> Holzapfel, Miriam and Karin König, A History of Anti-Globalization Protests, <http://www.eurozine.com/articles/2002-04-05-holzapfel-en.html>, accessed on 10.04.2009

<sup>154</sup> *Ibid.*

<sup>155</sup> DeFilippis, James, *Our Resistance Must Be As Local As Capital: Place, Scale and the Anti-Globalization Protest Movement*, City, Vol. 5, No.3, 2001, p. 366

participation of twenty five thousand people during the World Economic Forum in Davos.<sup>156</sup> At the same time the World Social Forum convened for the first time in 2001 in Porto Alegre, Brazil with the participation of approximately fifty thousand attendees; this number would later increase to seventy five thousand in 2002 and one hundred thousand in 2003.<sup>157</sup> The Forum is a meeting of various networks, organizations, groups and individuals that participate in the alternative globalization movement. Its meetings continued to attract high numbers of participants all around the world with the final World Social Forum in 2009 in Belem, Brazil attracting over one hundred and thirty thousand attendees.<sup>158</sup> On 20 April 2001 more than thirty thousand participants protested the Free Trade Area of the Americas meeting in Quebec.<sup>159</sup> On 15 June riots broke out in Gothenburg during the European Summit and ten days later protests would be held in Barcelona against the planned World Bank meeting.<sup>160</sup> On 20 July one of the largest protests with approximately one hundred and fifty thousand protestors took place in Genoa during the G8 meeting.<sup>161</sup> This protest had witnessed the escalation of violence between the protestors and the police which resulted in the death of one of the protestors. Following the 11 September 2001 attacks on the World Trade Center and Pentagon the protests in the US have been more muted because the protestors wanted to distance themselves from the terrorists, the enactment of the USA Patriot Act allowed criminalization of such dissent and there was a surge of nationalism which defined any political dissent as disloyalty in the American public.<sup>162</sup> On the one hand the enthusiasm in the USA for large scale protests diminished while the state assumed a more aggressive approach towards repressing protests as well as asserting its neoliberal agenda<sup>163</sup> and on

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<sup>156</sup> Aslan, *op. cit.*, p.80

<sup>157</sup> Savio, Robert, *The WSF needs to agree on a governance*, [http://www.choike.org/nuevo\\_eng/informes/1560.html](http://www.choike.org/nuevo_eng/informes/1560.html), accessed on 09.04.2009

<sup>158</sup> European Network on Debt and Development, *World Social Forum participants call for a new financial system that puts people first*, <http://www.eurodad.org/whatsnew/articles.aspx?id=3286> accessed on 09.04.2009

<sup>159</sup> Radikal, 22.04.2001

<sup>160</sup> Aslan, *op. cit.*

<sup>161</sup> Radikal, 20.07.2001

<sup>162</sup> Buttel, and Gould, *op. cit.*, p. 49

<sup>163</sup> Ayres, *Framing Collective Action...*, *op.cit.*, p. 25

the other now the scope of the alternative globalization movement included anti-war protests as the US-led coalition invaded first Afghanistan and then Iraq.

In 2002 the first major protest was held in March in Barcelona during the European Summit with the participation of over one hundred thousand protestors.<sup>164</sup> On 26 June demonstrations were held during the G8 meeting in Calgary.<sup>165</sup> In November first European Social Forum was held in Florence. Since then there have been five European Social Forums held after Florence in Paris, London, Athens and Malmö. The following Forum will be held in 2010 in Istanbul. Globalise Resistance, which is an England-based activist group that defines itself as an anti-capitalist and anti-war organization, was heavily involved in European Social Forums. In 2003 before and during the Iraq War millions around the world participated in anti-war protests.<sup>166</sup> The biggest protest took place on 15 February when in more than sixty countries approximately eight to thirty million people protested against the coming war in Iraq.<sup>167</sup> Again in 2003 approximately fifty thousand protestors demonstrated against the G8 Summit in Evian, France.<sup>168</sup> In September 2003, demonstrations were held in Cancun, Mexico during the Fifth Ministerial of the WTO; a protestor committed suicide during the events.<sup>169</sup> In November 2004 protests were held in Chile during the APEC Meeting.<sup>170</sup> In July 2005 mass demonstrations took place in Scotland against the G8 Summit and in the following

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<sup>164</sup> Radikal, 16.03.2002

<sup>165</sup> Radikal, 25.06.2002

<sup>166</sup> The French scholar Dominique Reynié has estimated that, between 3 January and 12 April 2003, approximately 36 million people participated in nearly 3000 protests around the world against the Iraq war. See Callinicos, Alex, *Anti-war protests do make a difference*, Socialist Worker Online, 19.03.2005, [http://www.socialistworker.co.uk/article.php?article\\_id=6067](http://www.socialistworker.co.uk/article.php?article_id=6067), accessed on 09.04.2009. Commenting on the anti-war protests Patrik Tyler of New York Times argued that the world public opinion have become the second superpower challenging the decision of the United States to go war in Iraq. See, Tyler, Patrick, *A New Power in the Streets*, New York Times, 17.02.2003, <http://www.nytimes.com/2003/02/17/world/threats-and-responses-news-analysis-a-new-power-in-the-streets.html?scp=1&sq=A+New+Power+in+the+Streets&st=nyt>, accessed on 09.04.2009

<sup>167</sup> For detailed information on the anti-war protests see Simonson, Karin, *The Anti-War Movements: Waging Peace on the Brink of War*, Paper prepared for the Programme on NGOs and Civil Society of the Centre for Applied Studies in International Negotiation, March 2003

<sup>168</sup> Radikal, 02.06.2003

<sup>169</sup> Radikal, 12.09.2003

<sup>170</sup> List of Demonstrations Against Corporate Globalization, [http://en.wikipedia.org/wiki/List\\_of\\_anti-globalization\\_demonstrations](http://en.wikipedia.org/wiki/List_of_anti-globalization_demonstrations), accessed on 07.04.2009



December protests were held during the sixth WTO Ministerial Meeting in Hong Kong.<sup>171</sup> In November 2006 protests took place in Melbourne during the G20 meeting and in June 2007 protests were held in Germany during the G8 Summit.<sup>172</sup> Protests were held in London in the first week of April 2009 before and during the G20 Summit which was trying to find a solution to the economic crisis; the demonstrations were part of a long chain of protests that had started as result of the recent economic crisis.<sup>173</sup> The most recent protests took place on 2-5 April 2009 during the NATO Conference.<sup>174</sup>

### **3.2) World-wide Shift Towards a Self-Regulating Market**

So far in this chapter the emergence and development of the alternative globalization movement have been discussed in an historical framework with an emphasis on how the movement evolved as the reactions around the world against neoliberal policies and institutions converged into a coalition of movements. However, an analysis of the root causes of these reactions has not yet been provided; the goal of this section is to do so.

As it has been mentioned before, the argument accepted in this thesis, that contemporary social reactions against neoliberalism constitute examples of countermovements, is based on Polanyi's notion of double movement which refers to the attempt to establish self-regulating markets and the countermovement against the creation of such markets which would ultimately result in the annihilation of human and natural foundations of society. The countermovement is the society's response to the imposition of a utopia of a perfect free market. This imposition that has been called as the neoliberal program has been one of the most important elements in the rise of the alternative globalization movement.

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<sup>171</sup> Gümrükçü, *op.cit.*, pp.62-63

<sup>172</sup> List of Demonstrations against Corporate Globalization, [http://en.wikipedia.org/wiki/List\\_of\\_anti-globalization\\_demonstrations](http://en.wikipedia.org/wiki/List_of_anti-globalization_demonstrations), accessed on 10.04.2009

<sup>173</sup> Casciani, Dominic, *Eyewitness: Two Days of Protests*, BBC News, [http://news.bbc.co.uk/2/hi/uk\\_news/7980400.stm](http://news.bbc.co.uk/2/hi/uk_news/7980400.stm), accessed on 10.04.2009

<sup>174</sup> Radikal, 05.04.2009

A definition of neoliberalism is provided by Pierre Bourdieu as a political program for destroying collective structures which can obstruct the pure market logic.<sup>175</sup> The idea of establishing a perfect economic order, which is actually a theoretical abstraction, guides the neoliberal transformation. The pure market logic is based on a mathematical formula which assumes that if there is not outside intervention the free markets always reach equilibrium. This assumption of neoliberal theoretical abstractions necessarily lead to the conclusion that if self-regulating markets are to be established then politics must be excluded from economics; in other words there has to be a freely working market for each and every input in the industry. Thus neoliberal program assumes the removal of political impediments to the working of free markets. These political impediments include diverse array of rules and regulations that aim to politically readjust the market allocation of goods and services; examples may include policies such as free education systems and subsidized healthcare or institutions and organizations such as the labour unions. The removal of these goods and services from the public sphere and the undermining of collective institutions lay at the heart of the neoliberal program. Because it fails to consider the implications of its program on the society and the power relations established throughout the history the neoliberal theory is an asocial and ahistorical theory. The IMF prescribes same austerity programs, which basically include privatization, financial, deregulation and trade liberalization, to every country despite their differences in their politics and economies. In other words similar free market policies are considered as the same cure for different problems in different countries. Similar to Bourdieu's identification of the neoliberal program, Evans describes neoliberalism as a system in which the superiority of the free markets is ideologically unquestioned by dominant elites and the rights of capital are the foundation of economic and political power.<sup>176</sup> Arguing that there has been widespread disillusionment with neoliberal policies both in the North and South Evans reaches the conclusion that, reactions to the neoliberal globalization result from the lack of social mechanisms which can protect the society from the failures of free markets.<sup>177</sup> Robert Cox finds the roots of the neoliberal globalization in the crisis of the 1970s that subjected the First and Third

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<sup>175</sup> Bourdieu, Pierre, *The Essence of Neoliberalism: Utopia of Endless Exploitation*, Le Monde Diplomatique, December 1998, Translated by Jeremy J. Shapiro

<sup>176</sup> Evans, Peter, *Is an Alternative Globalization Possible?*, Politics and Society, Vol. 36, No. 2, June 2008, p. 276

<sup>177</sup> *Ibid.*, p. 277

World countries to financial and market discipline and ended the Keynesian social consensus between the labour and capital which was established in the aftermath of the Second World War.<sup>178</sup> This neoliberal globalization, which refers to the integration of national economies through implementation of neoliberal programs that decrease the importance of political borders, corresponded to the establishment of a world economy in which production and financial relations were being restructured to be free of national and international regulation. However this did not mean that states were not important anymore. On the contrary, these developments allowed capital to take advantage of the territorial divisions in the international economy. In other words, response to the declining profits in the 1970s was to restructure production and financial relations; a move which aimed to increase the profits of capital by expanding the markets. Capital could now cross borders much easier because of financial deregulation and use differences in labour costs, taxes, regulations, currency values, political stability and other elements to increase its profits.

The political and economic developments identified with the neoliberal policies were accompanied by an ideological challenge that re-emerged in the late 1970s and 1980s. Criticizing the perceptions and policies of the post-war social consensus for being economically inefficient because it resulted in high inflation and high unemployment rates at the same time and created an ineffective political system whereby excessive demands for provision of goods and services were maintained despite the lack of financial resources<sup>179</sup> and gaining political power during the crisis of Keynesianism in the 1970s the ideological challenge was associated with the policies of New Right. Central to the New Right ideas was the rise of pre-Keynesian liberal economic policies and the conservative principles. Liberal economic arguments, now called as neoliberalism, promoted greater freedom for the individual and free market mechanisms as well as a reduced role for the public sector while conservative principles stressed the primacy of traditional values such as family and religion as well as the need for a hierarchical society.<sup>180</sup> Liberalism and conservatism converged in rejecting welfare state policies because these Keynesian practices hindered the socio-economic goals in the

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<sup>178</sup> Cox, Robert W., *A Perspective on Globalization*, in Mittelman, J.H (ed), *Globalization Critical Reflections*, Boulder: Lynne Rienner, 1996, pp. 22-23

<sup>179</sup> King, Desmond S., *The New Right: Politics Markets and Citizenship*, London; MacMillan, 1987, p. 7

<sup>180</sup> *Ibid.*, pp. 8-9

light of which these two ideologies wanted to transform state-market-society relations. This ideological challenge to Keynesianism in the 1970s and 1980s became the theoretical framework of a political economic order that was regarded as inevitable, necessary and beneficial in the 1990s.

Thus on the one hand the implementation of a practical political program to remove the barriers to the unimpeded functioning of the free markets is observed and on the other neoliberal globalization becomes an ideology that argues for the inevitability of a necessary and beneficial endpoint in the historical progress of civilization. Now, the discussion turns to the analysis of the major changes associated with the implementation of this political program.

### **3.2.1) Globalization of Production and Finance**

The international system after the Second World War was based on the norms and goals for commercial and financial relations among the world's major industrial states. The settlement, referred to as the Bretton Woods system which lasted until 1971, became the first example of a fully negotiated and economic order intended to govern monetary and trade relations among independent states with the goal of achieving post-war recovery and setting up a system which will prevent the economic causes of another major war. In addition to establishing the guidelines and institutions for the international economy the post war settlement also allowed governments to pursue domestic economic stabilization and welfare policies; in other words the states were free to pursue policies of economic growth and full employment and provide protection to their citizens from the adverse effects of the free markets. Based on the experiences of the interwar years, employment, stability and growth became important public policy goals. The understanding that the state was responsible for the economic conditions of its citizens and thus should intervene in the economy, which became popular with the theoretical contributions of the Keynesian school of economics, was incorporated in the wartime plans. This era between the end of the Second World War and late 1960s is referred to as the Golden Age of capital accumulation because of the rising productivity and profit levels and low unemployment rates.<sup>181</sup> This system was influential in the world economic growth until

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<sup>181</sup> Maddison lists the characteristics of the Golden Age (1950-1973) as successfully implemented liberal policies in international transactions, governmental promotion of domestic demand, relatively modest levels of inflation rates due to both policies and circumstances and the

its demise. Towards the 1970s the flaws ultimately inherent in the post war system surfaced; these flaws coupled with the changing international context led to the breakdown of the post-war settlement and the Keynesian consensus.<sup>182</sup> The origins of neoliberal economic globalization can be traced back to this crisis of global capitalism, signalled by the increasing unemployment rates, economic downturn, and increased competition and insufficient demand. During the 1970s there was a major economic recession in the world; inflation, slower growth in production, falling profits and high budget deficits, floating exchange rates and open capital markets forced significant policy changes in economies all around the world.<sup>183</sup>

Wallerstein notes that there were three results of the decline in the profit rates in the production sector: First, there was a shift of production centres from the core to semi peripheral and peripheral zones in search for lower labour costs; second, capital shifted from production to the finance sector to increase profit levels; third, there was an increase in military expenditures as a form of neo-Keynesianism to stimulate the economy.<sup>184</sup> Parallel to the rise of transnational finance which became increasingly free of national control firms started to look for offshore investment opportunities; capital became increasingly global<sup>185</sup> and production was globalized as the companies placed

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possibilities of growth which allowed high domestic demand to trigger high supply. Maddison, Angus, *Dynamic Forces in Capitalist Development: A Long-Run Comparative View*, New York, Oxford University Press, 1991, p. 168

<sup>182</sup> One major flaw inherent in the Bretton Woods system was related with the role of the dollar in international economy. On the one hand the US guaranteed the convertibility of the dollars into gold and on the other it injected the European economies that needed reconstruction and liquidity, with dollars. While the US covered its balance of payments deficits by printing more dollars the trust in the capability of the US to redeem the accumulating dollar reserves in the European economies declined. Meanwhile, the European and Japanese economies recovered which increased the international competition for markets. In addition the oil crisis in 1973 increased the oil prices around the world. This development eroded the cheap oil pillar on which the post-war boom stood.

<sup>183</sup> Maddison, *op. cit.*, p. 182

<sup>184</sup> Wallerstein, Immanuel, *The Global Picture, 1945-90*, in Hopkins, T.K. and I. Wallerstein et. al., *The Age of Transition: Trajectory of the World System 1945-2025*, London: Zed Books, 1996, p. 213

<sup>185</sup> Tabb, William K., Ahlaksız Fil, *21. Yüzyılda Küreselleşme ve Sosyal Adalet Mücadelesi* Epos Yayınları, Ankara, 2002, p. 66. The role of the technological developments and the information revolution were also important elements that facilitated the globalization of production as well as finance by decreasing the costs of communication and information storage and thus allowing larger volumes of data to be disseminated around the world more rapidly through the use of

their production facilities in the repressive Third World countries where labour unions were weak, gender and racial discriminations were widespread and labour arrangements and regulations were more flexible. Combination of increased capital movement and restricted labour mobility meant more power for the emerging multinational firms which could take advantage of the territorial division in the international economy.<sup>186</sup> Increasing capital mobility meant growing power of capital over labour which undermined the capability of the labour to politically intervene in the marketplace. Increasing proliferation of globalized production chains, which meant globalized markets for inputs and outputs, thus became a very important feature of contemporary economic globalization. Meanwhile the globalization of production meant the breakdown of the Fordist/Keynesian regimes in the First World countries. Fordist system was based on mass production and mass consumption that started in 1920s and ended in early 1970s. Using an assembly-line system firms realized economies of scale through mass production and achieved increased efficiency by training workers in a strict division of labour. The system was dependent upon mass consumption that was made possible by rising real wages; it was a demand-led Keynesian system which was regulated by government policies.<sup>187</sup> Fordist production method was an important integral part of Keynesianism which provided increasing profits and living standards which in turn provided political stability; in other words the requirements for the broad coalition between labour and capital that was necessary if the states wanted to avoid the social upheavals of the interwar years.<sup>188</sup> The collapse of Keynesianism meant falling wages, increased unemployment, weakening of the labour movement and insecurity of employment, expansion of the informal economy and subcontracting and decline of the state sector in addition to longer work hours and increased work intensity.<sup>189</sup> This

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microprocessors and cheap memory. Bayar, Firat, *An Alternative Perspective to Govern Globalization*, September 2005, Unpublished PhD Thesis, METU International Relations, p. 38

<sup>186</sup> Rupert, and Solomon, *op. cit.*, p. 40

<sup>187</sup> O'Brien, Robert and Marc Williams, *Global Political Economy :Evolution and Dynamics*, Basingstoke : Palgrave Macmillan, 2007, p. 192 and Gill, *Theorizing the Interregnum....,op. cit.*, p.76

<sup>188</sup> Tabb, *op.cit.*, p. 65

<sup>189</sup> Wallerstein, *The Global Picture...., op. cit.*, pp.213-215

changing structure of work can be characterized as a “re-commodification of labour” in which workers have increasingly lost all rights except the one to sell their labour.<sup>190</sup>

Parallel to the restructuring of production, financial relations have been increasingly deregulated. Starting with the rise of the Eurodollar markets in the 1970s national systems of financial control entailed by Keynesian planning and macroeconomic management were replaced by a global financial system. The move from fixed to floating exchange rates in the 1970s was one of the most important changes in the post-war financial relations. It was a sign of the increased capital mobility which was a shift from the principle of controls on capital account transactions that was one of the bases of the post-war international economic order. The growing global financial system was outside of the control of any one government and was favouring financial interests over productive manufacturing and state planning.<sup>191</sup> The advances in communications technologies and deregulation allowed capital to move freely and instantly across borders resulting in increased competition for mobile capital. The money involved in the financial transactions is used to profit from the risks of the highly volatile financial markets.

The period after the crisis of capitalism in 1970s following a decline in production levels thus saw explosive growth of world financial markets, which was facilitated by the deregulation of finance. Arrighi places these changes in the wider context of the whole lifetime of world capitalism. According to him there have been four systemic cycles of accumulation since late medieval Europe. Each cycle consists of expansion of world trade and production followed by expansion of financialization. The logic behind this pattern is that in each systemic cycle of accumulation rapid expansion of world trade and production resulted in a crisis of over accumulation whereby capitalist agencies increasingly found it difficult to establish profitable investments with their growing capital. Thus while capitalists respond to the over-accumulation of capital above the level that can be reinvested profitably in existing trade and production sectors by holding more and more of their revenues in liquid form, the states respond to tighter budget constraints that result from lack of credits for trade and production by competing with

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<sup>190</sup> Brecher, Costello and Smith, *op.cit.*, p.3

<sup>191</sup> Gill, *Theorizing the Interregnum....op. cit.*, p. 77

each other for the capital accumulating in financial markets.<sup>192</sup> Thus the periods of financialization comprise increased interstate competition for mobile capital, rapid technological and organizational change and instability in economic conditions of states.

### **3.2.2) Retreat of the State**

Retreat of the state, which cannot be separated from the globalization of production and finance, refers to the transition from the welfare and developmental states, which foster full employment and soften the politico-economic conflicts between labour and capital and prioritize state-led development, to the different versions of what Cerny described as a competition state.<sup>193</sup> A competition state is a political organization that promotes domestic and international economic competition by prioritizing the establishment and smooth functioning of a free market, which becomes the ultimate arbiter of the distribution of wealth.

The competition state that was established realized several major policy changes that would help the actors of the national economies to be more domestically and internationally competitive. The neoliberal policies were implemented in the North first by the parties of New Right. In the USA and the UK the rise of Reaganism and Thatcherism is considered in this context. The major influence of New Right theories on the Thatcher government's policies concern reduced public spending and public sector, adaptation of monetarist economic policies to achieve low inflation levels in order to attract investment, privatization of state enterprises and weakening of trade unions to provide competition and flexibility; all of which drive from the liberal policy prescriptions of increasing the role of the market forces and reducing the state's intervention in the allocation and distribution of resources to minimum.<sup>194</sup> Similarly, Reagan administration's economic policies, termed as Reaganomics, had four key elements: large tax cuts to encourage economic activities, controlling the money supply

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<sup>192</sup> Arrighi, G. *Globalization, State, Sovereignty and the "endless" accumulation of capital*, in Smith, D. A., D.J. Solinger and S.C. Topik (eds), *States and Sovereignty in the Global Economy*, London: Routledge, 1999, p.55

<sup>193</sup> Cerny, P., *Structuring the political arena: public goods, states and governance in a globalising world*, in R.Palan (ed), *Global Political Economy: Contemporary Theories*, London: Routledge, 2000, p. 30

<sup>194</sup> King, *op.cit.*, p. 110



to control inflation, reducing state expenditures in welfare policies and deregulating economic activities.<sup>195</sup> In both countries, exemplary of the trend in the majority of the Northern countries, the attack on the welfare state took place under the context of economic stagflation (high inflation together with low growth rates), high rates of unemployment, two major oil crises and increased public sector deficits related with Keynesian welfare policies.

Meanwhile in the South the retreat of the state entailed a transformation from state-led development to export-oriented strategies. McMichael describes this change as the abandonment of the national development project for a globalization project of integration with the global economy.<sup>196</sup> This shift was greatly facilitated by the impacts of the debt crisis in the Southern economies. The first oil shock had increased the import bills of the developing countries such as Brazil, Mexico and South Korea which was already rising as a result of the decreased demand for the products of these countries in the markets of the First World due to the ongoing recession.<sup>197</sup> The developing countries increasingly borrowed at low interest rates from the European and North American banks where the massive profits of the oil exporters were deposited; these banks were looking for profitable investment opportunities for their cash reserves. These low interest loans to developing countries became a major problem at the beginning of the 1980s when the US budget deficits increased as a result of increased military spending, tax cuts and the US actively competed for international investment and decided to fight inflation by increasing interest rates. These policies not only had the effect of starving developing countries of much needed finances but also increased their debt payment obligations while their export revenues fell due to the world wide recession.<sup>198</sup> From 1970 to 1980 the debts of low income countries increased from \$21 billion to \$110 billion.<sup>199</sup> The result was a major debt crisis throughout the developing world. While the debtors could not earn enough foreign exchange to pay back their debt the banks were facing the risk

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<sup>195</sup> *Ibid.*, p. 144

<sup>196</sup> McMichael, P., *Development and Social Change: A Global Perspective*, California: Pine Forge Press, 2008, pp. 152-155

<sup>197</sup> Sönmez, Sinan, *Dünya Ekonomisinde Dönüşüm: Sömürgecilikten Küreselleşmeye*, Ankara: İmge Kitabevi, 1998, p. 138

<sup>198</sup> Rupert, and Solomon, *op. cit.*, p. 47

<sup>199</sup> El-Ojeili and Hayden, *op. cit.*, p. 57

of not recovering their loans. It became the job of the IMF to find a solution to this crisis. The IMF was to provide the debtor countries the loans on the condition that they adhere to structural adjustment policies which were mainly financial deregulation, trade liberalization, privatization, secure private property rights, competitive exchange rate policy, fiscal discipline and reduced public spending.<sup>200</sup> The transformation from the import-substitution industrialization strategies to export-oriented growth and the implementation of the structural adjustment programs required most of the time military oppression and authoritative regimes to suppress the mounting local criticisms against these policies which led to displacement of populations, impoverishment and over-extraction of national resources.

Complementing the changes in the role of the state, van der Pijl notes the existence of transnational elite networks such as the Mont Pèlerin Society, the Trilateral Commission and the Pinay Circle which have been effective in preparing and supporting the neoliberal program aimed to displace Keynesian welfare state, facilitating cooperation among Western states and confronting socialist parties, movements and states.<sup>201</sup> Similarly, Gill points to the existence of a transnational historical bloc of forces that comprise private and intergovernmental councils such as the G8 and World Economic Forum, transnational firms, banks think-tanks, the media, various liberal and conservative political parties and international organizations that guide the worldwide shift towards Polanyian self-regulating markets.<sup>202</sup> This historic bloc of forces, which can be defined as a combination of transnational forces trying to promote cooperation among major political and economic actors, point to the support to the global integration of

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<sup>200</sup> The reason for this conditionality lied with the governing ideology of the IMF, as well as the World Bank and the US Treasury Department which was called the Washington Consensus. The argument was that the main reason of the debt crisis was not the international developments, such as the disruptive effects of volatile short-term capital movements, decreasing demands for the Third World exports and high interest rates, but the domestic policy errors of these states which consumed more than they produced and could not encourage investment. Rupert, and Solomon, *op.cit.* and Kiely, Ray, *Empire in the Age of Globalisation: US Hegemony and Neoliberal Disorder*, London ; Ann Arbor, MI : Pluto, 2005, pp. 96-97. For more information on the Washington Consensus see Marangos, John, *What happened to the Washington Consensus? The evolution of international development policy*, The Journal of Socio-Economics, Vol. 38, 2009, pp. 197-198

<sup>201</sup> Van der Pijl, Kees, *The Second Glorious Revolution: Globalizing Elites and Historical Change*, in Hettne, Björne (ed), *International Political Economy: Understanding Global Disorder*, London: Zed Books, 1995, pp. 122-124

<sup>202</sup> Gill, *Theorizing the Interregnum...*, *op. cit.*, p.86

economies. Noting on the role of this global historic bloc which consists of the most powerful corporate economic forces, their allies in government, and the variety of Networks, as developing policy guidelines and propagating the ideology of neoliberal globalization Cox argues that states now mainly play the role of agencies of the global economy, with the task of adjusting national economic policies and practices to the immediate needs of global economic liberalism.<sup>203</sup> This structure of power is maintained from outside the state by a global policy consensus and the influence of global finance over state policy, and from inside the state by those social forces which are integrated into the world economy and benefit from the implementation of neoliberal policies. As competitiveness in the world market has become the main goal of state policy which justifies the gradual removal of the measures of social protection built up in the era of the welfare state and the state retreats from competency of the political class.

Gill notes that states have been subjected to market disciplines through the globalization of production and finance and consequently public policies have been redefined so that governments seek to prove their credibility and consistency of their policies to earn the confidence of investors.<sup>204</sup> This requires that governments provide macroeconomic predictability, political stability and maintenance of law and order and protection of property rights. This meant a reconfiguration of the responsibilities of the governments towards their citizens in that while previously states would engage in redistributive policies and provide a wide array of public goods following the neoliberal transformation they would engage in competitive policies to attract investments and finance. This means increased government accountability not towards people but to financiers and investors. Making a comparison between the three international economic orders of pre-World War One era, interwar period and the aftermath of the Second World War Ruggie identifies the last one as a system of embedded liberalism. He uses Polanyi's differentiation of embedded and disembedded economic orders to distinguish between these three periods. He quotes Polanyi:

[N]ormally, the economic order is merely a function of the social, in which it is contained. Under neither tribal, nor feudal, nor mercantile

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<sup>203</sup> Cox, Robert W., *Civil Society at the turn of the millenium: prospects for an alternative world order*, Review of International Studies, Vol.25, 1999, pp. 12-1

<sup>204</sup> Gill, S., *The Constitution of Global Capitalism*, Paper presented to British International Studies Association Annual Conference in 20-22 December 1999, Manchester, p. 4

conditions was there... a separate economic system in society. Nineteenth century society, in which economic activity was isolated and imputed to a distinctive economic motive, was indeed a singular departure.<sup>205</sup>

While the pre-World War One period was one of disembedded economic system Ruggie argues that in the aftermath of the Second World War, as a result of the changes in the understanding of the role of the state in the market-society relations, an embedded liberal compromise emerged.<sup>206</sup> The post war regime institutionalized the norms and principles of this embedded liberalism. However what can be observed from data presented in this section is that as a result of the removal of collective structures and the state from the socio-economic sphere the social relations have become more and more like the nineteenth century civilization. Pointing to the response of the populations around the world against this change in the role of the state Cox argues that the proliferation of various resistances in the recent decades are indicative of a trend in different societies around the world towards a new vitality of movements from below in civil society as a counterweight to the hegemonic power structure, practices and ideology.<sup>207</sup> Similarly, Wallerstein argues that for the first time in at least two hundred years governments are decreasing their level of socio-economic expenditures and this is leading to the death of the integrationist nation-state and giving birth to various movements that omit the state level in their search for the goals of liberty and equality.<sup>208</sup> Meanwhile social cohesion of the states is threatened by the decline in the states' capability to provide welfare to their citizens. This means a transformation in loyalty. Citizens had traditionally been loyal to their states which provided them with security and welfare. However, the disintegration of states is causing a shift in the loyalty of the people from their states to alternative organizing structures such as religious or ethnic movements which can provide them with some sense of security.

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<sup>205</sup> Quoted in Ruggie, John Gerard, *International Regimes, transactions, and change: embedded liberalism in the postwar economic order*, International Organization, Vol. 36, No. 2, International Regimes, Spring, 1982, p. 385

<sup>206</sup> *Ibid.*, pp. 392-393

<sup>207</sup> Cox, *Civil Society at the...*, *op.cit.*, p. 13

<sup>208</sup> Wallerstein, *The Global Possibilities...*, *op.cit.*, pp. 234-236

### 3.2.3) Market Failures and Possible Alternatives

From the Polanyian perspective it is possible to identify the developments related with the globalization of production and finance and retreat of the state in the global political economy since the 1970s as the causes of the global resistance movements. Theoretically, the root cause of the widespread reaction to the global implementation of neoliberal policies is the failure to provide protection to the elements that constitute the society; namely the nature, the human beings and the productive organization. In other words what is observed is the lack of collective goods, which the free markets failed to deliver, that would ensure the sustainability of the fabric of societies. In practice the failures of the market can be seen as manifesting themselves in various developments.

First of all, labour has been re-commodified through the liberalization of finance and investment and the erosion of the welfare state as a result of growth of the power of capital over labour, as well as states. For Tabb this process entailed exploitation of labour and an attack on the civil rights of populations all around the world.<sup>209</sup> Based on the principle of maximization of profit and avoidance of risk organizational and technological innovations have entailed a shift towards flexible work practices, the intensification of work, longer hours and at the same time new forms of managerial, technological and social control accompanied by rising levels of unemployment.<sup>210</sup> In every sector, public and private, industrial or cultural, the number of part-time, casual or temporary positions has increased. The policies of the Thatcher government have resulted in enormous insecurity and a sense of distress; similar to what can be seen among the workers in the USA where there has been an increase in the number of insecure, underpaid jobs.<sup>211</sup> Meanwhile real wages continually declined in the US.<sup>212</sup> In addition, as the number of the unemployed, who are qualified enough to replace those

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<sup>209</sup> Tabb, *op.cit.*, p. 194

<sup>210</sup> Gill, *Theorizing the Interregnum...*, *op. cit.*, p. 90

<sup>211</sup> Bourdieu, Pierre, *Acts of Resistance; Against the Tyranny of the Market*, Translated by Richard Nice, New York: New Press, 1998, p. 36

<sup>212</sup> According to the US Bureau of Labor Statistics, in constant 1982 US dollars, for all private nonfarm workers, average weekly real wages in the US have declined from \$302.52 in 1964 to \$277.57 in 2004. Labor Research Association, *Wages and Benefits: Real Wages (1964- 2004)*, [http://www.workinglife.org/wiki/Wages+and+Benefits:+Real+Wages+\(1964-2004\)](http://www.workinglife.org/wiki/Wages+and+Benefits:+Real+Wages+(1964-2004)), accessed on 10.09.2009

that are employed, increases the feeling of insecurity and being one of the privileged to have found a job works as a disciplinary condition on the worker. As Bourdieu notes, “[t]he unemployed and the casualized workers, having suffered a blow to their capacity to project themselves into the future,... are scarcely capable of being mobilized”<sup>213</sup> because employment is the precondition of all rational conducts, in economic relations as well as in a quite different realm, the political organization, These transformations have resulted in the fragmentation of the working class and a reduction in its capacities to organize itself into a collective unity as it became clear from its retreat from the central role it played in the social, economic and political upheavals of the late 1960s and 1970s; and the alternative globalization movement has provided the organized labour to become a part of the larger coalition against neoliberalism.<sup>214</sup> Meanwhile the erosion of civil rights entailed the loss of various social security arrangements including permanent employment, health insurance, pension rights and public education.<sup>215</sup> While the permanent employment consensus of the Keynesian/Fordist regimes had been undermined through the introduction of flexible and part-time jobs the social services had been increasingly privatized.

Meanwhile there has been a notable increase in the concentration of wealth and socio-economic inequality. While deregulation, downsizing, social cutbacks continued and austerity measures were implemented with the belief that this would result in economic growth, the inequality among people has increased. At the turn of the millennium four hundred and forty seven billionaires had wealth greater than the income of the poorest half of humanity; in the US the richest man had wealth equal to that of the poorest forty percent of the American people.<sup>216</sup> In 2002, the world’s wealthiest nation, the USA, had the widest gap between rich and poor: The richest one percent of the population held thirty eight percent of the wealth while the richest twenty percent of the Americans

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<sup>213</sup> Bourdieu, *Acts of Resistance...*, *op. cit.*, p. 83

<sup>214</sup> Callinicos, *An Anti-Capitalist...*, *op. cit.*, p.98

<sup>215</sup> Tabb, *op. cit.*, p. 196. For example the number of population in the US without health insurance increased from approximately thirty million in 1987 to forty-five million and seven hundred in 2007 according to US Census Bureau statistics. Data taken from Figure 6 at <http://www.census.gov/hhes/www/hlthins/hlthin07/hlthfigs07.html>, accessed on 10.04.2009

<sup>216</sup> Brecher, Costello and Smith, *op.cit.*, p.7

earned nine times more than the poorest twenty percent.<sup>217</sup> In the developing world the number of poor living below \$2.5 a day increased from approximately two point seven billion in 1981 to three billion in 2005; and excluding China, the number of poor increased from one point seven billion in 1981 to two point six billion in 2005.<sup>218</sup> In 2005, one out of three urban dwellers (approximately one billion people) was living in slum conditions.<sup>219</sup> While the number of people living less than \$1 a day in 2004 around the world was nine hundred and eighty million from 1990 to 2004 the share of national consumption by the poorest fifth of the population in developing regions decreased from four point six to three point nine percent.<sup>220</sup> In 2008, almost half of the world was living on less than \$2.5 a day and at least 80 percent of humanity on less than \$10 a day.<sup>221</sup> Meanwhile, the forty percent of the world's population accounted for five percent of global income living on less than \$2 a day while the richest twenty percent accounted for three-quarters of world income.<sup>222</sup> The inequality among populations has been intensified for the discriminated-against groups such as women, minorities and indigenous peoples. In an era of austerity measures and fiscal stringency social security, health and educational spending has been reduced. This has also generated a social crisis as the burdens of adjustment fall upon those already suffering to survive.

The deregulation of the financial markets has increased the volatility of the international flow of capital. Daily foreign exchange transactions have steadily increased from \$820 billion in 1992 to \$1,190 billion in 1995 to \$1,490 billion in 1998 to \$1,900 billion in

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<sup>217</sup> *Log cabin to White House? Not any more*, The Observer, 28.04.2002, <http://web.archive.org/web/20020604053519/http://www.observer.co.uk/comment/story/0,6903,706484,00.html> accessed on 20.01.2009

<sup>218</sup> The numbers are given in US dollars. Chen, Shaohua and Martin Ravallion, *The Developing World is Poorer Than We Thought, But No Less Successful in the Fight Against Poverty*, Policy Research Working Paper, World Bank Development Research Group, August 2008, p. 31

<sup>219</sup> UN Millennium Development Goals Report, 2007, p. 27

<sup>220</sup> UN Millennium Development Goals Report, 2007, pp. 7-8

<sup>221</sup> Global Issues, *Poverty Facts and Stats*, <http://www.globalissues.org/article/26/poverty-facts-and-stats#src1>, last updated 22.03.2009, accessed on 28.03.2009

<sup>222</sup> UN Development Program, Human Development Report, 2007/2008. The report argues that deficits in human development point to deep inequalities across the world arguing that while globalization has created unprecedented opportunities for some, others have not been able to catch up. p 25

2004 and to \$3,210 billion in 2007.<sup>223</sup> Susan Strange, who pointed to the similarities between a casino and global financial relations, described the actions of financial markets as erratic, unpredictable, irrational that are potentially dangerous not only for those involved, such as financial actors waiting to profit from stock exchange increases, but also for those who are involuntarily engaged, such as farmers who would be devastated by the halving of the value of local currency and price of their crops.<sup>224</sup> This description points to the existence of huge short-term profits as well as major risks in the contemporary global financial relations. Other than acting as a constraint on domestic policies these huge financial transactions can easily disturb national economies. This has been proved by major financial crises such as Mexico (1994-95), East Asia (1997-98), Russia (1998), Argentina (2001), Turkey (2001) and the recent global financial crisis of 2008-2009. As Callinicos argues, countries that are considered to be prospective developing markets enjoy a huge inflow of capital which is functionalized by the liberalization of their capital accounts; however the overinvestment as a result of the increase in capital depresses profitability that triggers a large-scale outflow of capital.<sup>225</sup> Similarly, in his account of the East Asian financial crisis Tabb argues, contrary to the orthodox arguments that Asian economies suffered from excessive state intervention in the economy and therefore should deregulate their economies more in line with the Anglo-American version, that financial deregulation is to be blamed for the problems of East Asian countries.<sup>226</sup> The result is a financial crisis which leads the economy into a recession impoverishing millions of people and causing socio-economic dislocations and the prescriptions advocated by neoliberal orthodoxies for these crisis are even more deregulation. Stiglitz argues that "[c]apital market liberalization has not only not brought people the prosperity they were promised, but it has also brought these crises, with wages falling twenty or thirty percent, and unemployment going up by a factor of two, three, four or ten."<sup>227</sup> This contradiction of neoliberalism provides one of the strongest cases for the alternative globalization movement which argues that while global financial

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<sup>223</sup> Bank For International Settlements, *Triennial Central Bank Survey*, December 2007, p.4

<sup>224</sup> Strange, Susan, *Mad Money: When Markets Outgrow Governments*, Michigan: The University of Michigan Press, 2001, pp. 1-9

<sup>225</sup> Callinicos, *An Anti-Capitalist...*, *op.cit.*, p.31

<sup>226</sup> Tabb, *op. cit.*, pp. 121-131

<sup>227</sup> *Worker Rights Key to Development*: World Bank's Stiglitz quoted from <http://mailman.lbo-talk.org/2000/2000-January/000697.html>, accessed on 23 January, 2009



actors make huge profits from these transactions it has been the people who suffer their devastating effects when volatility leads to crisis.

One set of contradictions is linked to the destruction of the environment and biological diversity. On the one hand, the overall race to bottom between the countries that need to lower the costs of production as they are competing for investment affects the ecological system. Countries lower their environmental protections and limit regulations to attract investment. These countries are also forced in desperate attempts to earn foreign exchange to over-extract their natural resources, such as forests and fish, which lead to their depletion. In addition the companies which are trying to develop cost-reducing production methods use environmentally destructive technologies such as pesticides. On the other hand as Gill points out as the transnational corporations started to redefine food security in terms of the reduction of barriers to trade in agricultural products and allow trade in genetically modified crops as a result of the attempts to extend private property rights over virtually all forms of life including water supplies.<sup>228</sup>

Finally, Evans point to the threats of the politically protected monopoly rents which lies at the heart of profitability in the global economy.<sup>229</sup> He notes that the Northern corporations that currently dominate global ownership of intangible assets can come to sustain their politically protected monopoly rights and extend those rights by transforming ideas, information, and images previously considered part of nature or a shared cultural heritage into private property.<sup>230</sup> If this scenario occurs, the profits of Northern corporations will expand unprecedentedly while they will enjoy a similar increase in their political influence in determining the rules of global economy. He mentions that the monopoly rights politically granted to big companies act as anti-developmental conditions by artificially limiting the range of data that the researchers can work with.<sup>231</sup> Not only can key monopolies limit technological progress they also

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<sup>228</sup> Gill, Stephen, *Power and Resistance in the New World Order*, New York: Palgrave Macmillan, 2003, pp. 215-216

<sup>229</sup> Evans, *op. cit.*, p.278

<sup>230</sup> Evans, Peter, *The New Commons vs. The Second Enclosure Movement: Comments on an Emerging Agenda For Development Research*, Studies in Comparative International Development, Summer 2005, Vol. 40, No. 2, p. 86

<sup>231</sup> Evans, *Is an Alternative...*, *op. cit.*, p. 279

limit the access of poor to the existing technologies that they need to survive as the poor have to pay whatever the company demands for its product. The most well-known example is the profits the big pharmaceuticals make from impoverished AIDS patients in Africa. Until alternative production was introduced and political pressure was applied AIDS treatment used to cost thousands of dollars per patient.<sup>232</sup> This example will be analyzed in more detail in the next chapter.

There have been identified two different positions within the alternative globalization movement with regards to their views on the alternative solutions.<sup>233</sup> First position regards the state both as a victim of neoliberal globalization and the means to protect the society from its failures. This position identifies the problem as the loss of autonomy of the states to regulate economic activities as a result of increased economic interaction across borders and integration of national economies into a single global market. Pierre Bourdieu's perspective constitutes an example to this position. Bourdieu identifies the undermining of the welfare state by neoliberal policies as the main problem; in the name of global competitiveness, efficiency and flexibility the benefits provided by the welfare state in public services such as education, healthcare, culture, research and art as well as labour rights are being dismantled.<sup>234</sup> Thus the welfare state must be defended against the neoliberal policies. Çoban notes that similar Keynesian perspectives see the main source of instability within the market economies as deregulated financial activities; the level of uncertainty in the financial markets must be decreased through state regulation and private investments must be directed to serve the social needs by governmental intervention.<sup>235</sup> Establishment of the welfare state would help control the markets, decrease volatility and risks and provide social consensus. As it can be clear this primary position within the alternative globalization movement prefers the establishment, or reinstatement of the welfare states; it demands a political intervention by the state to take under control the markets, primarily the financial markets, impose regulations to provide social protection and consensus and finally direct investments towards social needs. To

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<sup>232</sup> McNeil, Donald, *A Time to Rethink AIDS's Grip?*, New York Times, 25.11.2007, <http://www.nytimes.com/2007/11/25/weekinreview/25mneil.html>, accessed on 10.04.2009

<sup>233</sup> Çoban, Aykut, *Küreselleşmeye Karşı Olmak: Olanaklar ve Sınırlılıklar*, Praksis, No. 7, 2002, and Hardt, Michael, *Today's Bandung?*, New Left Review No. 14, March/April 2002

<sup>234</sup> Bourdieu, *Acts of Resistance...*, *op. cit.*, pp. 24-26, 34-36

<sup>235</sup> Çoban, *op. cit.*, pp. 127-128

achieve these, the states will have to work at both the domestic and international level. At the domestic level they will have to provide social security and retirement rights, unemployment relief, public healthcare and education, just distribution of social wealth, taxation of the rich, institutionalize social protection and solidarity and redirect finance to serve the productive industries. At the international level they will have to establish mechanisms for cooperation and regulation that will take the global movement of capital under control. However, the establishment of the welfare state cannot be realized in single state or by a single state because of the global capital movements. Grass argues that the society must politically intervene to help the state reinstitute the welfare programs.<sup>236</sup> Bourdieu notes that there is a need to bring together disconnected resistances under a new internationalism which will work to reinstitute benefits of welfare states all around the world; in order to universalize welfare states creation of a European state that will sustain and strengthen social protections must be imposed on the states.<sup>237</sup> Similarly, Hutton argues that because the ability of the states to regulate financial relations, determine social standards and control the national economy has declined, reform of the system, which will require taking capital movements across borders under control, cannot be possible without some sort of a supranational authority.<sup>238</sup> This supranational authority, such as the European Union, has the power to control financial relations and capital movements, guarantee common social and environmental rights and regulations and prevent the capital to use differences between national economies, such as taxes and regulations, to increase its profits. It can be argued that without first establishing such a supranational body it will not be possible to establish welfare states because any single national attempt will be frustrated by the international capital movements and the requirements of macroeconomic stability and budget deficits. However it needs to be asked whether any group, movement or organization other than the states currently has the power to create such a supranational body or influence the European Union towards such radical change in its policies. Second position within the alternative globalization movement proposes non-state alternatives to neoliberal globalization. This position is more pessimistic with regards to its views on the capabilities of states to provide protection to their citizens and a possible

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<sup>236</sup> Grass G. and P. Bourdieu, *The "Progressive" Restoration – A Franco-German Dialogue*, New Left Review No. 14, March/April 2002, p. 71

<sup>237</sup> Bourdieu, *Acts of Resistance...*, *op. cit.*, pp. 53-68

<sup>238</sup> Çoban, *op. cit.*, pp. 141-142

return to the welfare states even if a transnational solidarity is established. It views the interstate system and the global economy as more integrated than the first position and has a more anti-capitalist thrust. In other words the main target in this position becomes the capital itself, which is the major source of power, rather than neoliberalism. According to this position the social control mechanisms have become less political and more economic; the disciplinary power of global capitalism controls the society as well as the states because capital is not restricted by the national borders any more. Capital can exert discipline over labour and the state by threatening to relocate the productive facilities to somewhere else. It can also discipline the state and societies through financial markets and the speculative currency transactions. In addition, the big business interests exert more and more control over the key decision-making processes in the global economy. As the source of the power is global scale of the struggle has to be global.<sup>239</sup> Such an alternative to the rule of global capital as well as its institutions must only be found in a global democratic movement. Participants in such a global democratic movement can engage in various tactics such as delinking from global markets and engaging in subsistence farming, local autonomy and systems which will allow non-market distribution of goods and services. The Zapatistas and their strategies constitute such an example. Other landless peasant movements are also another example of such movements. They have been focused on establishing local forms of autonomy, rights to create alternative legal systems and non-market based regulation of land and use of resources.<sup>240</sup> Other strategies might include demands to democratize the global economy through various means. Examples include demands to establish fair trade<sup>241</sup> as well as abolishing international organizations such as the IMF and the WTO. Moreover there are single issue campaigns which work for the resolution of a global concern. This could be environmental groups, the debt cancellation movement, the anti-war coalitions, anti-sweat shop movements and many others. Despite its demands for change, it must be asked whether some of the propositions of this position are practical and can actually achieve any fundamental change. First of all, one should ask how much of the world's population really want to delink themselves from the global economy. Would it be possible for the majority of the people living in the cities to start producing the goods they need by themselves? More importantly, would the political authority allow such

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<sup>239</sup> Hardt, *op.cit.*, p. 116

<sup>240</sup> Stahler-Sholk, *op. cit.*, p. 511

<sup>241</sup> The issue of fair trade will be discussed in the next chapter.

radical changes like creation of alternative legal systems for local populations? With regards to the less radical option of democratizing the global economy, one has to ask whether a democratized global economy will undermine the power of capital and its exploitative practices. Capital can continue to accumulate within a more democratic framework.<sup>242</sup>

Both the first position and the second argue that without a transnational coalition change cannot be realized; in other words national alternatives are neither desirable nor possible. However they differ on their views on the role of the state in the sense that while the first position holds a more traditional view of the state by claiming that with the help of a transnational coalition and a supranational body the state can again become the welfare and security provider of the citizens, the second position does not see such an outcome possible and proposes more local and autonomous alternatives. As Ashman argues, the alternative globalization movement is creating a new internationalism through its campaigns, its points of reference and its mobilizations.<sup>243</sup> However there are critical points that must be remembered. Although the impact of civil society and the global chain of protests have been important in pointing to the concerns of the populations not much policy change has been achieved.<sup>244</sup> While the main purpose of the WTO is still the widest and fastest liberalization of international trade the financial relations have not been restructured in a way that could take global capital movements under control. Although NGOs can play an important role in the dissemination of ideas, information and education in addition to promoting transparent and democratic decision-making processes the NGOs rejecting the neoliberal policies are very much countered by the neoliberal civil society such as think-tanks, commercial lobbies, business associations, companies and communities, not to mention the political parties and governments. Moreover, it can be asked how much the NGOs that promote democratic decision-making processes are themselves accountable to the public as they are mostly self-selected. Therefore the successes of the non-governmental organizations, as well as the protests, should be analyzed with great care and without overestimating the facts.

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<sup>242</sup> Çoban, *op. cit.*, p. 9

<sup>243</sup> Ashman, Sam, *Resistance to Neoliberal Globalisation: A Case of 'Militant Particularism'?*, *Politics*, Vol. 24, No.2, 2004, p.150

<sup>244</sup> Scholte, Jan Aart, *Cautionary Reflections on Seattle*, *Millenium-Journal of International Studies*, Vol. 29, No. 1, 2000, pp 116-119

One point which must be noted is that there are certain isolationist groups which define themselves as anti-globalization movements that should be distinguished from the alternative globalization movement. The origins of these reactionary movements can be dated back to the emergence of industrial capitalism in the nineteenth century since when there have always been movements which respond to the progress of capitalist relations in the name of some earlier state of affair: A complex ideological formation including “nostalgia for an idealized past [that] has helped to motivate the struggle to achieve a new society...”<sup>245</sup> One contemporary example might be the far-right which opposes globalization because it means shifting production centres to low-wage Third World countries and loss of jobs for the national workers. Although the alternative globalization movement is also concerned with the loss of jobs in the First World countries they reject to develop a discourse which could pit the workers of the First World against the workers of the Third World. An example of reactionary anti-globalization can be found in the theoretical opposition that Pat Buchanan, an American political commentator and a politician, and the American far-right provides against globalization. They oppose globalization and free trade as well as immigration in the interests of the American state. In other words, their ideology is driven from a national basis which has an isolationist and a realist sentiment in it. The solutions they provide for the ills of contemporary society are not global in character; they do not aim to change global political economy to create a more egalitarian international system but to increase the power of their own state. These reactionary anti-globalization groups can also include those religious movements or ideologies as well as nationalist and fascist extremities that feel threatened by the increasing influence of global actors in their locality, culture and lifestyles and want to erect barriers against these dynamics. These kinds of reactionary movements cannot be considered as an element of the globalization from below because they do not share many of the common characteristic features of those movements. The reactionary movements do not promote self-management as they embrace forms of political mobilization which are organized in hierarchic structures such as political parties. They do not provide new and original modes of social action such as those that can be seen during the World Social Forum meetings. Their opposition to globalization is not limited to the economic disadvantages of neoliberal policies; they want to protect themselves against the increasing interaction of different national societies facilitated by immigration and the communications technologies. In other words they want to break the

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<sup>245</sup> Callinicos, *An Anti-Capitalist...*, *op. cit.*, p. 68

bonds that create global interconnectedness and some even are motivated by a sense of xenophobia. Therefore many are neither international nor internationalists. Even those who establish international networks such as religious groups have a very limited understanding of transnationality and they certainly do not extol solidarity among different groups including the South and the poor. As Callinicos points out the criticisms of these reactionary groups towards global relations is not a structural one directed at the logic of the system but one that is based on the idea of loss of control of domestic sphere to international dynamics.<sup>246</sup>

### **3.3) Scope and Characteristics of the Movement**

A researcher trying to find a satisfying answer to the question what is the scope of the movement may run into certain difficulties. At a first glance, the combination of protests, civil society groups, Social Forums and the support of the intellectuals comprises the alternative globalization movement seems like a proper answer. However when these elements are analyzed deeper the problems start to emerge due to heterogeneous composition of the movement as well as its lack of central organization and institutionalization. As a matter of fact as there isn't an agreed-on title of the movement there isn't a consensus on the scope of the movement. Every researcher develops their own understanding of what can be included and what should be left out of the movement. This indeterminacy regarding the scope of the movement points to the vagueness of the borders of the movement which is itself in the process of construction. Therefore there isn't a complete list of protests, individuals, NGOs, Social Forums and other networks that has been or can be provided. Such a list can only be developed as these constituent elements of the movement as well as the movement itself establish solid identities.

An analysis of protest activities may support this point. The data that has been provided in the previous section regarding the emergence of the alternative globalization movement is comprised of most well-known, biggest and most publicized protests. Most of these protests have had a transnational character which means that either they were held in one city with the participation of groups and individuals from different countries, such as the Genoa 2001 protests, or they were held simultaneously in different cities all

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<sup>246</sup> *Ibid.*, p. 69

around the world, such as the anti-Iraq War protests. This has been the case either because they were prepared by major networks or organizations that have a global reach and audience or because the issue that was being protested was one of global concern. For example the Peoples' Global Action network which acts as a worldwide coordinator for radical social movements has been influential in the organization of various protests such as Seattle 1999 and Prague 2000. The anti-war demonstrations in 2003 before and during the Iraq War on the other hand were held to protest against an issue in which many of the world's populations were interested equally enough. Thus these protests have been relatively easier to identify as parts of the alternative globalization movement because either the participants have long identified themselves as individuals, forums, networks or organizations with established goals and propositions and as parts of the movement or because the protested issue could easily be related with an overall process in the global political economy that the participants have long identified as their target. Consequently, the question that must be asked is how can the protests that have remained unpublicized, short-term or spontaneous and relatively local regarding its participants be categorized. For example would it be possible to describe a random protest held by villagers in a small town against a multinational company which the local population thinks is polluting the environment and harming the regional agricultural production as part of the alternative globalization movement simply because the company is multinational even though the villagers have never participated in any other protest and are not planning to engage in political activism if the company stops polluting their environment? There isn't a definite answer to the question because first of all the identity of the alternative globalization movement has not yet been solidly established; it is undergoing a constructive and dialectical process whereby participants both try to imagine and propose what they think are alternative, democratic, egalitarian and sustainable visions and the movement evolves as a result of responses and reactions from others, including and excluding certain elements and arguments as it evolves. An affirmative answer to the question could be supported by the argument that the villagers' protest forms the local piece in an ongoing global opposition to neoliberalism thus it must be considered as part of the alternative globalization movement. A negative answer to this hypothetical question would be that although these villagers are protesting against an issue that the participants of the alternative globalization movement also identify as part of the problem they cannot be considered as part of the movement unless they are conscious of the existence of such a movement and identify themselves as part of it just as workers who protest against privatizations and demand various social protectionist



policies cannot be identified as socialists if they traditionally vote for right-wing parties in the elections. Thus from this negative perspective a case study examining such a protest and questioning whether or not this protest is part of the alternative globalization movement should analyze the existence of consciousness on the part of the protestors before concluding that the protest activity is part of the alternative globalization movement. However it might be the case that various NGOs in the alternative globalization movement may hear about the protests of the villagers against the pollution caused by the multinational company and lend their support to them. In that case the resistance to the multinational company may very well turn into one of the many exemplary protests and become part of the movement.

Regarding the Social Forums, intellectuals, NGOs and other networks that constitute the movement the evidence with which one can reach conclusions whether they are within the scope of the alternative globalization movement are more observable as these elements provide concrete data regarding their targets, goals and strategies. Let us first briefly examine the World Social Forum, which is one of the major components of the alternative globalization movement, and then the other examples of constituent elements to make this point clear.

The World Social Forum is considered to be an alternative to the World Economic Forum. The World Economic Forum as argued by Rupert and Solomon acts as a convention for the transnational capitalist bloc consisting of large capitalists, state managers, bureaucrats, journalists and intellectuals.<sup>247</sup> The World Social Forum is considered as an alternative because it is perceived as a meeting where activists can formulate credible alternatives against the various aspects of globalization that they identify as causes of global problems.<sup>248</sup> The World Social Forum Charter of Principles is a declaration of the strategies, goals and targets of the participants. According to the Charter “[t]he World Social Forum is an open meeting place for reflective thinking, democratic debate of ideas, formulation of proposals, free exchange of experiences and interlinking for effective action, by groups and movements of civil society that are opposed to neoliberalism and to domination of the world by capital and any form of

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<sup>247</sup> Rupert and Solomon, *op. cit.*, p. 57

<sup>248</sup> Teivainen, Teivo, *The World Social Forum: Arena or Actor?* Paper presented at the Latin American Studies Association (LASA) meeting, Dallas, 28.03.2003, pp. 14-15

imperialism, and are committed to building a planetary society directed towards fruitful relationships among Mankind and between it and the Earth.”<sup>249</sup> The World Social Forum is a meeting of movements, organizations and individuals, that provides a means for transnational solidarity among these reactions against neoliberalism as well as a functioning mechanism to bring to voice the alternatives these social movements propose as can be clear from this article of the Charter of Principles. What is easily inferred from this Charter is a clear rejection of neoliberalism and adherence to a transnational process of alternative society building.<sup>250</sup> The collection of such data is also possible with regards to various NGOs if the researcher would like to find out whether a particular organization or a network can be included within the movement. Therefore an analysis of their practices and principles might allow the researchers to compare it with other forums, networks and NGOs’ goals and targets to compare and contrast them and conclude whether or not they all share similar enough goals to identify them as part of alternative globalization movement.

The theoretical and ideological contributions of important intellectuals are easier to place within the scope of the alternative globalization movement. These intellectuals provide critical data on the implications of neoliberal policies and provide a theoretical framework of opposition to neoliberalism for the non-academic participants of the movement. Therefore their position is quite clear with regards to the movement. They may be active participants in NGOs or protests or they may be providing support through academic research. The intellectuals can be professors or academicians in various universities around the world; they also might be working with different NGOs that have been mentioned before.<sup>251</sup> These are authors of well-known books as well as other

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<sup>249</sup>World Social Forum Charter of Principles, [http://www.forumsocialmundial.org.br/main.php?id\\_menu=4&cd\\_language=2](http://www.forumsocialmundial.org.br/main.php?id_menu=4&cd_language=2) accessed on 21.01.2009

<sup>250</sup> The Forum does not state what the alternatives to neoliberalism are; it only acts as a meeting ground for those who want to propose their own alternatives. In other words it is not a decision-making body. Therefore it cannot be considered as an institution.

<sup>251</sup> In addition to the well-known French and American thinkers such as Pierre Bourdieu whose contribution to the alternative globalization movement was reflected in his books, *Against the Tyranny of the Market 1 and 2*, and Noam Chomsky, a long time critic of American foreign policy and neoliberalism, there are also other prominent activists and authors such as Susan George, Alex Callinicos, Walden Bello, Naomi Klein, Barbara Epstein, George Monbiot, David Graeber, Michael Albert, Luca Casarini, Jeremy Brecher, Tim Costella, Brendan Smith, James Ridgeway, Richard Falk, Paul Kingsnorth, Amory Starr, Kevin Danaher, Roger Burbach, Vandana Shiva, Tony Clarke, Martin Khor, Micheal Hardt, Antonio Negri, Lori Wallach, Jim

articles, which find audience through the wide use of the World Wide Web, that have made important contributions to the alternative globalization discourse. Therefore their position with regards to the movement is possibly the easiest to determine.

The theoretical and ideological contributions of intellectuals serve various purposes. With regards to this increased intellectual attention given to neoliberal globalization Callinicos declares the death of postmodernism in the sense that the rise of the social critique of neoliberalism and the re-emergence of the anti-capitalist discourse is a sign of the decline of the postmodernist thought that has dominated the social sciences in the last two decades; this decline of postmodernist thought can be clear from the “renewed preoccupation with the material” and the attempt to find a cause for the socio-economic ills.<sup>252</sup> This renewed preoccupation with the causes of socio-economic problems is important for two reasons. First of all the critiques of neoliberalism add momentum to the crisis of legitimacy within the current global political economy by providing factual evidence of the negative aspects of globalization and theoretical background for the activists on the street.<sup>253</sup> In other words the protestors cannot be denounced as hoodlums or naïve youngsters who do not understand the laws of economics because their arguments are supported by the work of these intellectuals and critiques. Secondly, the theoretical contributions pave the way for the development of alternative visions helping the movement transform itself from being anti to alternative. Social transformations are generally preceded by ideological developments critical of existing structures. For example, the ideological counter-revolution against the principles of the Keynesian post-war settlement had preceded the rise of the neoliberal parties, policies and institutions in the 1980s.

Now that the discussion on the scope of the movement has been completed let us analyze the characteristics of the movement. This will clarify the borders of the movement and

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Cavanagh, Boris Kagarlitsky, and many other intellectual activists and participants that can be included within the scope of the movement.

<sup>252</sup> Callinicos, *An Anti-Capitalist...*, *op. cit.*, pp. 11, 13

<sup>253</sup> Not all critiques of neoliberalism are participants of the alternative globalization movement; there have been various economists, politicians and even businessmen, such as Joseph Stiglitz, John Gray and George Soros that criticize neoliberal policies and institutions. Their criticisms add legitimacy to the arguments of the movement.

will also help determining what should or should not be included within the scope of the movement.

As the data that has been provided shows, the alternative globalization movement is a convergence of groups and networks of previous social movements most of which came into being after the Second World War. It can be said that the social reactions against neoliberal globalization have its roots in the previous social movements dating back to the earliest resistances to free markets but it must also be recognized, as mentioned at the end of the first chapter, that they grew out of the breakdown of the traditional forms of resistance. While it is possible to see libertarian, anarchic and Marxist influences on the arguments of the movements they are developing in a much different context with decades of historical lessons about social reactions before them. The contemporary protestors, theorists and activists, rely on, use, and develop the legacy of the struggle against the free market logic and policies but it should not be considered that this movement is simply a continuance of the past.<sup>254</sup>

The rise of these recent resistance movements all around the world is from the theoretical perspective of this thesis mainly a result of the transition to a worldwide self-regulating market. However, the process of construction of transnational solidarity through convergence of various movements into one big coalition has been facilitated greatly by different but related developments. The first development is the communications and information revolution. With the use of electronic media which allows long-distance, even intercontinental, simultaneous discussion and mobilization the movement has been able to organize on all continents and establish communications between different groups in different locations.<sup>255</sup> Other major developments that have allowed such transnational solidarity to be established among local and national social movements were the dissolution of the Soviet Union, or state communism as a major alternative and a threat to the Western World and the establishment of the World Trade Organization.<sup>256</sup> First of all, with the dissolution of the state communism the capitalist world lost one of its most

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<sup>254</sup> Brecher, Costello, and Smith, *op. cit.*, p.17

<sup>255</sup> Van Aelst, Peter and Stefaan Walgrave, *New Media, New Movements? The Role of the Internet in Shaping the 'Anti-Globalization' Movement*, *Information, Communication & Society*, Vol. 5, No.4, 2002, pp. 468-469

<sup>256</sup> Wood, *op. cit.*, p.73

important advantages which was the argument that capitalism was superior to its rival, communism.<sup>257</sup> After the 1990s capitalism had become open to scrutiny and criticism because after it won the Cold War and incorporated the east into its economic and political system it now had to live up to its own claims. Thus after the dissolution of the Soviet Union the process of globalization which now was gradually encompassing almost all of the world's states was also becoming the only target that could be blamed. Secondly, the establishment of the World Trade Organization was an important development in the sense that for the activists and protestors it symbolized the growing shift of power from the national to the global level where decisions are taken free from democratic accountability and under the influence of big business.<sup>258</sup> How the alternative globalization movement criticizes the World Trade Organization will be taken at a greater length in the third chapter therefore it will now be sufficient to say that the establishment of this organization has been influential in the transnationalization of the previous movements as they were now able to identify a solid entity as a common source for their problems. This transnational character is perhaps the major difference between the countermovement that Polanyi discussed and the current alternative globalization movement even though both emerged against the rise of a global market. Polanyi's oppositional movements were mainly disconnected set of national movements which had goals and strategies limited within their own state while the alternative globalization movement is not limited within state borders; it has goals that include transformations at global level and targets global issues in addition to the local, and has established trans-border solidarity.<sup>259</sup>

The information revolution, the dissolution of state communism and the establishment of the World Trade Organization have been influential in the formation of what Ayres has called the framing of collective action against neoliberalism through which actors are engaged in finding the common root causes of their problems and challenge existing social, economic and political conditions by developing alternatives.<sup>260</sup> This collective framework against neoliberalism explains the transnational and inclusive character of the

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<sup>257</sup> Halliday, Fred, *The World at 2000: Perils and Promises*, Hampshire: Palgrave, 2001, p.63

<sup>258</sup> Wilkin, *op. cit.*, p.27

<sup>259</sup> Evans, *Is an Alternative...*, *op. cit.*, pp. 273-274

<sup>260</sup> Ayres, *Framing Collective Action...*, *op. cit.*, p. 13

movement which includes diverse groups, such as human rights organizations, environmentalists, women's organizations, labour movements, indigenous people's groups, left-wing activists and parties, peace groups, anarchists, local producers and socialists, anti-sweatshop or debt relief activists based in different parts of the world and have different propositions about the methods and the alternative versions of globalization. The transnational solidarity of the movement may be expressed through the establishment of branches of same NGO in different countries such as the Focus on Global South which was established in Bangkok but also operates in India and the Philippines, or foundation of a forum, for example the World Social Forum, which acts as a collective mechanism for diverse groups from all around the world. It may well be expressed through active support to other groups or acknowledgement of different populations' problems. For example an NGO established with the goal of finding the root causes of poverty can also refer to the cause of environmentalists or activists from the First World may work towards the cancellation of Third World debts such as the Jubilee 2000 campaign. Moreover an NGO established to further a single cause may in time broaden the array of problems that it deals with. For example, ATTAC was established to demand the introduction of Tobin tax on currency speculation but now it deals with various issues such as international trade, public social services and debt relief. This solidarity can also be expressed in mass protests in which diverse array of organizations participate as seen during the major G20 protests or in protests that take place simultaneously in many cities around the world. For example global days of action which are globally coordinated calls to local activists to protest on certain day are expressions of this transnational solidarity.

The inclusive and democratic character of the movement, which is closely related with its transnational nature, is also a result of the fact that the movement is not organized like a political party or a hierarchic institution. There aren't any institutions or organizations that can speak in the name of the whole movement.<sup>261</sup> The Forums and networks which

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<sup>261</sup> As a supporting evidence of this argument see the World Social Forum Charter of Principles Article Six: "No-one... will be authorized, on behalf of any of the editions of the Forum, to express positions claiming to be those of all its participants. The participants in the Forum shall not be called on to take decisions as a body, whether by vote or acclamation, on declarations or proposals for action that would commit all, or the majority, of them and that propose to be taken as establishing positions of the Forum as a body. It thus does not constitute a locus of power to be disputed by the participants in its meetings, nor does it intend to constitute the only option for interrelation and action by the organizations and movements that participate in it."

bring together various movements, organizations, groups and individuals refrain from taking any collective decision except declaring that they are united in their opposition to neoliberalism. Obviously, there are rules, regulations and principles implemented by these Forums and networks other than their declaration of opposition to neoliberal globalization and commitment to build alternatives however these rules basically form the guidelines for conducting meetings thus they are technical in their nature. Thus the movement promotes self-management and decentralization of power within itself.

The inclusive and democratic character of the movement coupled with the non-hierarchical and uninstitutionalized organization methods can be considered as one of the strengths of the movement because these qualities serve to different attract groups, encourage active participation, provides legitimacy to the movement and make it very difficult for the authorities to repress the movement by eliminating its leadership. Moreover, these features prevent the movement from turning into a bureaucratic political party structure in which hierarchies of power are constructed to punish dissenters and exclude possible threats to the domination of an elite minority which would effectively bring such a heterogeneous movement to an end in a short period of time by undermining the trans-border and trans issue solidarity of the movement. However it has been argued that this inclusive and egalitarian character of the movement is undermining its ability to make substantial progress towards achieving its goals for two related reasons: First of all, the movement's egalitarian and democratic thrust prevents it from excluding the violent factions without undermining its inclusive character and the movement lacks the means to police the actions of participants that can engage in violence during mass protests; second, in reaction to the violence during the protests the international organizations and states have cooperated to engage in pre-emptive measures to undermine the effectiveness of the movement by using repressive measures or holding the meetings in remote locations.<sup>262</sup>

Another important common characteristic of social movements that have been discussed other than being a result of resistance to capitalist expansion was a belief in a common

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[http://www.forumsocialmundial.org.br/main.php?id\\_menu=4&cd\\_language=2](http://www.forumsocialmundial.org.br/main.php?id_menu=4&cd_language=2), accessed on 10.04.2009

<sup>262</sup> Brooks, Christopher D., *Faction in the Movement: The Impact of Inclusivity on the Anti-Globalization Movement*, Social Science Quarterly, Vol. 85, No. 3, 2004, p.561

golden future. In their struggle against power distribution in an existing politico-economic structure most social movements take utopias as their rallying points in order to provide the masses that they mobilize with some sort of a future vision that they can hope to reach.<sup>263</sup> Utopias are the golden futures, or the images of some sort of an idealized past, that every society dreams of reaching and at times of social crisis re-emerge from the social sub-consciousness, where they always exist, and help construct an awareness of the possibility of change which is required for the social groups to engage in struggles for deconstructing what is in addition to steering the movement towards the new future.<sup>264</sup> In that sense every social movement which desires a free, just and an egalitarian world determines utopias as its final destination point. Without such visions of alternative and desirable futures where the society lives in freedom, equality and peace, or in other words without believing that change is possible, social resistance would not be able to come into being for these utopias constitute the very hope for the future of struggles trying to solve social problems and in that sense utopias act as the communicative links with society and movements.<sup>265</sup> Social oppositions use utopias as discourses which show that alternative worlds are possible in order to mobilize the have-nots and the oppressed into a mass movement. Of course the role of utopias in realizing the social change should not be overestimated. Mere existence of alternative visions does not guarantee transformation. It is the social actors - depending on different perspectives they might be the military, working classes, intellectuals, peasants, slaves and others or any combination of these groups – which can actually realize change. The important point here is to understand the role of utopias in mobilizing people in social movements.

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<sup>263</sup> Çoban, Barış, *Yeni Toplumsal Hareketler, Sınıf Mücadelesi ve Ütopya*, in Çoban, Barış (ed), *Yeni Toplumsal Hareketler: Küreselleşme Çağında Toplumsal Muhalefet*, İstanbul: Kalkedon Yayınları, January 2009, p.9

<sup>264</sup> *Ibid.*, pp. 12-13

<sup>265</sup> *Ibid.*, pp. 14-15



## CHAPTER 4

### ALTERNATIVE GLOBALIZATION MOVEMENT AND THE WTO

The goal of this chapter is to analyze the criticisms of the alternative globalization movement against the World Trade Organization. The purpose in providing such an analysis is to show how the overall concerns of the alternative globalization movement are reflected in the specific case of trade liberalization and World Trade Organization which has been associated with the neoliberal transformation that has been discussed in the second chapter, by its critics. The first two sections of the chapter will address this issue. In the first section, major developments in international trade and debates in trade theory after the Second World War will be discussed. In the second section, the criticisms against World Trade Organization will be provided along with how the defenders of trade liberalization and the WTO respond to these criticisms. The chapter will end with a section that will provide an overall analysis of the concerns of the alternative globalization movement with the WTO goals, structure and policies.

#### 4.1) Major Developments in International Trade and Trade Theory after WWII

##### 4.1.1) From GATT to WTO

The first major development after the Second World War in international trade has been the institutionalization of the liberalization of international trade. Free trade doctrine and international trade liberalization emerged in the nineteenth century following the Industrial Revolution. Earliest examples of trade liberalization can be seen in the 1846 abolition of the British Corn Laws designed to decrease food prices and wages and discipline workers through international competition and thus increase manufacturers' profits by removing agricultural protection.<sup>266</sup> The continuing efforts to liberalize trade culminated in the 1860 Anglo-French trade liberalization agreement. However after the 1870s trade liberalization was being replaced with protectionist policies. The reason was

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<sup>266</sup> Dunkley, Graham, *The Free Trade Adventure: The WTO, the Uruguay Round and Globalism – A Critique*, London; New York: Zed Books, 2001, p. 21

obviously self-seeking domestic interests such as to use protectionist barriers to enable the national economy to grow, politically-motivated goals or to protect the domestic society from the socio-economic devastations of the changes brought about by the Industrial Revolution.<sup>267</sup> Yet, probably the major impetus for establishing an international trade system with rules and regulations came from the experiences of the interwar years, specifically after the Great Depression in the 1930s. For political and economic reasons, protectionism rose to great levels in the 1930s as represented by the Smoot-Hawley tariff which quickly became the symbol of the beggar-thy-neighbour policies of interwar years. Retaliatory tariffs and competitive currency devaluations quickly showed their effect. Between 1929 and 1932 the world trade volume fell twenty six percent and world industrial production fell thirty two percent while unemployment in many countries reached as high as twenty percent.<sup>268</sup> As this economic downturn proved disastrous for all the major countries, the experiences of the interwar years led to a formal consensus that post-war recovery must be based on free trade and stronger multilateral trading rules.

After the Second World War out of the three bodies that were supposed to regulated trade, finance and development GATT came out to be the forum for liberalizing and managing multilateral trade. It was believed that trade liberalization was a very important component of monetary stability and full employment which were the two principal goals of the post-war international economic framework.<sup>269</sup> GATT's role was to provide a set of rules and regulations for trade liberalization as well as a mechanism for implementing them. In that sense GATT's underlying theory was a belief in the view that free trade is not a natural social activity but has to be constructed and imposed by a political authority.<sup>270</sup> The hegemonic stability theory provides a similar argument in the

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<sup>267</sup> *Ibid.*, p. 22

<sup>268</sup> Irwin, Douglas A., *Free Trade Under Fire*, Princeton; Oxford: Princeton University Press, 2005, p. 203. Overall, world trade declined by approximately sixty six percent between 1929 and 1934. The decline in the US trade volume is an example of this general trend. According to US Department of State statistics U.S. imports from Europe declined from a 1929 high of \$1,334 million to just \$390 million in 1932, while U.S. exports to Europe fell from \$2,341 million in 1929 to \$784 million in 1932. US Department of State, *Protectionism in the Interwar Period*, <http://www.state.gov/r/pa/ho/time/id/17606.htm>, accessed on 10.04.2009

<sup>269</sup> Irwin, Douglas A., *The GATT in Historical Perspective*, *The American Economic Review*, Vol. 85, No.2, May 1995, p. 325

<sup>270</sup> Dunkley, *op. cit.*, p. 28

sense that a hegemon is required to establish and maintain a stable and open world economy; both the British and the US hegemonic periods saw international economic interactions flourish.<sup>271</sup> The difference between the two hegemonic periods was that during the US period commitment to multilateral trade liberalization was maintained through the international institutions.

GATT had four key principles which were liberalization of international trade, reciprocity, non-discrimination and transparency all of which were accepted and maintained after the establishment of the WTO.<sup>272</sup> Liberalization has been conducted through reducing most forms of protection such as tariffs, technical barriers and anti-dumping procedures. Reciprocity requires that if one country lowers its trade barriers it will in turn be granted trade concessions. Non-discrimination implies equality between the members. For example, according to the most favoured nation principle trade concessions granted to a member must be granted to all other members.<sup>273</sup> In addition, members cannot discriminate between domestic and foreign firms. The transparency principle states that protectionist measures used by a party within the GATT's framework of rules must be clearly stated and should preferably take the form of tariffs which are easier to quantify and lower in the future.

Liberalization of international trade took place through GATT's eight subsequent rounds the last of which established the World Trade Organization. The first five rounds dealt with reductions in tariffs while the remaining rounds included in their agenda non-tariff barriers and trade in agricultural goods; a change which reflected the developments in international trade which will be discussed later.<sup>274</sup> The first round was held in Geneva in

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<sup>271</sup> Oatley, Thomas, *International Political Economy: Interests and Institutions in the Global Economy*, New York: Pearson/Longman, 2006, p. 24

<sup>272</sup> Head, John W., *The Future of Global Economic Institutions: An Evaluation of the Criticisms Leveled at the IMF, the Multilateral Development Banks, and the WTO*, Ardsley, New York: Transnational Publishers, 2005, pp. 47-49

<sup>273</sup> WTO rules allow certain exceptions to the most favoured nation rule in two cases. First, if a WTO member is also party to a regional free trade area or a customs union it can impose lower tariffs to the regional trade arrangements' members. Second, the developed nations can apply lower tariffs to developing country imports under the Generalized System of Preferences.

<sup>274</sup> Sümer, Vakur, *An Analysis of the Actorness of the EU in the World Trade Organisation*, September 2004, Unpublished MSc Thesis, METU, International Relations, p. 24

1947. In addition to establishing the GATT, the first round also saw around forty five thousand tariff concessions exchanged amounting to half of the world trade however the following Annecy (1949), Torquay (1950-1951) and Geneva (1955-56) Rounds did not reach the level of tariff reductions achieved in the first round.<sup>275</sup> The Dillon Round (1960-61) undertook negotiations involving external tariff of European Economic Community in addition to a minor tariff reduction of four percent; the following two rounds, Kennedy (1964-67) and Tokyo (1973-79) achieved thirty five and thirty three percent tariff reductions and included negotiations on non-tariff barriers for the first time.<sup>276</sup>

The 1970s and early 1980s saw slower economic growth, high inflation and persistent unemployment which diminished the support for trade liberalization. In fact after the early 1970s the proliferation of non-tariff barriers to trade, such as voluntary export restraints, quotas and various standards, were a sign of this decreasing support for liberalization. As the GATT system prevented the states from raising their tariffs once they were reduced the states had to resort to non-tariff barriers in order to intervene in foreign trade. This was known as the period of new protectionism. The Uruguay Round which started in 1986 in Punta del Este aimed to reduce the prevalence of these recent protectionist arrangements in addition to liberalizing trade in agriculture and textiles which had not entered into negotiations before as well as meeting the challenges of the globalizing world economy. The Uruguay Round negotiations were concluded in December 1993 and signed in April 1994; the resulting agreements were the most comprehensive since the first round. The major features of the agreements included the establishment of the World Trade Organization which was given a broader range of activities than GATT: trade in agricultural products, textiles, services as well as the trade-relate aspects of investment and the protection of property rights and domestic policy issues which might serve as protectionist elements such as environmental regulations, competition policy and labour standards were now within the jurisdiction of the WTO.<sup>277</sup> In addition to setting up the World Trade Organization, the Uruguay Round

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<sup>275</sup> *Ibid.*, p. 25

<sup>276</sup> Irwin, *Free Trade...*, *op. cit.*, p. 211

<sup>277</sup> Kenwood, A.G and A. L. Lougheed, *The Growth of the International Economy 1820-2000: An Introductory Text*, London; New York: Routledge, 1999, p. 294

also achieved a reduction in the industrial tariffs from six point three percent to three point eight percent.

The WTO owes its existence to the deficiencies of GATT. There were growing dissatisfactions with GATT because it could not reverse the proliferation of protectionist policies which resulted from the increased competition in the world economy towards the later 1970s and in the early 1980s, had a weak dispute settlement mechanism and could only achieve uneven trade liberalization which mainly focused on the liberalization of the flow of industrial goods.<sup>278</sup> Therefore, although the main function of the WTO is to provide the legal framework for international trade liberalization similar to what the GATT has been doing, there are certain differences between the two. First of all, unlike GATT, the WTO is an international organization with a legal personality and members. GATT has from the beginning only acted as a multilateral forum for trade liberalization negotiations after the proposal for an International Trade Organization failed. Second, as mentioned, the WTO has a broader scope because it deals with multilateral agreements relating to goods, services, investment and intellectual property in addition to plurilateral agreements governing civil aircraft, government procurement and dairy and bovine meat. The expansion of the scope of trade liberalization entailed certain transformations in the management of world trade; negotiations would now include domestic policies, institutional practices, conditions of competition and policy harmonization.<sup>279</sup> Third, there is a difference between the GATT and the WTO with regards to their dispute settlement mechanism.<sup>280</sup> In the early years of the GATT disputes were settled through an informal and an ad hoc process and as it evolved panel of experts were used to resolve the dispute in accordance with the GATT rules. The panel would declare the conformity of the trade measure with the rules but would not propose a solution. The WTO's dispute settlement mechanism consists of a permanent Dispute Settlement Body and an Appellate Body. The decisions reached through the dispute settlement process can only be overridden if there is a unanimous consensus.

Every two years the WTO holds Ministerial Conferences. So far there have been six Ministerial Conferences. First Conference was held in 1996 in Singapore. Second

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<sup>278</sup> O'Brien and Williams, *op. cit.*, p.154

<sup>279</sup> *Ibid.*, p. 155

<sup>280</sup> Irwin, *Free Trade...*, *op. cit.*, pp. 225-226

Conference was held in Geneva in 1998. Third Ministerial Conference in Seattle in 1999 failed to achieve its goal of launching the Millennium Trade Round due to the disagreement between the developing countries and the European Union and the US in addition to becoming the focus of large scale protests throughout the meeting. In 2001 new trade round was launched in Doha, Qatar during the Fourth Ministerial Conference. The Doha Round has not yet been finalized mainly due to the significant differences between the US, EU and Japan and the developing nations, specifically India, Brazil, China and South Africa. The next Ministerial Conference was held in Cancun, Mexico in 2003 but the conflicts over the “Singapore issues” which refer to the transparency in government procurement, trade facilitation, trade and investment and trade and competition, prevented any progress. The final Conference was held in 2005 in Hong Kong.

#### **4.1.2) Development of International Trade after WWII**

One fact about the international trade in the post-1945 period has been the large increase in the volume of world trade. According to the WTO statistics world total merchandise exports increased substantially: the numbers were \$59 billion in 1948, \$157 billion in 1963, \$1,838 billion in 1983 and \$7,375 billion in 2003.<sup>281</sup> According to the recent estimates, the world total merchandise exports increased to \$16,127 billion in 2008.<sup>282</sup> The total value of the merchandise exports of non-Communist countries grew at an annual average rate of six percent between 1948 and 1960; average annual growth rates increased to eight percent between 1960 and 1973 but decreased to an average of four point five percent between 1973 and 1979 and to one point five percent between 1980 and 1989 and then rising to four point five percent between 1990 and 1995.<sup>283</sup> The increase in world trade has been faster than the increase in the world production which is a clear indication of increased internationalization of economic activities and interconnectedness.<sup>284</sup> Total increase in world merchandise exports for the periods 1953-

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<sup>281</sup> World Trade Organization, *International Trade Statistics*, 2008, p. 10.

<sup>282</sup> Data received by using the interactive statistics program “Time Series” at the WTO website. <http://stat.wto.org/StatisticalProgram/WSDBStatProgramHome.aspx?Language=E>, accessed on 10.04.2009

<sup>283</sup> Kenwood and. Lougheed, *op. cit.*, p. 299

<sup>284</sup> O'Brien and Williams, *op. cit.*, p. 145

1963, 1963-1979, 1980-1989 and 1990-1995 were 94, 200, 48 and 34 percent respectively while the total increase in world output were 68, 120, 25 and 8 percent respectively for the same time periods.<sup>285</sup> For the 2000-2007 period world merchandise exports on average increased by two point seven percentage points faster than world real gross domestic product.<sup>286</sup> Although the overall growth of trade volume has been positive there have been periods of recession when trade growth slowed down. Examples include the period of recession in the 1970s and early 1980s. Another example of slowing trade growth is the recent fall due to the economic recession that started in 2007; growth in world merchandise trade decreased to six percent in 2007 from eight point five percent in 2006 due to a deceleration of import demand mainly in the United States in addition to Europe and Japan.<sup>287</sup>

Two important and related developments in the world trade in the post-Second World War period have been the change in the direction of international trade and the composition of the goods traded.<sup>288</sup> Following the decolonization period in the 1950s and 1960s industrialized countries began to trade more with each other and less with their former colonies; in other words there has been a concentration of trade among the developed countries and the majority of the transactions in the world trade is restricted to the developed nations. Tussie and Woods argue that highly related trends supported the concentration of trade among the industrialized countries, specifically greater capital mobility that facilitated investment across the borders which in turn increased trade, the rise of intra-firm trade which was a result of the proliferation of multinational companies stimulated by globalization of production and liberalization of trade in manufactures rather than agricultural products and developing country exports as a result of the GATT system, which facilitated intra-industry trade.<sup>289</sup>

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<sup>285</sup> Kenwood and Lougheed, *op. cit.*, p. 300

<sup>286</sup> World Trade Organization, *International Trade Statistics*, 2008, p. 1

<sup>287</sup> *Ibid.*

<sup>288</sup> Tussie, Diana and Ngaire Woods, *Trade, Regionalism and the Threat to Multilateralism*, in Woods, Ngaire (ed), *The Political Economy of Globalization*, New York: St. Martin's Press, 2000, p. 56

<sup>289</sup> *Ibid.*, pp. 56-57

The kinds of goods traded altered because the developed nations started to exchange manufactured goods with each other. The previous composition of traded goods (which included for example raw materials for cars) therefore was not common anymore. Now, Britain which produced, for example, refrigerators also purchased them from other developed nations as well. This has been identified as the increased intra-industry trade. In addition, various developing countries such as Brazil and Southeast Asian nations, started to specialize in low-technology products such as textiles and transform their export sector from being dependent on primary commodities to manufacturing labour-intensive goods for the expanding world market. Especially, as Brian and Williams point out, it was relatively easy for the developed nations to open their markets to the imports of developing countries during the expansion period of 1945-1973 when the negative effects of imports were surpassed by the employment creating effects of international trade.<sup>290</sup> However with the recession in the world economy throughout the 1970s and early 1980s, unemployment levels in the developed countries started to increase placing unemployment on the political agenda. In order to decrease unemployment levels and increase profits, throughout the 1970s countries resorted to various trade protections. However, as the GATT articles prohibited countries to raise their tariffs they resorted to non-tariff barriers which were mentioned before. While GATT's Uruguay Round convened to find a solution to the prevalence of non-tariff barriers during and after the 1980s first with the liberalization of the economies of the developing countries as a result of the debt crisis and then the dissolution of the Soviet Union new participants started to increase their participation in the global trading system.

#### **4.1.3) Theoretical Debates on Trade Related Problems**

As the data presented shows, trade has been an important part of the international economy in the period after the Second World War. The relationship between trade and growth has continuously been discussed during this period as the future of less developed countries and their economic development became a major issue following the decolonization period.

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<sup>290</sup> O'Brien and Williams, *op. cit.*, p. 148



As Gilpin argues, the problem of poverty has become one of the most important issues in the contemporary international political economy for three major reasons.<sup>291</sup> First of all, the instant communication technologies have given the poor something to aspire by making them aware of the wealth enjoyed by the few as well as the benefits of material progress. Meanwhile, the images of the global poverty viewed by the societies of the North have added a moral significance to the issue of economic development. Second, people have started to regard the root causes of poverty as manmade rather than a divine retribution. People started to look for secular answers to the question how to escape poverty and achieve progress as the developed nations did. Finally, the increase in the number of states after the decolonization period has caused the issue of poverty to be internationalized in the sense that while previously the gap between the rich and poor was far greater within societies now the differences of wealth between nations has become more important. The universal concern over the global distribution of wealth has become a novel issue. International trade has been the main focus of the discussions with regards to eradicating the economic gaps between the states because it is seen as one of the most important tools in achieving economic development. Prior to emergence of poverty as a novel issue in the contemporary political economy trade has caused conflicts among the Western countries which have been trying to industrialize. Through trade countries could get access to cheap resources as well as markets to sell their supplies. However following the decolonization period and the increased interest over global poverty the underdevelopment of the Third World was very much associated with the global trade regime and therefore trade was perceived as one of the major sources of the North-South conflict. Let us first analyze the traditional theories on international trade before moving on to the alternative globalization movement's criticisms of the contemporary international trade system.

International trade has traditionally been the subject of three theoretical schools which are called mercantilism, liberalism and underdevelopment theories. Susan Strange argues that the major difference between the three schools of thought lies in the value that ought to be given priority and the fault in the system that needs to be corrected through

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<sup>291</sup> Gilpin, Robert, *The Political Economy of International Relations*, Princeton, New Jersey: Princeton University Press, 1987, pp. 263-264

political intervention and the use of power.<sup>292</sup> Mercantilists argue that the most important value is security. States' primary objective is to survive and survival can only be ensured if the power of the state is increased by any means possible. Trade is one way to increase the power of the state. A positive trade balance will allow the states to transfer the wealth of its rivals to its national economy and provide the funds needed for industrialization. Industrialization is given a priority because it is believed that it will lead to the overall development of the national economy by promoting production in different sectors, provide economic self-sufficiency and autonomy and it is the means to build a better war machine.<sup>293</sup> Therefore if the world market presents a threat to the national economy in any way then the political authority should intervene to provide security. Mercantilists argue that if the national producers are facing competition from the international markets and cannot accumulate enough profits to develop then the state must use commercial protectionist policies such as subsidies and tax cuts and erect barriers against the foreign sellers in the national market through the use of tariffs and non-tariff barriers. Thus, mercantilists conclude that trade should be directed by state policies to help national industrialization and domestic producers in the face of foreign competition. Two best known historical examples of mercantilist arguments were represented by Alexander Hamilton in the USA and Friedrich List in Germany both of who argued for a close relationship between the political authority and foreign trade to increase national competitiveness in the international markets. By contrast, liberals hold the efficient creation of maximum wealth as the most important value. Priority should be given to the removal of restrictions on the free functioning of the markets, specifically those of the political authority. Liberals base their arguments regarding international trade on the principles of David Ricardo who argued that in a case when two states are trading with each other both partners can profit from the relation if they produce and trade the good in which they are most efficient at producing. In addition, liberals argue that free international trade can facilitate domestic development. Free trade can be a leading factor in economic growth as it will provide cheaper goods, capital and technology, access to world markets, higher quality production as a result of competition and more efficient allocation of resources. The liberals argue that the causes of the less developed countries' failure to develop must be found in the organization of the domestic economy.

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<sup>292</sup> Strange, Susan, *States and Markets: An Introduction to International Political Economy*, London: Pinter Publishers, 1988, pp. 174-181

<sup>293</sup> Gilpin, *op. cit.*, p. 33

If the domestic economy can be re-organized to provide a freer functioning of the market and is integrated into the world economy then the less developed nations will achieve economic progress. Therefore rather than erecting national barriers to foreign trade the states should pursue export-led growth strategies by lowering their tariff rates, lowering the value of their currency and specializing in the goods they have comparative advantage.

However, as poverty became one of the most significant problems among nations in the period after the Second World War theories which questioned the unjust distribution of wealth among countries started to be formulated. Underdevelopment theories emerged after the decolonization period as a result of the fact that the former colonies gained their political independence but remained economically backwards and mostly dependent on advanced industrialist states. The main concern of this position is the unjust international system which must be corrected by a political authority. The relation between poverty, economic growth and trade has become the main concern of this school of thought. Underdevelopment theories hold the structure of the world economy responsible for the dependence of the Third World countries on the developed nations. In other words, the main argument of all underdevelopment theories is that the international capitalist economy operates systematically to undermine the development strategies of less developed economies.<sup>294</sup> The nature of the international system is such that the rich nations that control the world economy are responsible for the underdevelopment of the Third World as a result of unequal exchange which is a concept derived to describe the declining terms of trade<sup>295</sup> of the Third World exports. There are various theories of unequal exchange however all of them point to how labour is unequally rewarded in different regions of the world.<sup>296</sup> The concept of unequal exchange assumes that the value of commodities can be measured in terms of the average number of labour-time needed to produce them with a given level of technology. In other words the value of a commodity is measured by the value created by the labour. When one commodity is exchanged for another among developed and less developed nations an unequal transaction occurs because although both goods carry the same value of labour-time,

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<sup>294</sup> *Ibid.*, p. 273

<sup>295</sup> Terms of trade of a country is the ratio of the price of exports to the price of imports.

<sup>296</sup> Roxborough, Ian, *Theories of Underdevelopment*, London: MacMillan, 1979, pp. 60-61

which is the cost of its reproduction, due to the restricted labour mobility among countries more value goes to the good produced in the developed nations where labour receives higher wages. As a result a commodity worth X days labour is exchanged for an identical commodity of a Third World nation and worth more than X days labour. Thus the underlining argument of unequal exchange is that because labour is remunerated unequally exchange of commodities, which might embody same amount of labour value, results in an unequal exchange of value.

Two positions have developed within the underdevelopment theories: Structuralism, which originated with the work of the United Nations Economic Commission for Latin America (ECLA) established in 1948 under the leadership of Raul Prebisch, and dependency position which emerged in the late 1960s and 1970s as a more radical analysis of the problems of the less developed countries and proposing a socialist revolution as a solution.

Structuralists provided an economic analysis of the underdevelopment of the less developed countries by viewing the world economy as a system within which the economic problems of the periphery result from the specific structure that emerged from the relations between the developed and less developed nations.<sup>297</sup> The theorists of ECLA argued that there was a direct and continuous link between the changes in the developed countries and the underdeveloped countries.<sup>298</sup> The peripheral countries in Latin America had been pursuing export oriented policies by supplying raw materials and foodstuffs to the developed countries in return for manufactured products since the late nineteenth century until the mid-twentieth century. According to the classical liberal theory of international trade such a division of labour should have benefited both parties. However, when free trade combined with the economic, social and demographic structures of the less developed countries, the division of labour prevented trade from being an engine of growth for these peripheral countries. These structures include overpopulation, subsistence agriculture, rising expectations and a low propensity to save, over-dependence on commodity exports and political influence of feudal elites in

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<sup>297</sup> Blankenburg, Stephanie, José Gabriel Palma and Fiona Tregenna, "structuralism", "The New Palgrave Dictionary of Economics", Eds. Steven N. Durlauf and Lawrence E. Blume, Palgrave Macmillan, 2008, The New Palgrave Dictionary of Economics Online, Palgrave Macmillan. [http://www.dictionarofeconomics.com/article?id=pde2008\\_S000312](http://www.dictionarofeconomics.com/article?id=pde2008_S000312), accessed on 26.04.2009

<sup>298</sup> Roxborough, *op. cit.*, p. 27

addition to difficult geographic conditions which resulted in increasing technological gap, lack of social discipline, prevalent social conservatism, over-population problems and poverty. Structuralist argument, which became known as the Singer-Prebisch theory, holds that technological improvements which increase productivity have different consequences for the core, developed nations, and the periphery, less developed nations, which comprise the world economy.<sup>299</sup> In the developed nations the technological improvements do not lead to unemployment because displaced employment can be absorbed by the sectors which expand as a result of industrialization. Moreover strong labour unions and monopolies work to keep wages and prices high despite decreases in the cost of production and increases in productivity levels. However, in the periphery technical progress is restricted to the export sectors, which produce basically commodities and raw materials. Increased productivity in these sectors leads to decreasing export prices, increasing unemployment as a result of low levels of investment, and restricted labour mobility and decreasing wages as a result of increased labour supply and the absence of strong labour unions. The core countries benefit from the technological progress as a result of decreasing commodity prices of peripheral countries. The second argument put forward by the ECLA to explain the decreasing terms of trade for the periphery's exports focused on the role of demand for these exports.<sup>300</sup> According to this argument, the demand for the raw materials and foodstuffs was such that as people's incomes increase they spend lesser percentages of their total income on raw materials and foodstuffs, even though in absolute terms the amount they spend on these products increase. This was basically due to three factors.<sup>301</sup> First of all, according to Engel's Law as people's incomes increased they prefer to spend larger percentages of their income on products which cannot be identified as necessary for survival. Second, protectionist agricultural policies in the developed nations would discriminate against the imported foodstuffs. Third, technological improvements would enable the production of synthetic raw materials which would be substituted for the imported raw materials. Thus more and more of South's raw materials and agricultural products were needed in order to buy the same amount of manufactured products from the North. Various policies that could overcome these problems have been advocated and

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<sup>299</sup> Gilpin, *op. cit.*, pp. 275-276

<sup>300</sup> Roxborough, *op. cit.*, p. 28

<sup>301</sup> *Ibid.*

inspired by the structuralist position.<sup>302</sup> One is the creation of international organizations like UNCTAD that would promote the interests of the less developed nations, specifically the exporting of manufactured goods to the developed countries by allowing the manufactured products of the South to enter the developed markets at lower tariff rates. Another is the creation of international policies and regulations such as commodity stabilization program that would protect the export earnings of less developed countries by negotiating for price floors below which commodity prices would not be allowed to fall. Other policy was the increased foreign aid to the South as a compensation for the years of declining commodity purchasing power and acceleration of the transfer technology to the South.<sup>303</sup> The most important course of action that has been urged to be taken is rapid industrialization of less developed nations to overcome the periphery's declining terms of trade and to absorb its large labour supply. Thus according to the structuralist position, whose practical implementation has been seen in the policies and principles of UNCTAD, peripheral countries should pursue an import substitution strategy through policies of economic protectionism, encouragement of foreign investment in manufacturing and creation of common markets among the less developed economies themselves. To this end the structuralist position inspired the formation of various organizations and groups in addition to UNCTAD, such as the Group of 77, OPEC and New International Economic Order.

In the mid-1960s the dependency school emerged as a critic of both the structuralist and modernization theories' views on development. The dependency school criticized structuralists' proposal of import-substitution strategies for their failure to achieve economic development.<sup>304</sup> It was argued that the import-substitution strategies gave the feudal elites protectionist barriers behind which they could preserve the conservative and backwards social structures and maintain their alliance with international capitalism. Thus the traditional dependence on the export of a single commodity, which was also necessary for foreign exchange inflow to import machinery, could not be broken. There were additional sets of problems with the import-substitution industrialization.<sup>305</sup> First,

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<sup>302</sup> Gilpin, *op. cit.*, pp. 276-277

<sup>303</sup> Bello, Walden, *Deglobalization: Ideas for a New World Economy*, London; New York: Zed Books, 2002, p. 35

<sup>304</sup> Gilpin, *op. cit.*, p. 283

<sup>305</sup> Roxborough, *op. cit.*, pp. 34-35

the technology available to the underdeveloped countries was imported from the developed nations where labour was expensive and capital was cheap. Thus these technologies tended to employ less labour and more capital which was not appropriate for the underdeveloped economies where labour was abundant. Second, the market size of the underdeveloped countries was too small to absorb the large scale production associated with industrialization. This would definitely mean wasting real resources. Moreover, as the majority of the population of the underdeveloped nations was poor the demand for manufactured products would only come from few of the wealthy people which would have luxury tastes and prefer to buy goods not conducive to development. Thus, the import-substitution policies have not been successful; the result was increasing balance of payments problems, more unjust income distribution, insufficient domestic demand for continuous industrialization and continuing dependence on the developed world and foreign capital, increasing unemployment in return for a limited and fluctuating industrial growth.

The dependency school also criticized the modernization theory which argued that less developed countries can achieve economic development through transforming their internal conditions and following the footsteps of the advanced nations; according to the dependency school there was not a predetermined linear and evolutionary development model that could fit each individual country. For the dependency theorists structural conditions of the capitalist world-economy work to the disadvantage of the less developed nations and prevent them from achieving economic progress as result of a history of exploitation at the expense of the development of the North.

According to dos Santos the relation of interdependence between two or more economies, and between these and world trade, “assumes the form of dependence when some countries... can expand and be self-sustaining, while other countries...can do this only as a reflection of that expansion...”<sup>306</sup> The final position of the dependent countries can be either positive or negative depending on the direction of the movement of the developed economies or world economy. Thus failure to develop is not a result of the slowness of the underdeveloped countries to modernize themselves through adopting the

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<sup>306</sup> Dos Santos, Theotonio, *The Structure of Dependence*, The American Economic Review, Vol. 60, No. 2, Papers and Proceedings of the Eighty-second Annual Meeting of the American Economic Association, May 1970, p. 231

linear pattern of development followed by advanced nations. Underdevelopment is a direct consequence and part of the global expansion of capitalism. The core develops at the expense of periphery from where it extracts profits through unequal trade and exploitative financial relations. Historically there have emerged three forms of dependence: Colonial dependence established through a trade monopoly; financial-industrial dependence characterized by investment abroad in the production of raw materials and agricultural products for consumption in the core; and technological-industrial dependence which emerged with the multinational corporation after the Second World War.<sup>307</sup> The third form of dependence is conditioned by the historically-formed structures of the underdeveloped countries and the exigencies of the international commodity and capital markets. First of all, industrial development has to be financed through the export sector which will provide the foreign currency for the purchase of resources that will be used in the industrial production. Therefore the traditional export sectors must be preserved; this restricts the development of the backward social, political and economic relations such as feudal elites engaged in production of raw materials and foodstuffs. Meanwhile, the balance of payment deficits due to declining terms of trade, foreign control in the economy that leads to capital outflow extracted by the profiting multinationals and repayments of foreign aid undermines the chances of financing industrial development. Furthermore the technological monopoly exercised by the core prevents the use of high-tech capital by the underdeveloped countries; they either have to pay large sums for utilization or accept the establishment of multinational companies. The dependency paradigm accepts the notion that it is impossible to successfully carry out the reforms needed for the development of the dependent economies without first restructuring the mode of articulation of the economy with the world economy however such a restructuring can only take place through revolution because the opposition of the ruling elite of the dependent country and the imperial powers can only be overcome by such a radical action.<sup>308</sup> Thus, for the dependency position the only two alternatives are revolution or continuance of dependency.

As it has been reflected from the discussion on conflicting theories international trade has been a subject of historical discussion and perceived as a tool that a country can

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<sup>307</sup> *Ibid.*, p. 232-234

<sup>308</sup> Roxborough, *op. cit.*, p.69



utilize to catch others. Most importantly, the underdevelopment theories pointed out to the inequalities among countries that resulted from the structure of the international trade regime. However, the underdevelopment theories were mainly state-centric and viewed the world as divided into two spheres of North and South. After the debt crisis and the transition of countries neoliberal policies debates on international trade seemed to have been dominated by free trade arguments. All around the world countries were advocated to lower their barriers to trade and remove all those regulatory standards that would constitute impediments to trade. However criticisms of free trade had never actually died away and with the emergence of the alternative globalization movement and its criticisms against the GATT-WTO system and the free trade regime, discussion on international trade were inflamed again. The criticisms of the alternative globalization movement against the WTO system and the free trade regime feed from both mercantilist and underdevelopment theories. From mercantilism, the alternative globalization movement borrows the idea that protection is necessary to develop local industries and from the underdevelopment theories the movement borrows the idea that international trade should be reorganized to offer more market access to Third World exports, protect the prices of the Third World goods and promote a redistribute and fair trade. Now the criticisms of the alternative globalization movement against the World Trade Organization and the global free trade regime will be provided. This will constitute the informative background of the analysis of the movement in the final chapter.

## **4.2) Criticisms against the World Trade Organization**

In this section the criticisms of the alternative globalization movement against the WTO will be discussed. The goal is to provide the concerns of the movement and understand what the movement identifies as problematic in the functioning and structure of the WTO.

### **4.2.1) Indirect Proportion Between Free Trade and Social Welfare**

The criticisms against the central aim of the WTO, which is to liberalize international trade, focus on the argument that free trade causes socio-economic damages to the societies in various ways.<sup>309</sup> Pursuing a liberal regime of trade rules in which tariffs are

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<sup>309</sup> Head, *op. cit.*, p. 167

lowered and non-tariff barriers to trade are eliminated or discouraged will obviously lead to lower prices for both consumer and capital goods and provide more diverse array of goods to the market. However the critics point out that, prices lower than the national or regional ones necessarily force the local industries to either decrease the local prices, which will reflect on the population as depressed wages, or force the local industry to go out of business. This has been called as the adjustment problem which refers to the problems that emerge when as a result of competition from the imports de-industrialization takes place which means loss of jobs for labour with low skills and less education.<sup>310</sup> Instead of having a local economy based on industries that hire the people of the local community to produce the goods that the consumers in the community need freer trade encourages the production of same goods in locations where production costs are less. However, lower prices increases the level of unemployment when local businesses are shut down when they cannot compete with the foreign producers. The laid off workers will either have to find substitute jobs which will probably not fit their qualifications, if the economy does not expand in the long run, or will have to find part-time jobs. In either case they will receive lower wages. If they cannot find a job they will have to rely on the national unemployment system if there exists any. Such a process does not only have an economic impact as in the case of lower wages and unemployment. Losing a job will have a psychological effect on the person who will suffer from low self-esteem. This in turn will affect his or her relations with first of all immediate family members and then the larger community. The result is a decreased standard of living for the community or the nation as a whole.

Such objections to free trade have traditionally been provided by the workers in auto and steel industries in the United States and farmers of highly protected agricultural markets in Japan and Europe<sup>311</sup> in addition to the workers and businessmen of the infant industries in the developing nations all of which, as mentioned above, are concerned with losing their jobs due to international competition and demand national protection. They also make a reference to the undermining of national self-sufficiency when free trade leads to the loss of whole industries in the long run as there will always be some other countries whose products will flood the national market as a result of cheaper prices. The

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<sup>310</sup> Jones, Kent, *Who's Afraid of the WTO?*, New York: Oxford University Press, 2004, pp. 48-51

<sup>311</sup> *Ibid.*, p. 28

undermining of national self-sufficiency could also in the long run constitute a threat to national security as the country will depend on the imports of the goods that it does not produce. Thus when the alternative globalization movement raised concerns about the problems related with free trade, some argued that the movement is protectionist and part of reactionary localism.<sup>312</sup> However opposition of the movement to the liberalization of trade by the WTO is not inherently protectionist. The alternative globalization movements' concern with and solutions to the free trade related problems entail a vision of unity at a global level between the South and North. This means that the problems experienced in the North and South are taken as different issues of the same development. For example, the protectionist movements and unions in the North demand increasing national tariffs at the expense of the producers in the South. This has been observed in sectors in which the South has comparative advantage such as textiles and agriculture. Another protectionist response has been the opposition of the entry of China into the WTO by especially the American labour unions. However, the alternative globalization movement would point to for example, how the multinational companies that relocate their production facilities from the North to South as a result of import competition are causing damage to producers in both the developed and less developed countries by decreasing the level of employment in the former and exploiting the workers in the latter by paying lower wages and taking advantage of lower labour and environmental standards. The movement argues that while free trade is depressing wages in the North it is undermining the development attempts of the South. For example Walden Bello argues that the WTO system has eliminated the opportunity of the less developed countries to use trade policy as one of their economic development strategies.<sup>313</sup> Prior to the establishment of the WTO, the developing countries were able to promote strategies and policies based on directing their foreign trade to facilitate development. Their problems and concerns have been brought to the attention by the underdevelopment theories and inspired various global policy groups and organizations as mentioned before. However, the rigorous liberalization of trade and integration with the world market have left the developing nations with the only choice of implementing export-oriented strategies. Similarly, Wade argues that proliferation of international market opening and technology-rent protecting regulations by using the WTO and its

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<sup>312</sup> Ashman, *op. cit.*, p. 146

<sup>313</sup> Mertes, Tom (ed), Walden F. Bello, *A Movement of Movements: Is Another World Really Possible?*, London, New York: Verso, 2004, p. 60

agreements, specifically the Trade Related Investment Measures, Trade Related Intellectual Property Rights and General Agreement on Trade in Services, works to constrain the national development strategies as a result of the commitment to universal liberalization and privatization which prevent developing countries from implementing the industrial and technology policies adopted by the newly-industrialized states of East Asia and the older developed countries when they were developing.<sup>314</sup>

In order to deal with these interrelated problems, the participants of the alternative globalization movement propose a transnational response which could mean taking international capital under control, introducing redistributive mechanisms at the global level, imposing more regulations into the WTO or abolishing the WTO altogether. As Lori Wallach argued the alternative globalization movement is not calling for an end to trade or trade rules but the question is what will those rules be and who will write them.<sup>315</sup> One alternative method of conducting trade has been proposed by the fair trade arguments.<sup>316</sup> Fair trade means just and equitable trade relations between the marketers in the in North and producers in the South focusing on the exports of the Southern countries such as coffee, cocoa, sugar, cotton and wine. The dependency theories that focused on the unequal trade relations between the North and the South underpins the fair trade movement. Arguments for fair trade take into consideration the demands of the consumers as well as the needs of the producers and the environment; the concept of fair trade has been devised as a move away from profit-driven ideology of free trade. Rather than encouraging equal liberalization of trade, fair trade demands that the workers who produce the export commodities of the Southern countries are provided with better working conditions and higher wages and the environment is protected from over-exploitation. The theory of fair trade as opposed to free trade thus integrates the social concerns into the field of trade by aiming to promote greater equity in international trade. Those who practice fair trade pay fair wages in local context, provide advancement

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<sup>314</sup> Wade, Robert Hunter, *What Strategies Are Viable For Developing Countries Today? The World Trade Organization and the Shrinking of Development Space*, Review of International Political Economy, Vol. 10, No.4, November 2003, p. 622

<sup>315</sup> Pieterse, Jan Nederveen, *Towards Democratic Globalization: To WTO or not to WTO?*, Development and Change, Vol. 35, No.5, 2004, p. 1057

<sup>316</sup> James, Deborah, *Serbest Değil Adil Ticaret*, in Danaher, Kevin and Roger Burbach, *Hadi Bunu Küreselleştirin! Dünya Ticaret Örgütü ve Şirket Egemenliğine Karşı Mücadele*, Metis Yayınları: İstanbul, June 2004, pp. 190-192

opportunities for employees and equal job opportunities for everyone, engage in environmentally sustainable production methods, provide secure and healthy working conditions, are accountable to the public, establish long term commercial relations and provide as much material and technical support to the producers.

However free trade regime of the WTO is passionately defended by its proponents whose fundamental assumption is that over the long run reducing barriers to trade results in beneficial outcomes for all the parties involved.<sup>317</sup> How free trade fosters economic development has been discussed before during the discussion on the theories of trade. To repeat briefly, as the argument goes free trade provides cheaper goods, capital and technology, access to world markets, higher quality production as a result of competition and more efficient allocation of resources. In addition, it has been argued that more and freer trade facilitates peace by improving political relations.<sup>318</sup> Governments that desire these benefits have pursued policies of free trade. However, at times they have met with domestic political opposition to lowering trade barriers; the WTO presents a solution to this problem by committing its members to reciprocity and a set of trade rules.<sup>319</sup> Governments can find it easier to persuade domestic opposition to accept the lower tariff barriers when they offer the benefits of expanding markets for national exports. The WTO principles of non-discrimination and reciprocity not only facilitates cooperation for more open trade which will increase the benefits for everyone involved but also will reduce the risks for exporters and importers by ensuring the governments' commitment to abide by established rules for market access.<sup>320</sup> With regards to the adjustment problem, the proponents of free trade argue that in the long run the displaced labour will be employed by those sectors which will develop as a result of the benefits of free trade. In addition, they reply to the concerns regarding the exploitation of the Southern producers and workers, by the argument that as a result of freer trade the populations in the South can utilize their advantages, which are lower production costs, and thus find employment. For example Paul Krugman has argued that the biggest beneficiaries of free

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<sup>317</sup> Head, *op. cit.*, p. 173

<sup>318</sup> Strange, Susan, *Protectionism and World Politics*, International Organization, Vol. 39, No. 2, Spring 1985, p.233

<sup>319</sup> Jones, *op. cit.*, p. 45

<sup>320</sup> *Ibid.*, p. 42

trade are the Third World workers because low wages allowed developing countries to enter the world markets.<sup>321</sup> The fact that the Third World workers are exploited is irrelevant because their alternative is to have no jobs at all: “As Paul Krugman recently noted in Slate, free trade gives millions of people a step up the ladder. Yes that may mean working in a sweatshop<sup>322</sup>. But these people manifestly prefer that to their prior condition.”<sup>323</sup>

It is not within the scope of this thesis to conclude that one of the sides is correct in its arguments. What can be argued at this point is that even if a certain amount of wealth is created through free trade which exceeds its costs, those benefits are not fairly distributed either within nations or among countries.<sup>324</sup> Proponents and the opponents of free trade agree that there are both winners and losers from trade liberalization.<sup>325</sup> The proponents of liberalization see the developing nations which benefit from improved access to technology and capital, the high-skilled workers in advanced nations with highly-demanded skills and the consumers which have access to lower-priced high quality goods as the winners of liberalization while the remaining marginalized groups are perceived as losers. Meanwhile the participants of the alternative globalization see the multinational companies, big investors, financiers and bankers as the winners of liberalization and the workers, farmers and exploited populations in the North and South as the losers.

#### **4.2.2) Prioritization of Profit-Making over Socio-Economic Protection**

This criticism argues that the WTO fails to give enough attention to the environmental, labour and health protection and human rights. Moreover the WTO policies indirectly

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<sup>321</sup> Krugman, Paul, *In Praise of Cheap Labor*, Slate, 21.03.1997, <http://www.slate.com/id/1918>, accessed on 20.04.2009

<sup>322</sup> Sweatshops are working places which have dangerous and hard working conditions that result from potentially harmful materials, hazardous situations, extreme temperatures, longer work hours, no employment security or abuse from employers.

<sup>323</sup> Wright, Robin, “We’re all one-worlder’s now” Slate 23.12.1999, quoted from Wilkin, *op.cit.*, p. 24

<sup>324</sup> Head, *op. cit.*, pp. 168-169

<sup>325</sup> *Ibid.*, pp. 181-186

facilitate a race to bottom in national regulatory standards by projecting these social protectionist policies as barriers to trade rather than necessary practices to provide a cover from the market dynamics to the elements that make up the society.<sup>326</sup>

First of all, the environmentalist non-governmental organizations widely believe that the WTO systematically works against the interests of the environment even though WTO's preamble has acknowledged the need to protect the environment and world's resources.<sup>327</sup> The majority of the criticisms directed at the WTO take the examples of cases which were decided by GATT and WTO dispute panels as their starting point. For example, in 1991 a GATT panel ruled that national treatment principle prohibited the governments from treating goods differently based on how they were produced, after Mexico claimed that the US ban on the sale of tuna caught by domestic or foreign fishers using nets which also killed dolphins constituted a trade barrier.<sup>328</sup> The GATT panel thus concluded that the US law targeting the protection of dolphins constituted a trade barrier and as a result the US had to loosen its law protecting the dolphins to comply with the GATT ruling. Next, in response to a claim of Venezuela and Brazil in 1995, a WTO dispute panel ruled in 1996 that the US Clean Air Act amendments, which were designed to control pollution from motor vehicle fuels, violated trade rules and put the oil industries of Venezuela and Brazil at an unfair disadvantage by requiring the cleanliness of gasoline sold in the most polluted US cities to improve by fifteen percent.<sup>329</sup> The US was instructed by the WTO to change the gasoline regulations and implemented the ruling by weakening its cleanliness regulations. Again in 1998, a WTO panel ruled that US implementation of Endangered Species Act, which allowed sale of shrimp in the US only if the shrimp was caught by using nets that allowed sea turtles to escape, constituted a violation of trade rules.<sup>330</sup> Another case example occurred after the EU, which has had

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<sup>326</sup> *Ibid.*, pp.169-171

<sup>327</sup> Sampson, Gary P., *Trade, Environment and the WTO: The Post-Seattle Agenda*, Washington DC: Overseas Development Council, 2000, p.2. For the Preamble to the Agreement Establishing the World Trade Organization see "Marakesh Agreement Establishing the World Trade Organization" [http://www.wto.org/english/docs\\_e/legal\\_e/04-wto\\_e.htm](http://www.wto.org/english/docs_e/legal_e/04-wto_e.htm), accessed on 20.04.2009

<sup>328</sup> Wallach, Lori and Patrick Woodall, *Whose Trade Organization: A Comprehensive Guide to the WTO*, New York : New Press, 2004, pp. 28-29

<sup>329</sup> *Ibid.*, pp. 25-27

<sup>330</sup> *Ibid.*, p. 33

enacted anticruelty laws relating to farming, animal transport and slaughtering passed a law in 1991 prohibiting the use of steel jaw leg-hold traps for hunting thirteen furbearing animals that would come into effect in 1995.<sup>331</sup> Importation of pelts of the animals which were in this list would be prohibited unless the exporting country banned the use of steel jaw leg-hold traps which have been identified as a cruel animal hunting device but the WTO threat prevented the EU from implementing its animal welfare policy. In all cases the WTO ordered the defendant parties to rewrite their regulations or advised them to change their policies so that they did not violate trade rules. These examples are presented by the alternative globalization movement as proof that the WTO disregards environmental protection.

Similarly, it has been argued that although new corporate property rights were created by Trade Related Intellectual Property Rights, Trade Related Investment Measures and General Agreement of Trade in Services no similar labour rights were established by the WTO.<sup>332</sup> Policies promoting worker rights and protecting human rights were now considered as trade barriers and subject to challenge under the WTO rules, just like the environmental protections, according to the critics who argue that the WTO rules forbid treating countries differently based on their human rights or labour exploitation records.<sup>333</sup> The critics note that, first of all the WTO rules prohibit discrimination against products based on the way they were produced. Second, according to the Most Favoured Nation principle, a WTO member cannot treat any other WTO member differently even if the latter has a labour and human rights record of violations. Moreover the WTO Agreement on Government Procurement prohibits governments to take into consideration non-commercial concerns as they make purchases. A WTO member can apply to the dispute settlement body to challenge a worker safety regulation of another member if it thinks it constitutes a trade barrier. Thus, taken together these WTO rules constitute major barriers to traditional methods of promoting labour and human rights. They argue that if a country was to prohibit the exports made in sweatshops or by child labour because of concerns about labour or human rights violations it would violate the WTO rules. Or, the economic sanctions against the South African apartheid regime, such

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<sup>331</sup> *Ibid.*, pp. 39-40

<sup>332</sup> Sukthankar, Ashwini and Scott Nova, *Human and Labor Rights under the WTO*, in Wallach and Woodall, *op.cit.*, p. 219

<sup>333</sup> *Ibid.*, p. 220



as pressuring countries and citizens to refrain from doing business with the regime, would have been in violation of the WTO rules according to the critics. A case example which many people viewed as an attack against the universally recognized right to a safe working place was the dispute between Canada and France. In 1996 France, along with eight other European countries, banned domestic production and import of all forms of asbestos, which is a mineral used in industrial and consumer products, due to its proven hazards to human health.<sup>334</sup> In 1998 Canada, the second-largest exporter of asbestos in the world challenged the French ban as a violation of the WTO Agreement on Technical Barriers to Trade, claiming that under WTO rules countries could regulate but not ban asbestos and that asbestos use was safe when safety measures were taken; in other words France was restricting trade unnecessarily. However Canada's claim caused widespread criticism; the health risks associated with asbestos have been well known and that the WTO provided a means for such a challenge raised much concerns about how WTO rules could undermine domestic regulatory and protectionist policies. Although the WTO panel ruled that France was not violating trade rules many attribute the cause of this ruling to the crisis of legitimacy that the WTO was suffering after the Seattle protests.<sup>335</sup> In other words, even though in this case the WTO ruling was what the critics wanted the fact that a country could challenge another's labour rights concerns was a cause of growing distress. Meanwhile, critics point to one example which for them is a proof that the WTO rules undermine human rights. In 1998 the EU and Japan challenged a Massachusetts law that banned government agencies to purchase goods and services from firms doing business in Burma (now Myanmar) which was under military dictatorship since 1988 and had committed serious human rights violations and suppressed democracy.<sup>336</sup> The EU and Japan withdrew their challenge against the Massachusetts law only after a federal lawsuit in the US declared the Massachusetts policy to be an infringement of federal law.

The criticisms against the WTO also include the argument that the WTO rules run counter to the best interests of public health. This criticism argues that rather than promoting the precautionary approach to unknown health risks, appropriate protections

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<sup>334</sup> Wallach and Woodall, *op. cit.*, p. 103

<sup>335</sup> *Ibid.*, p. 105

<sup>336</sup> *Ibid.*, pp. 235-237

against known hazards and strict enforcement of measures to protect the public health the WTO rules serve to undermine regulatory practices aimed at the protection of public health.<sup>337</sup> The criticisms include the argument that WTO prefers to protect intellectual property rights of companies even in cases when there is a threat to public health.<sup>338</sup> The example for the former argument is the WTO rule against European ban on the imports of artificial hormone-treated beef from the US. In 1988 the EU banned the sale of beef from cattle treated with any of six artificial hormones that have been linked to cancer and have been shown to have damaging effects on human DNA.<sup>339</sup> The ban was applied to both domestic and foreign beef products without any discrimination. Although the risk to humans of artificial hormones in the meat they consumed is uncertain the EU preferred to adopt a precautionary measure based on the known risks involved in direct human consumption of these hormones in addition to the strong public demand for a ban. When, as a result of the American beef and biotechnology industries' opposition, the US challenged the EU ban on hormone-treated beef a WTO panel ruled that the EU policy constituted a violation of WTO rules because the EU ban was not based on the international standards accepted by the WTO and it has not yet scientifically been proved that consumption of beef with hormone residues constitutes a threat to human health.<sup>340</sup> The EU was ordered by the WTO to allow imports of US artificial-hormone treated beef or initiate a risk-assessment analysis that could be used to justify the ban under the WTO rules. When the EU failed to comply with the WTO decision within the deadline the WTO approved the US demand to impose retaliatory sanctions. When the EU and the US failed to agree on a deal the US levied hundred percent tariffs totalling \$116.8 million annually on a variety of EU exports selected by the US, such as truffles, mustard and cheeses.<sup>341</sup>

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<sup>337</sup> *Ibid.*, p. 52

<sup>338</sup> Beck, Juliette and Kevin Danaher, *DTÖ'ye Karşı Çıkmak İçin İlk On Neden*, in Danaher, Kevin and Roger Burbach, *Hadi Bunu Küreselleştirin! Dünya Ticaret Örgütü ve Şirket Egemenliğine Karşı Mücadele*, Metis Yayınları: İstanbul, June 2004, p.105

<sup>339</sup> Wallach and Woodall, *op. cit.*, p. 69

<sup>340</sup> *Ibid.*, p. 69

<sup>341</sup> *Ibid.*, p. 70. Following the US retaliation against the imports from the EU, José Bové, who was one of the French sheep farmers producing Roquefort cheese and affected by the US tariffs, became a symbol of the alternative globalization movement after he participated in an anti-WTO protest during which local farmers dismantled a McDonald's in Millau, France in 1999. Bové's trials turned into protest meetings of large crowds and he has since been a part of the alternative globalization movement.

Another case example is the 1998 WTO Appellate Body decision which ruled that an Australian quarantine on raw salmon imports, which was instituted in the 1960s and aimed to protect the indigenous fish population in the country, constituted an illegal barrier to trade.<sup>342</sup> The Australian policy required the prohibition of imports of raw salmon which have not been subjected to treatment that would prevent contagious diseases affecting animals, humans or plants. When in 1994 Canada and the US demanded access to Australian raw salmon market, Australia denied this request based on the findings of a scientific research which concluded that introduction of Canadian salmon which was not subjected to treatment could cause disease by contaminating the Australian animal food supply. Despite these findings the WTO ruled that Australian ban was a violation of WTO requirements because it was not based on strong evidence, it exceeded international standards and thus constituted an arbitrary and unjustifiable discrimination.<sup>343</sup> In other words the WTO panel refused to accept the Australian government's argument that there existed a serious health risk in this case and ordered the Australian ban to be lifted. It has been argued that the WTO decisions on plant and animal health have constrained the policy options of governments in protection against pests and animal diseases because members can only impose restrictions on trade only if a precise risk to animals or plants can be quantified and established with absolute scientific certainty; this risk must be judged serious by the WTO panel and the protective measures must be least trade restrictive.<sup>344</sup> Not only do the WTO requirements place financial and scientific burdens on the countries by forcing them to undertake timely and expensive scientific research and prove that a good is dangerous to health they also create health risks since the inability to prove that a product or a good is inimical to health does not mean that it does not carry health risks.

Another case example that the critics of the WTO widely point to is the use of the WTO rules on intellectual property rights by the big pharmaceutical companies to extract larger profits from the impoverished AIDS patients in sub-Saharan Africa. Although the existing HIV/AIDS treatments enable patients in the industrialized world to live relatively healthy these treatments are far too expensive for the African patients. Until

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<sup>342</sup> *Ibid.*, *op. cit.*, p. 72

<sup>343</sup> *Ibid.*, p. 73

<sup>344</sup> *Ibid.*, p. 74

the late 2000 HIV/AIDS drugs cost around \$12,000 per year which placed the treatment out of reach of the majority of the African patients.<sup>345</sup> Over the recent years, production of generic drugs, which were sold only for couple of hundreds of dollars and political pressure, brought down the price of HIV/AIDS drugs. However it has been argued that in countries where pharmaceutical companies have reduced the prices of drugs the annual medicine expenses are still high considering the low average income. While a treatment of antiretroviral drugs in least developed countries cost between \$2.27 and \$3.17 a day forty five percent of the population in sub-Saharan Africa live on less than a dollar per day.<sup>346</sup> The critics point out that AIDS drug prices are high because they are protected by patents, not because they cost too much to produce; the patents provide monopolized production which gives the right to produce, distribute and sell to the patent-holder which can then dictate the price of its own product using its power of control in the market.<sup>347</sup> The WTO's Agreement on Trade Related Intellectual Property Rights have provided a legal protection for the patents of the multinational companies forcing the states to more strictly enforce drug patent rules.

Thus the critics conclude that free trade and the WTO rules encourage a race to bottom in regulatory standards in environmental, labour and human rights and public health standards. On the one hand countries, specifically the less developed nations, reduce their regulations in order attract foreign investments which will be drawn to lower production costs. With lower taxes, multinational companies profit from these lower production costs as they export to first world nations. In response, producers in the developed nations demand weakening of national protectionist regulations to be able to compete with the imports from the Southern countries. On the other hand, as the WTO prioritizes trade liberalization over all other policies it tends to perceive national regulatory standards as barriers to trade and demand their removal. Thus the states amend their laws to comply with the WTO rulings and loosen their regulations.

How do the proponents of trade liberalization and the WTO system respond to these criticisms? First of all, defenders of the WTO base their arguments on the presumption

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<sup>345</sup> Tabb, *op.cit.*, p. 188

<sup>346</sup> Wallach and Woodall, *op.cit.*, p. 94

<sup>347</sup> *Ibid.*, p. 94

that free trade is beneficial for all parties involved and the WTO's main goal of liberalizing trade provides opportunities for growth, employment and welfare. Following this presumption, they claim that the WTO does not prevent countries from pursuing strong environmental policies and that it is not the correct approach to use the WTO as a mechanism for enforcing environmental standards.<sup>348</sup> Although the WTO has declared its intention to avoid conflicting with the national environmental rules and regulations it should not be forgotten that the primary objective of the WTO is to promote trade liberalization, not to create global environmental policies. Therefore, because the WTO structure is focused on trade policy its rules and decisions do not necessarily address the contemporary environmental problems. In addition, would it at all be possible to insert environmental guidelines or regulations to the WTO system that would be acceptable to all of its members? Thus, rather than forcing the WTO to enforce the implementation of environmental standards, environmental protection should be pursued by reaching an international consensus through different mechanisms. For example, regarding the tuna-dolphin case, which has been mentioned above, between Mexico and the US the defenders of the WTO argue that the panel's decision in the case did not condemn the national law itself as a trade barrier but merely pointed out the goal of protecting dolphins internationally could be achieved by other means which would not violate trade agreements and constitute barriers to trade.<sup>349</sup> The same can be said for the rulings of other cases that environmentalists have criticized for damaging environmental protection policies; the WTO was not designed to override environmental policies but to make sure that those policies are devised and implemented in a way that is consistent with the trade obligations of the members. Thus, the defenders conclude that there are many other ways than trade sanctions with which the goal of environmental protection can be pursued and that trade and environmental goals can in many ways be supplementary.<sup>350</sup> Without opting for trade restrictions, the states can not only pursue promoting environmental policies through international treaties, conventions and organizations, foreign aid and technical assistance but they can also enforce non-discriminatory domestic environmental regulations which would not violate the WTO rules. Moreover, countries which increase their wealth and technology will not only enhance their resources which

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<sup>348</sup> Jones, *op. cit.*, pp. 106-107

<sup>349</sup> *Ibid.*, p. 109

<sup>350</sup> *Ibid.*, pp. 123-124

will be necessary to protect the environment but will also have a population which will be more inclined to support the environmental protection policies.

Similarly, it has been argued by the defenders of the WTO system that the criticisms which claim that the WTO undermines labour and human rights are unfair to the extent that the organization was never designed to protect labour or human rights; its primary goal is to liberalize trade.<sup>351</sup> The WTO does not have the institutional mechanism or the resources to investigate and deal with human rights violations. Moreover enforcing trade restrictions or sanctions can have impacts which would be contradictory to the goal of promoting human and labour rights. It has been pointed out that many of the goals and principles of the WTO have been important in advancing these rights; economic growth, increasing living standards and employment levels, which result from freer trade, contribute to the promotion of human and labour rights.<sup>352</sup> Moreover, the international trade liberalization system established after the Second World War as a response to the political and economic devastation caused by the economic nationalist policies of the interwar years aims to maintain peaceful trade relations and settlement of trade disputes and reduce the significant causes of political conflict and war which are situations in which human rights are most likely to be violated.<sup>353</sup> Therefore, the important question is whether trade sanctions are the appropriate ways to deal with human rights violations or to enforce the improvement of labour rights. For example, it is correct that restricting trade with a human rights violator would inflict damage to that country but such damage would also hurt unintended targets such as low-income citizens who are most vulnerable to such sanctions but had nothing to do with human rights abuses.<sup>354</sup> Moreover, would not the citizens of that country support the national leadership more after what they would perceive as an unjust and harmful foreign intervention to their domestic affairs thereby reinforcing the political conditions and actors related with the human rights abuses? One example could be the sanctions against Iraq before the 1991 Gulf War. Those sanctions were successful in economically isolating Iraq however Saddam's power and dictatorship survived and the weakening of the low-income citizens even

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<sup>351</sup> *Ibid.*, p. 126

<sup>352</sup> *Ibid.*, p. 131

<sup>353</sup> *Ibid.*

<sup>354</sup> *Ibid.*, p. 132

allowed him to tighten his grip on the country. The same argument can be made against trade sanctions for violations of labour rights; who would get hurt in such a case? Trade sanctions would most probably reduce employment opportunities in the target country damaging the very workers that the policy aimed to help. Thus the role of trade liberalization in establishing the economic base for progress in these areas should be taken into consideration. The WTO, whose primary goal is trade liberalization, is not the mechanism for enforcing human and labour rights; other institutional mechanisms and international arrangements should be established to directly enforce them.

Likewise, the WTO itself argues that it does not give priority to commercial interests over human, animal and plant health and safety and to that end the key clauses in the WTO Agreements, such as GATT Article 20, allow governments to take actions to protect human, animal and plant life or health.<sup>355</sup> However, these provisions are not supposed to be used as excuses to resort to protectionism in disguise. Thus the governments should provide scientific evidence or apply internationally recognized standards when they devise or implement their regulations. In fact, the governments can develop and use their own standards as long as they do not discriminate against the foreign goods and are not arbitrary. The job of the WTO is to make sure that international trade is not restricted by protectionist measures.

#### **4.2.3) Democratic Deficit**

Finally, the alternative globalization movement argues that the WTO is a closed, non-transparent organization that operates outside public accountability isolated from external scrutiny where decisions are taken by bureaucrats behind closed doors under the influence of big business interests undermining the power of governments to make policies that will direct trade towards serving the interests of public.

The overall concern in this criticism is related with the decline of state sovereignty which is associated with the loss of power of the public to determine the rules, goals and norms of economic relations that affect the whole population. As it has been discussed before in the thesis, this is a concern that is related with the general trend in the global political economy that emerged as a result of policies promoting more economic, and political, interconnectedness between countries. While countries are structured to follow similar

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<sup>355</sup> World Trade Organization, *10 Common Misunderstandings About the WTO*, p.6

set of economic policies and integrate more with the world economy the political power shifts towards non-governmental groups and institutions. In the case of the criticisms against the WTO's challenge to state sovereignty and thus democracy two related but different aspects stand out.

First of all, there is the claim that the bureaucrats working for the WTO are not democratically elected to those positions yet their decisions taken at a level above the state overrides the decisions taken by individual governments.<sup>356</sup> As the decisions given by this organization are seen as restrictions on the power of the state protestors argue that they are constraints on governmental authority which is the actual reflection of the power of the people. While the technocrats working in these institutions make decisions affecting millions of people they are mainly free of democratic accountability. For example, Kelly Quirk, head of the Rainforest Action Network, is concerned with this process and argues that “the WTO has the right to completely rescind any law passed by the citizenry to protect the environment, health and labour rights.”<sup>357</sup> This concern has clearly been expressed in the previous section. Moreover these bureaucrats are experts in international trade yet they make rulings on environmental, public health, labour rights and other domestic policies.<sup>358</sup> Thus they are not qualified to judge on such issues. Additionally, critics point to the unfair practices of international trade negotiations which are informally discussions of “green room meetings” at which few group of members meet unofficially to reach agreement among each other.<sup>359</sup> This exercise of social power is also noted by Wilkin who argues that the WTO, although the majority of its members are developing countries, is highly dominated by the USA, Canada, the EU and Japan who use not only the practice of green room meetings to reach consensus among each other but also their resources and greatest levers to reach the most profitable agreements for themselves.<sup>360</sup> Secondly, the critics claim that the interests of the big businesses have

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<sup>356</sup> Bello, *op. cit.*, p. 12

<sup>357</sup> Quoted from Andy Rowell, *Faceless in Seattle*, The Guardian, 06.10.2009  
<http://www.guardian.co.uk/society/1999/oct/06/guardiansocietysupplement4>, accessed on 01.04.2009

<sup>358</sup> Wallach and Woodall, *op. cit.*, p. 246

<sup>359</sup> Jawara, Fatoumata and Aileen Kwa, *Behind the Scenes at the WTO : The Real World of International Trade Negotiations : Lessons of Cancun*, New York : Zed Books, in association with Focus on the Global South, Bangkok, New York, 2004, p.18

<sup>360</sup> Wilkin, *op.cit.*, p.26



great influence on the WTO policies. The WTO is seen as institutionalizing greater rights and freedoms for corporations, allowing greater power for capital and undertaking the job of extending and protecting the private property rights of corporations.<sup>361</sup> The increase in the economic power of corporations which is accompanied by a decrease in the political barriers to the international flow of goods, services and capital, as the argument goes, gives a great leverage to the big companies over the governments who are now forced to follow similar set of policies. The power of the governments, which are now increasingly under the threat of speculative attacks, to pursue autonomous macroeconomic policies intended to maintain full employment or achieve development through the manipulation of exchange rates and interest rates has been undermined with the growing mobility of capital which can easily impose its will upon governments that are supposed to be the representatives of the people. The indirect result of this degradation of democracy is the exclusion of social costs of economic decisions from the decision-making processes by leaving the questions of the distribution of property and allocation of resources for the global markets to answer. This, it is argued can be clearly seen from the increasing similarities between ruling and opposition parties' convergence on economic ideology. As one of the promoters of globalization, Thomas Friedman, has put it clearly when countries put on the so-called "Golden Straitjacket", which are the set of policies, such as deregulation, privatization and balanced-budgets, required to establish markets' confidence,

[t]wo things tend to happen: your economy grows and your politics shrinks... The Golden Straitjacket narrows the political and economic choices of those in power to relatively tight parameters. That is why it is increasingly difficult these days to find any real differences between ruling and opposition parties in those countries that have put on the Golden Straitjacket. Once your country puts on the Golden Straitjacket, its political choices get reduced to Pepsi or Coke—to slight nuances of policy, slight alterations in design to account for local traditions, some loosening here or there, but never any major deviation from the core golden rules.<sup>362</sup>

Similarly, according to McNally an important shift has occurred in the meaning of democracy that the alternative globalization movement contests: As a result of expulsion

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<sup>361</sup> Brecher, Costello, and Smith, *op. cit.*, p. 8

<sup>362</sup> As quoted in *The Economist*, 27.09.2001

of politics from economics which increases the passivity of people's participation in politics democracy has been transformed from its original meaning of active self-government to mere representation.<sup>363</sup> As the argument goes, the overall growth in the power of multinationals over their national governments allows them to influence the decision-making processes in the WTO, as well as other international institutions, through national representatives with which they have maintained a political alliance.

The response to the criticism that the WTO is a closed, non-transparent organization that operates in secret notes that in the recent years the WTO has increased its efforts to provide more information about how it works and what it does.<sup>364</sup> It is argued that a visit to the WTO website provides public access to the thousands of WTO documents and a range of information about how to reach those documents, contact the WTO in order to ask questions and participate in various meetings organized by the WTO. Moreover the WTO continuously responds to the criticisms and provides answers to the common misunderstandings about the institution. In that sense the WTO has adopted a policy of transparency and disclosure which would work to increase the public accountability of the institution.

Second, it is argued that the WTO is an organization that deals with international trade which is a complicated issue that requires professional attention therefore amateurs cannot be allowed to participate in the decision-making process.<sup>365</sup> Democracy does not mean that people who do not have any idea about how the complicated technical processes of international trade can be solved should have a say in the matter. Just as you would not want your teenage neighbour to have a say in the monetary policy of the country you would not want people who are uneducated and unqualified in the field of international trade to have a vote in the WTO. Bhagwati makes a similar point when he argues that the anti-WTO protestors are mostly young individuals who are educated in academic disciplines other than economics, such as comparative literature or

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<sup>363</sup> McNally, *David, Another World is Possible: Globalization and Anti-capitalism*, Winnipeg : Arbeiter Ring Pub., 2002, pp. 192-196

<sup>364</sup> Head, *op.cit.*, p. 192

<sup>365</sup> *Ibid.*, p.193

sociology.<sup>366</sup> The theories studied in these disciplines such as deconstructivism, Marxism and post-colonialism greatly influence the students to take a stance towards anti-capitalism. These students, along with other social groups, feel empathy towards the misery suffered by others in various parts of the world yet they lack the intellectual grasp of what can be done to solve their problems. Thus to let these uneducated groups to participate in the decision-making processes in the WTO would only worsen the problems. The fact that the WTO is operated by people who have expertise in international economic relations is not incompatible with democracy because the WTO is an international organization whose policies and rules are devised by its member states. Joseph Nye argues that unlike the self-appointed NGOs, the WTO tends to be highly responsive to national governments and can thus claim some real, even if indirect, democratic legitimacy.<sup>367</sup> Thus they deserve their concerns to be heard but not to vote in policies. However, he also gives some credit to the critics of the WTO by accepting the argument that the WTO rules can have powerful effects and that not all the members of the WTO are democratic governments and even in the case of democratic governments, long lines of delegation combined with a lack of transparency in various policy processes can weaken democracy which has become the touchstone of legitimacy in the contemporary global political economy. He notes that increasing the perceived legitimacy of international organizations has become an important goal as a result of continuous criticisms.<sup>368</sup>

Third, the WTO itself responds to the democratic deficit criticism by arguing that the decisions are taken by consensus, its rules are agreements resulting from negotiations among member states and those agreements are ratified by the national parliaments.<sup>369</sup> In other words, the decisions are taken through an accountable and democratic process. Moreover, small countries are not dictated what to do by the powerful countries; in fact less developed countries would have been a lot less powerless without the WTO.<sup>370</sup> On

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<sup>366</sup> Bhagwati, Jagdish, *Anti-Globalization: Why?*, Journal of Policy Modelling, 2004, 26, pp. 451-453

<sup>367</sup> Nye, Joseph S. Jr., *Globalization's Democratic Deficit: How to Make International Institutions More Accountable*, Foreign Affairs, July/August 2001, Vol. 80, No.4, p.3

<sup>368</sup> *Ibid.*

<sup>369</sup> World Trade Organization, *10 Common Misunderstandings About the WTO*, p. 2

<sup>370</sup> *Ibid.*, p. 8

the one hand the WTO consensus system requires that every country has to be convinced before a decision can be taken and the WTO rules apply the same to every country. This gives the smaller states bargaining power over the developed countries. They would be able to ask for something in return for concessions as it was the case during the Uruguay Round when the developed nations agreed to reform trade in agriculture and textiles in return for the agreement on intellectual property rights. In addition, the WTO dispute settlement mechanism gives the less developed states a chance to successfully challenge the developed country's practices which are in violation of the WTO agreements. Such an opportunity would have been impossible if the WTO did not enforce its agreements through a legal procedure.

## CHAPTER 5

### UNDERSTANDING THE CONTEMPORARY DOUBLE-MOVEMENT IN THE CONTEXT OF THE CRITICISMS AGAINST THE WTO

In the previous chapter the developments in international trade and trade rules after the Second World War and the history of intellectual debates over trade have been presented followed by the list of criticisms directed at the World Trade Organization by the alternative globalization movement. The goal of this chapter is to point out how and why the alternative globalization movement can be described as the contemporary counter movement. Therefore, the chapter will start with an analysis of the contemporary self-regulating market. Then, based on the alternative globalization movement's previously presented criticisms and activism against the World Trade Organization similarities between the Polanyian counter-movements and the alternative globalization movement will be evaluated.

#### **5.1) Contemporary Self-Regulating Market**

The neoliberal transformation following the crisis of Keynesianism in the 1970s has presented itself as the globalization project in the 1990s after the Soviet Union dissolved and there were not any remaining visible alternatives of capitalism as a system to organize the societies around the world. The slogan "there are no alternatives" became the explanation of why the global political economy in the 1990s were being organized under a global capitalist system. Neoliberal restructuring that demanded reorganization of production, financial and trade relations between states have been accepted by many governments around the world. The neoliberal restructuring was initially devised as a direct response to the fall of profits of the private sector and the rising inflation levels. Perhaps as the most dynamic of all social organizations capitalism was once again able to reproduce itself on different levels of social mobilization, discipline and material relations. Thus an answer was provided to the crisis of the 1970s in Western Europe. Yet the same solution would be advocated to the rest of the world once the division between the East and the West was no longer sustained by the military might of the Soviet Union and capitalism was now given the chance of expanding on a global scale and thus

achieve what Marx and Engels had envisioned for the future of capitalism in the nineteenth century: “The need of a constantly expanding market for its products chases the bourgeoisie over the entire surface of the globe. It must nestle everywhere, settle everywhere, establish connexions everywhere.”<sup>371</sup> In other words 1990s have witnessed the emergence of a global market in which the capitalist mode of production have been sustained by providing the capital with the power and the right to seek profit anywhere around the world and relocate once its profit margins start to fall.

Consequently, what can clearly be observed is that while neoliberal restructuring, or the globalization project, has been promoted as the only viable future for the mankind it has been actually the only viable solution for capitalism itself. Thus we are confronted with a political and an ideological project that accompanies the establishment of a global market. It is political in the sense that governments around the world expand their administrative functions, pass legislatures or provide freedoms for capital. Without a governmental intervention free markets cannot be possible for such markets require control, regulation, intervention and protection to ensure the free working of the system. This is in fact what Polanyi argued in his explanation of the link between the development of free markets and the expansion of the administrative functions of the state.<sup>372</sup> On the one hand capital demands that all state regulations that decrease efficiency and increase costs be minimized thereby giving capital the greatest profit margin and on the other hand capital requires the private property be respected, secured and free from expropriation by the political authority as well as theft and that state construct the infrastructure, provide order and stability and undertake the other requirements for the functioning of the free markets.

The globalization project is also ideological for without a justification of such policies of restructuring it would not be possible for the capital to be provided with the legitimacy required for the acquiescence of the majority of the world’s populations in its own project. This ideological project is carried out through the mainstream media as well as the neoliberal civil society which diffuse the ideals of the neoliberal project to the masses. This propagates the belief that what the neoliberal restructuring entails is also

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<sup>371</sup> Marx, Karl and F. Engels, *Manifesto of the Communist Party*, [www.marxist.org/archive/marx/works/download/manifest.pdf](http://www.marxist.org/archive/marx/works/download/manifest.pdf), accessed on 06.09.2009

<sup>372</sup> Polanyi, *op.cit.*, pp.146-147

the best, or the single, alternative among the different futures for the mankind. From the 1970s onwards the arguments of the New Right would precede the policies of privatization, deregulation and liberalization.

Keeping these two points in mind, that the globalization project is both political and ideological, let us analyse the similarities between Polanyi's self-regulating market and contemporary global political economy which has underwent a neoliberal transformation. First of all both the self-regulating markets of the nineteenth century and the contemporary neoliberal economies are based on the assumption, or the belief, that without outside intervention free markets would reach equilibrium in the long run. The equilibrium in the markets refers to the equality of supply and demand for both the goods and services produced or offered at a given period of time. The mechanisms that allow the equilibrium in the markets are the prices which are signals for the buyers and sellers to adjust their economic behaviours accordingly. The prices for goods and services determine the level of supply and demand. If the price of a good were to rise this would signal other producers looking to expand their gains to enter that particular good's market and start producing it. This would result in an increase in the supply of that good which in turn would lead to a decrease in its price because as the number of producers in the marketplace increase they would compete over the price of their products in order to attract more customers. This competition serves two things: First of all, the levels of supply and demand reach equilibrium in the long run; the price and quantity of that good being determined by this equilibrium. Secondly, the competition over prices will increase efficiency in production by forcing the least productive producers to go out of business and the others to find more cost-efficient means of production. This type of an explanation for the functioning mechanism of the free markets is the first common argument of the self-regulating markets and the neoliberal economies.

Consequently, the second common argument of both types of economic arrangements becomes the removal of political impediments to the functioning of these free markets. Polanyi explains in detail the historical experience of Britain in the late 18<sup>th</sup> and early 19<sup>th</sup> centuries by giving an account of how the ages old protectionist socio-economic system of Britain had been slowly destroyed by the removal of the barriers against the commodification of the land, labour and money. The land had been commodified through the enclosure movements. While until that period, the right to use the land, with certain rules and in return for taxes of course, belonged to the commoner the enclosure

movement removed the people's right to use that land forcing them to move to the cities and sell their labour as they did not have the means to sustain their life anymore. The labour had been commodified through the removal of the feudal social and economic aid systems which ensured the right of the people to survive even if they did not have any jobs. Moreover, money also became a commodity under the gold standard thereby leaving the productive organization at the mercy of the fluctuations in its amount, and thus prices, in the short term. However, despite all these destructive effects, without such a huge transformation entailed in commodifying these three elements it would not have been possible for markets to develop a self-regulating mechanism. For example, would it be possible to create a labour market, which is one of the pillars of capitalist markets, without stripping the individuals of all types of social and economic protections and thereby turning him into a commodity that can be bought and sold? If a person, without skills and education, is provided with social benefits and a certain amount of financial aid when he's unemployed would he prefer to work for a minimum wage at a factory or stay at home and receive the same amount of money? Or would the villagers flock to city in the hopes of finding a dull, demeaning job by selling their labour in return for a wage barely enough to keep them alive if they have their own land in the village and are self-sufficient? If the land and its produce were not commodities would agricultural production reach levels high enough to sustain the growing urban population? Sure enough, these processes were carried out with help of the political authority, but in the end the political, social and economic arrangements of the old feudal and mercantile systems were dissolved and the society was left to the functioning mechanism of the markets. The commodification of the elements of the society has similarly been witnessed in the period of neoliberal restructuring as the Keynesian class compromise of the post war period was abandoned slowly in the 1970s. As it has been mentioned in the second chapter, the international system after the Second World War was based on the norms and goals for commercial and financial relations among the world's major industrial states. The Bretton Woods system became the first example of a fully negotiated and economic order intended to govern monetary and trade relations among independent states with the goal of achieving post-war recovery and setting up a system which will prevent the economic causes of another major war. In addition to establishing the guidelines and institutions for the international economy the post war settlement also allowed governments to pursue domestic economic stabilization and welfare policies; in other words the states were free to pursue policies of economic growth and full employment and provide protection to their citizens from the adverse effects of the free



markets. Based on the experiences of the interwar years, employment, stability and growth became important public policy goals. The understanding that the state was responsible for the economic conditions of its citizens and thus should intervene in the economy was incorporated in the wartime plans. However the system cracked in the 1970s, due to the reasons explained in the second chapter, and this gave way to a crisis of profitability. In order to increase the profit levels and decrease the budget deficits unemployment rates increased as demands fell and production slowed down. This was the beginning of the re-commodification of labour. The labour-friendly regimes of Fordist production systems broke down, the capital shifted to the South in search for lower production costs, labour unions were attacked for they were seen as the main reason why production costs, and inflation levels, were so high and the social welfare policies were abandoned. Labour regulations were made more flexible, the number of part-time jobs increased, informal economy and subcontracting expanded while the state sector declined with privatization. These developments meant more insecurity for the labour in addition to longer work hours and increased work intensity. Thus just as in the emergence of the self-regulating markets in the 19<sup>th</sup> century the labour has been stripped of all the protective institutions gradually since the 1970s.

Meanwhile, the nature is being exposed not only to pollution but also to various privatization projects specifically after the establishment of the WTO and the signing of Trade Related Intellectual Property Rights. TRIPS Agreement is the legal requirement that the WTO signatories must adhere to. It constitutes a protection mechanism against violations of intellectual property rights by forcing the states to implement domestic intellectual property protection laws that provide twenty year monopoly control over patentable items.<sup>373</sup> As control of intellectual property monopolies offer large profit opportunities multinationals rush to purchase the right of natural resources. For example, fresh water, which is the second most important substance after oxygen for the human body has been privatized in various parts of the world. As the water resources are depleted, polluted and used for manufacturing and electricity production transnational corporations are trying to benefit from the increasing water scarcity by buying water rights and privatizing water resources in other words by treating water as a commodity. Yet these attempts have been met with strong reactions around the world as in the case of Bolivia when the local community reacted against and stopped the privatization of local

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<sup>373</sup> Wallach, *op.cit.*, pp.84-85

water supply. The case is also similar with the patenting of seeds. While for many years farmers around the world have been using seeds freely, as the multinationals purchase the patents of these seeds the farmers now will have to use the seeds provided by the companies and pay substantial amounts just because the companies hold the patent rights of those seeds. Thus, what have been observed as a result of the neoliberal transformation are the various attempts to commodify the remaining parts of nature and biological existence on earth in addition to the re-commodification of labour.

The third similarity between the self-regulating markets of the nineteenth century and the current neoliberal transformation is the formation of a near-universal, or a global, market.<sup>374</sup> During the phase of the nineteenth century self-regulating markets this was achieved through the use of the gold standard and imperialism. As the countries adopted the gold standard they determined a fixed value for their currency in terms of gold and thus pledged to redeem their currencies in exchange for gold over the previously determined rate. This was a necessary policy if the states wanted to engage in multilateral international trade for there was not a single currency which was universally accepted. The most important material that was recognized as worth buying by all the nations around the world was gold. Moreover, if the countries did not adhere to the gold standard international trade became very risky for the merchants because in the amount of time that it took for them to get their products to the foreign markets the local prices of their goods could have fluctuated to a great extent. In other words there would have not been much stability in price levels that would allow orderly trade relations. Thus gold standard was accepted by those states that wanted to trade with each other. If an individual wanted to import certain products then he would have to purchase gold with his own country's currency at the determined rate and then use the gold to purchase the required amount of the foreign currency and then import the products that he wanted. Thus international trade would be facilitated by this standard accepted by various nations. This was one of the major pillars of the nineteenth century self-regulating markets for without such system which allowed the automatic facilitation of international trade nations would not be able to rely on the prices of the foreign countries. The international gold standard would provide stability by automatically balancing the price levels through the price specie flow mechanism in countries that experienced trade surpluses or deficits. For example, if a country experienced trade surpluses that meant

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<sup>374</sup> Munck, Ronaldo, *Globalization and Contestation: A Polanyian Problematic*, Globalizations, Vol.3, No.2, June 2006, p.178

gold would flow into the country and thus the money supply would increase which in turn would increase the prices of products in the country that experienced trade surpluses. As the price level of that country increased its products would be relatively expensive in international markets therefore the demand for those products would decrease creating this time a trade deficit. Thus the gold standard mechanism would through these adjustments force the trade balances of countries to reach equilibrium. Thus the most important advantage of the gold standard was to facilitate international trade and provide stable and orderly trade relations.

The second major force that allowed the spread of capitalist mode of production to the rest of the world was the imperialist ambitions of the Western European states. Imperialism can be defined as the export of capital to the regions of the world which the imperial country is planning to use as markets for resources and production.<sup>375</sup> Such a relationship does not necessarily transform the totality of the socio-economic relations of the country that receives capital from the imperial centres. In other words, imperialism does not necessarily lead to capitalist development of the country which is being exploited simply because it receives foreign capital. As the discussion presented in the second chapter shows, many authors see the imperialism as the major reason for the economic dependence of the Third World. However the imperial relationship introduces the capitalist relations into the colonies and starts their articulation with the global economy. The combination of these two elements, the international gold standard mechanism and imperialism, allowed the self-regulating markets to expand at a global level.

Similarly, contemporary global political economy is witnessing the emergence of a global market. This has been made possible by the global reach of the US dollar, globalization of financial relations and the significant developments in communication technologies and decreases in transportation costs all of which are important factors in creating a global market for goods and services in addition to the political and ideological support that the neoliberal transformation has been provided with. While following the creation of the Bretton Woods system the US was able to finance its trade deficits through the printing of more and more US dollars which had become the internationally accepted currency under the gold-dollar regime, the US also transferred

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<sup>375</sup> Roxborough, *op.cit.*, p. 55

large amounts of foreign aid to the European countries which were in need of financial reserves to import the machinery and inputs to rebuild their economy as well as food to feed their populations. Under the US hegemony dollar had, and still continues to enjoy despite the loss of US economic power, the role of internationally accepted currency. Meanwhile, the globalization of financial relations allowed the movement of capital from one point on earth to another in seconds thereby removing the capital from the vestiges of the political authority and giving it the power to settle anywhere it wants. These developments were also greatly facilitated by the improvements in technology which decreased the importance of geographical distances and political borders allowing high levels of interconnectedness between different parts of the world.

## **5.2) Contemporary Counter-Movement**

The analytical discussion in the first section of this chapter provided the similarities between the self-regulating markets of the nineteenth century and the contemporary global political economy in order to make it clear that the neoliberal transformation that has been going on since the 1970s constitutes a world-wide shift towards self-regulating markets and thus forms the first part of the contemporary double movement. Consequently, to complete the main argument of the thesis, that the alternative globalization movement forms the contemporary Polanyian counter-movement, an analysis of the alternative globalization movement has to be provided.

As it has been made clear in the previous chapter, the issue of free trade has inflamed debates and conflicts since the early days of Industrial Revolution. This resulted from the great opportunities and disadvantages provided by a country's international trade regime and relations. In addition to war, trade has been the oldest form of international relations. From tribal villages to city-states establishing a monopoly over trade relations with regions which provided various riches were seen as a profitable engagement and worth fighting for. However it was only after the spread of Industrial Revolution and the formation of market societies that international trade became one of the most important elements in countries' economies. While the emergence of powerful empires and modern states after the sixteenth century slowly provided the secure and orderly environment required for the international trade the spread of Industrial Revolution had a huge impact on the growth of international trade for three reasons. First of all, such huge transformation of countries' economies required large amounts of natural resources to be

used as inputs in mechanized production and food to feed the population. Natural resources were necessarily imported because not all countries had enough of them; even those countries which were rich in natural resources could not have had the technology to extract those resources at speeds high enough for the needs of the industry. Sometimes it was just cheaper to buy the goods from somewhere else rather than extracting or producing it yourself. Moreover, as the industries grew and required larger amounts of labour supply people migrated to the cities leaving the agricultural sector. One of the two ways to feed the growing urban population was international trade, the other being mechanized agriculture. Second, the Industrial Revolution was accompanied by the developments in technology which decreased the costs of transportation thereby making international trade a cheaper activity. Third, the enormous growth in the production levels of those countries that experienced the Industrial Revolution required larger markets because the local population was unable to absorb the domestic production. Thus, the surplus production had to be traded with other countries.

The economic race between the industrializing Western countries in the nineteenth century was reflected in the theories on international trade because international trade had become one of the most important activities in the growth of economies and increasing the power of the nations. As discussed in the previous chapter, two major theories on international trade in this period were liberalism and mercantilism. However as the gap between the Western nations closed and all of them were industrialized in the twentieth century a different type of conflict emerged regarding international trade. Following the decolonization period the newly independent states' economic conditions became one of the most important problems in international political economy. The major concern regarding these countries was how to economically develop them and end their poverty. Within this debate, arguments emerged as to the disadvantages that these newly independent states faced in the existing international trade system. Such arguments were voiced by the structuralists and later the dependency theorists. Yet these arguments were mostly state-centric and viewed the world as divided into two spheres, the developed North and the underdeveloped South. These underdevelopment theories were influential in the discussions in international political economy until the late 1970s and early 1980s when the debt crisis hit the Southern countries and neoliberal transformation began. With the 1980s and 1990s all around the world debates on international trade seemed to have been dominated by those advocating export-oriented strategies and free trade. This was a direct and necessary result of the integration of the

economies and establishment of a world market through the neo-liberal transformation. However criticisms of free trade had never actually died away and with the emergence of the alternative globalization movement and its criticisms against the GATT-WTO system and the free trade regime, discussion on international trade were inflamed again. Now, based on how the alternative globalization movement criticises the WTO and the international free trade system it will be shown that the alternative globalization movement constitutes the contemporary counter-movement.

Before analyzing the alternative globalization movement's criticisms, the common characteristics of counter-movements should be provided. As mentioned before, Polanyi describes the counter-movements as the society's protectionist response against the implementation of the self-regulating market system supported by the state. The political and ideological movement that wanted to establish and expand self-regulating markets triggered protective measures, or counter-movements, in order to increase the social control over the market forces. These counter-movements were comprised of the different segments of the society. These segments, or groups, wanted to protect their social institutions, relations and positions which they were part of. Without these institutions, relations and positions the elements of the society would be robbed of the protections provided to them in order to maintain their survival without becoming inputs in the economy. The society was protecting thus itself from the destructive mechanisms inherent in the self-regulating market. In other words, Polanyi contended that the elements of the society could not be expected to view the market economy as an end in itself and the ultimate point in human progress for establishing a market society required that the elements of the society give the market economy priority over themselves.<sup>376</sup> In other words, by criticizing the market society as a stark utopia, Polanyi drew attention to the inevitable rejection of the domination of the society by the rules of markets through the self-protective nature of substance of the society. Thus for Polanyi, it is not the self-protective response of the society against the commodification of social elements which was utopian but the attempts to establish self-regulating markets. Such attempts at forming self-regulating markets were considered a utopia by Polanyi simply because of what the self-regulating markets entailed for the society as a whole. If the members of the society were to acquiesce in this stark utopian project of commodifying the various

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<sup>376</sup> Polanyi, *op.cit.*, p. 136

social elements then they would be accepting to lead a self-destructive life under the dynamics of the market system.

Thus the common elements of the counter-movements can be described as their rejection to accept the self-regulating markets which require the disembedding of the economic from the social, resisting or reversing the commodification of the elements of society, establishing a social control over the market and finding sustainable types of socio-economic organization, forming coalitions among different groups through their rejection of the project that entails similar futures for all, working through various social, political and economic means to become successful in this conflict and forcing the system to a disruptive halt.

It is now time to provide an analysis of the criticisms of the alternative globalization movement against the WTO. The point in providing such an analysis is to show the similarities between the Polanyian counter-movements and the alternative globalization movement.

First of all it needs to be established that the alternative globalization movement resists the disembedding of the economy from the social realities. Disembedding of the economy from the society requires that economics be considered as a different sphere with its own laws than social and political spheres. Thus the social costs of economic organization are not considered as problematic in a disembedded economy. The alternative globalization movement rejects such a separation and this is clearly observed in the alternative globalization movement's challenge against the WTO system of free trade. As it has been provided in the previous chapter, the alternative globalization movement criticizes the free trade regime of the WTO by arguing that as the trade barriers between nations are eliminated based on the theoretical and abstract notions about how free trade leads to the prosperity of all those nations involved, both the workers in the developed nations and the producers in the South are placed at a disadvantageous position. Obviously free trade is a powerful strategy to improve world's productive efficiency however this is only possible if the social costs are not taken into account. The members of the alternative globalization movement point to these social costs involved in engaging free trade. While the economic reality may demand that inefficient factories be closed down the social reality points to the costs to the society of the unemployed workers. These workers are most of the time low-skilled and uneducated

and thus cannot find alternative jobs that easily. Most of them were trained during their occupation and their training only covered the monotonous single task. In other words they were only trained to do a single and repetitive activity. If another factory of same type is not hiring workers s/he will have a very hard time to find another full time job. Thus his or her experiences will constitute a social cost according to the alternative globalization movement.

Another example of how the alternative globalization movement resists the disembedding of the economic from the social realities is their criticism that according to the WTO rules countries cannot discriminate against imports based on how they were produced. Thus according to the alternative globalization movement the WTO fails to see that what is efficient can be socially destructive. The most commonly referred to example is the case of trade in goods produced in sweatshops and with the use of child labour. The alternative globalization movement argues that if the WTO were to ban the trade of goods produced in such ways then the working conditions would improve, or the factories would not use child labour. Yet, the defenders of the free trade defend the position of the WTO because banning those products produced in sweatshops would mean loss of employment for the Third World workers. This argument, according to the alternative globalization movement is morally unacceptable for it legitimizes unethical working behaviour and exploitation and would lead to socially destructive outcomes. Because without an outside force that would change the working conditions there are not any imperatives for the businesses to take decisions that would mean an increase in the costs of production.

Moreover, the alternative globalization movement points to the diminishing of the regulations that protect the social welfare through the WTO trade system as it has been discussed in the previous chapter. This is a result of the WTO's perspective that these standards constitute barriers to international trade and thus should be eliminated or loosened. However, the elimination of these standards in environmental, labour, public health and animal rights protection necessarily brings out social costs whereby once more the idea of profit-maximization is prioritized over the elements that make up the society. It may mean decreased costs for the businesses if they are allowed to pollute the environment because of the loose environmental regulations however this would mean a social cost as the environment is degraded through such practices.



These three examples should make it clear that the alternative globalization movement brings to the fore and demands a change in those issues which have been the direct result of disembedding the economy from the society. Consequently, the alternative globalization movement advocates strong social protection measures. A group of those protectionist measures are provided by the fair trade movement as discussed in the previous chapter. Another protection measure is defended by the anti-sweatshop movement. The groups participating in this movement organize campaigns to pressure the big multinational companies, which employ people in sweatshops in the less developed countries, to provide better working conditions, shorter working hours and better wages to their workers.

Second, it must be pointed out that the alternative globalization movement resists and tries to reverse the commodification process of the elements that comprise the society. This has been observed in the WTO rules' treatment of agricultural products, water, seeds and medicine. The most criticized aspect of the WTO with regards to the commodification process has been the Agreement on Trade-Related Aspects of Intellectual Property Rights signed at the end of the Uruguay Round in 1994. This Agreement has been a major source of criticism because of its various implications. For example, it gives power to those who have enough money to purchase the patent rights of certain seeds to ask for royalty payments from the farmers who until then have been using those seeds for free. Another example that was provided has been the role that patents played in maintaining the very high levels of drug costs in AIDS-stricken Africa. In addition, while food and water should be defined as the most basic of all human rights and everyone's free access to healthy food and fresh water should be secured, under the WTO rules they are being treated as commodities that can be exchanged based on the laws of supply and demand.

On the other hand, the elimination of national regulatory standards, which previously has been discussed as the one of the results of the disembedding of the social concerns from the economic relations also constitute one of the tools for the commodification of the society. The elimination of these standards directly removes the barriers that protect the society and environment's survival and brings them under the laws of the markets thereby commodifying them. For example, in 1998 the WTO considered the US implementation of Endangered Species Act, which allowed the sale of shrimp in the US only if the shrimp was caught by using nets that allowed sea turtles to escape, a violation

of trade rules. In order to comply with the WTO ruling the US weakened its regulation. This was one of the many cases where the nations eliminated or loosened their protectionist regulations which have had been approved only after long domestic political struggles. As a result of the weakening of this regulation, the animal life in the seas was subjugated a bit more to the dynamics of the markets.

Third, it must be established that the alternative globalization movement tries to exert social control over the market mechanisms and is looking for more sustainable types of alternative socio-economic organizations. The first part of this argument that the alternative globalization movement is trying to exert social control over market forces can be clearly observed from the movement's democratic deficit criticism against the WTO. According to this criticism WTO is a bureaucratic organization that operates outside public scrutiny and under the influence of the big nations and the lobbies of large multinational companies. The fact that bureaucrats which are not elected are operating in this organization with the strong influence of the multinational companies is according to the alternative globalization movement a proof that the WTO suffers from democratic deficit. This according to the alternative globalization movement points to a shift in power from states to the international organizations, thereby subjecting the will of the people to the unelected bureaucrats. Moreover, the voices of the multinational firms are easier to hear by the decision makers in the WTO as they lobby for their interests but none of the groups representing environmental, human, labour and animal rights are given a chance to make their cases heard in the WTO. What the alternative globalization movement demands is that the WTO should be open to public scrutiny, more civil society groups that promote social welfare be given a voice in the organization and that the bureaucrats in the WTO be informed about the social costs of their decisions by these civil society groups and that the WTO rules incorporate the regulations required for the protection of social welfare. However some groups within the alternative globalization movement are more critical of the WTO system and argue that reforming the organization in such a way would not result in any increase in the social control over the market forces because of the underlying logic of the WTO system which is to prioritize profit making over all other social goals. Thus these groups believe that if the social control is to be exerted over capital and market forces then the first step should be the elimination of the WTO system altogether.

Fourth, the alternative globalization movement is coordinated by a coalition of different social groups in order to resist the implementation of the self-regulating markets. As it has been stressed over and over again the alternative globalization movement is a coalition of a diverse array of social forces comprising feminists, environmentalists, labour movements, human rights organizations, Third World development organizations, peasants movements, intellectuals, debt relief groups, anarchists, old-left movements and single-issue activists as well as many others. An analysis of the Seattle Protests showed that the participants in the demonstrators consisted of all these different and a wide array of social groups. The case is similar in all the anti-WTO protests. The fact that such a wide array of social forces form a coalition against the self-regulating market of contemporary global economy underlies the Polanyian argument that the challenge of the self-regulating markets is to the society as a whole.

Fifth, the alternative globalization movement aims to force the system to a halt through various means. The methods of alternative globalization movement in achieving such a goal are democratic and peaceful alternatives. First of all, they prefer to inform people through various media activities about their goals and what they are challenging. To that end they try to publicize the implications of neoliberal policies pursued by governments and institutions around the world. First of all, the activists inform the public about how the WTO practices threaten the biodiversity, food sovereignty, local populations and social welfare. Second, the activists try to provide the public with the potential disadvantages and challenges to the societies as well as the future implications of international laws such as the WTO Agreements. These are legal texts which many people would not have any time to read; and even if they did read they would not be able to comprehend what the document is actually saying because understanding such a text would require certain levels of education in law. However, these legal documents constitute laws which the states have pledged to obey and by doing so they have subjected their citizens to the requirements of these laws. Thus, the alternative globalization movement plays an informative part to that end. Third, the activists try to inform the public about the power politics that is observed in the WTO system. The power politics determine who will benefit from the WTO system at the end of the day and who will be the losers of the game. Informing the public about the power politics played in the WTO is important because it would prevent the winners from reflecting their own interests as the interests of all. This would mean that the majority would fail to legitimize the system if it is the powerful minority that constantly gets what it wants.

In addition to informing the public, the alternative globalization movement conducts public protests and demonstrations that attract wide media attention. The two major reasons of these protests are first of all to show their concerns about the WTO system to the public and secondly to point out that the WTO is an undemocratic institution and this is the only way for them to raise their voice. Protest activities have always been a sure way of attracting media attention and being heard by the large segments of population. Thus the activists in the alternative globalization movement have adopted the protests as one of their main tools to promote their views about the WTO. Moreover, the increasing number of protest activities in societies point to a growing concern of the certain section of the population about a social development, process or event. Additionally, protestors aim to disrupt the WTO meetings through these protests thus slow down the workings of the system.

Third, the activists in the alternative globalization movement come together in various Social Forums. These Social Forums act arenas which provide the different groups in the movement to come together as one in opposing the establishment of self-regulating markets by formulating alternative visions of socio-economic organizations and share and listen to each others' problems and priorities. This experience not only provides a sense of unity for the activists but also allows them to learn about how the WTO system works to the detriment of people around the world.

Fourth, by forming NGOs the activists establish interest groups which exert pressure over national politicians, local and international bureaucrats, multinational companies as well as the public in order to achieve their goals. These NGOs' activities have been listed in the second chapter during the discussion about their goals and strategies.

### **5.3) Double Movement**

A brief overview of the overall concerns with the WTO would remind the reader that there are three fundamental points raised by the alternative globalization movement. First of all, free trade in general, and the WTO system of free trade in particular, has failed to bring about the economic gains promised. Rapid trade liberalization has resulted in constraining the options of governments in using trade policies as tools to achieve economic development. Developing world now follows export-oriented policies that not only require state intervention, which at times becomes violent, to keep the wages low

but also leads to the over-extraction of natural resources. Moreover, liberalization of trade has led to the de-industrialization and unemployment of less skilled workers in other parts of the world. In the agricultural sectors farmers have been deprived of their livelihoods as food imports have decreased the prices of their products and forced them to move to cities and become additions to the labour supply. Second, the WTO and the insistence on unrestrained free trade prioritize commercial interests over the public interests. This is realized through encouraging privatization, deregulation and harmonization of national standards. Third, accountable, democratic governance is undermined because of the WTO system. This could take place when the WTO tells the individual governments that their particular law is a violation of a certain article of one of the WTO Agreements or when the big businesses get a chance to lobby during the trade negotiations and influence their national representatives and the other interest groups do not get such an opportunity; or when few powerful states meet behind closed doors take the decisions through secret meetings. These are the overall concerns of the alternative globalization movement with regards to the policies, goals and structure of the WTO.

The majority of the concerns with the WTO revolve around the argument that it is working to further the interests of the multinational companies and to the detriment of the great part of the world's populations. Sometimes, the critics engage in a more state-centric discourse to argue that the WTO is an institution that serves interests of the US, the EU, Canada and Japan. At other times, critics present a more globalist perspective in which the alliance of the developed states and multinationals exploit the world's populations through the implementation of the self-regulating market. In this sense the alternative globalization movement sees the WTO as an international institution that works in secret to determine the rules of the global political economy that will best fit the interests of the big business and that enforces these rules at the international and domestic levels. In other words the WTO is analyzed by the movement as an organization that works to ensure the sustainability and growth of the profits of the multinational organizations; in other words it is perceived as part of the neoliberal transformation.

To make its case, the alternative globalization movement provides the argument that the WTO and the great number of rules it enforces, cover a wide array of subjects that go far beyond matters related with trade and that were not included in the previous trade

agreements. While the GATT system governed the barriers to trade in goods in terms of tariffs and quotas the WTO rules extend its understanding of what constitutes barriers to trade.

According to the alternative globalization movement the real principles of the WTO are privatization and commodification of all elements in the economy and society by turning everything from water resources to plant seeds that have for years been open to common use into commodities that requires payment to be used; deregulation of governmental protectionist rules and regulations regarding social and environmental safety as well as elimination of policies regulating investment such as labour standards; harmonization of national standards to conform them to the WTO standards and creation of new property protection means through intellectual property agreements. Although for years GATT policies have also been the focus of various protests and social groups in the South, which has also been the main protagonist of the protests against the IMF and World Bank policies, the formation of the alternative globalization movement in the 1990s, which coincided with the establishment process of the WTO, raised widespread opposition from the North against the world trade system. While the majority of the opposition from the South had since the GATT period maintained that free trade destroyed their means of subsistence and national economies the opposition from the North added concerns about democracy, socio-economic well-being and environmental degradation to the agenda of resistance to the WTO goals, policies and structure.

In this chapter an analysis of the alternative globalization movement's similarities with the Polanyian counter-movements have been provided. It has been argued that similar to the double movement that Polanyi discusses in his book the Great Transformation the contemporary period witnesses another double movement which comprises neoliberal transformation and the resistance of the populations. Market expansion leads to the emergence of a single global market which represents a disembedded economic organization that continues the commodification process. Yet the social resistance against this attack on the very fabric of the society gave birth to what has been called as the alternative globalization movement. As the analysis of this movement's criticisms, goals and activities shows the movement aims to re-embed social realities into economic relations. Counter-movements in the nineteenth century were comprised of two major groups both of which were comprised of whole populations which gave their support to such fundamental reactions against the self-regulating markets as fascism and

communism. Bringing the national populations under the umbrella these two ideologies were capable of mobilizing people and bringing an end to the self-regulating markets. Fascists and right-wing nationalists are not parts of the alternative globalization movement but they certainly are critical of the contemporary neoliberal transformation and the formation of a global self-regulating market. Communists sometimes support the alternative globalization movement's goals but they are highly critical of the movement's grassroots organization which refuses to prioritize the capture of state power and form political organizations such as parties which are hierarchically organized which allows the centralization of power. In other words, even today these two ideologies represent two of the main bodies opposing neoliberal transformation even if they are not parts of the alternative globalization movement. However what is important is the fact that both the counter-movements and the alternative globalization movement brings together different sections of the societies in a social cohesion against the perils of the self-regulating markets and thus presents a challenge to the spread of the market societies.

Despite all the similarities that has been established between the double movement of the nineteenth century and of the contemporary period it should be reminded that the alternative globalization movement is far too weaker than the fascist and communist counter-movements in terms of bringing the system to a halt. There are various obvious reasons for this. First of all, fascist and communist movements based their success on the socio-economic and political crisis of the interwar years which arguably affected the societies in more profound ways than the disadvantages that neoliberalism has presented the contemporary world. Second, fascist and communist movements were national movements. Even though they were internationally-shared ideologies they limited themselves with national goals and strategies which allowed them to define their goals, enemies and tactics in shorter periods of time and mobilize to act more quickly. However, the alternative globalization movement tries to establish itself as a global movement. Therefore it is very much affected by the heterogeneity and inclusiveness of its actors. Different people from the different parts of the world obviously will have different experiences, problems and identities. This obviously slows down the movement's mobilization and organization speed and makes it harder for the movement to define the goals and tactics. Third, both fascist and communists were organized in hierarchically-structured political movements which gave them the capacity to act as one and thus aggravate their socio-political impacts. However the alternative globalization movement has yet failed to define itself as a solid movement. This results from the

democratic character of the movement which allows everyone to be heard and increases the movement's legitimacy. However, when it comes to acting the only times when each and every group is united are the protests activities and social forums. In other times, the groups within the movement act on their own which obviously limits the movement's impact. Fourth, fascist and communist groups had far more experience in political struggles than the members of the alternative globalization movement which has been formed throughout the 1990s.

The reasons for these differences between the Polanyian counter-movements and the alternative globalization movement are the result of the historical progress of the anti-systemic activities. Therefore they are to be expected. Yet, as the analysis in this chapter has shown the similarities between the Polanyian counter-movements and the alternative globalization movement are clear. They both reject the disembedding of the economy from the social realities, try to reverse the process of commodification of all aspects of the society, try to exert social control over the market dynamics and capital, formed by a coalition of different social group and try to force the system to a halt. Therefore the alternative globalization movement constitutes the second counter-movement against the formation of contemporary self-regulating markets.

To conclude it can be argued that we are witnessing the conflict of two transnationalisms. First one is the expansion of capitalist markets and forces trying to create a global self-regulating market and the other is the totality of socio-political forces trying to resist the establishment of a self-regulating market. This conflict at a transnational level is peculiar to the contemporary double movement because as it has been mentioned before the Polanyian counter-movements were organized at the national level as they established the goal of capturing the power of their own state their priority. However the alternative globalization movement is organized through cross-border coalitions and identifies itself as a global opposition to neoliberalism. It has been mentioned before that the project of neoliberalism is both political and ideological. Therefore since the neoliberal transformation began it has been a far more better organized and coordinated process than the alternative globalization movement which only emerged after the 1990s. Nevertheless, we are witnessing the clash of two different types of transnationalisms which the contemporary double movement presents itself.



## CHAPTER 6

### CONCLUSION

The decade of 1990s had started with the dissolution of the Soviet Union and the proclamation of the end of history. As the long time opponent of the capitalist mode of production had now entered the period of transition to the market economy many in the West, including the left wing groups, were now sure of the global acquiescence in capitalism. However, this study has pointed out the emergence of a global social opposition at the same period; a global social opposition that developed to realize an anti-capitalist utopia.

Throughout the history there have always been resistances to the expansions of capitalist markets. In the thesis this history of anti-capitalist movements has been divided into three periods. The first phase lasted from the emergence of capitalist mode of production in the Western Europe in the early fourteenth century to the mid-nineteenth century. The resistances in this long period were observed mainly in Europe during the dissolution of the feudal system, in the plantations in the Americas and in the colonies, regional markets and old imperial systems that lied in the path of European expansion in the Middle East, Asia and Americas. While the dissolution of the feudal system in Europe was accompanied by a great increase in productivity levels in the agricultural sector and a rise in the urban population levels the disruption of the old feudal system of employment security and protection was undermined. The emergence of the labour markets, the commodification of land and the exploitation of the agricultural producers by the state and landlords increased social tensions in Europe. Following the Black Death and the Hundred Years' Wars these social tensions gave way to peasant revolts all around Europe from Russia to England. Peasants sometimes reacted to increased taxation or prices or they sometimes rioted against artificially decreased wages. Other times, they rebelled against the privatization of land through enclosures. Meanwhile, the plantations in the Americas were also a source of great distress. The black slaves were usually fighting the colonialists through various measures. They burned down houses, destroyed products or ran into the jungles where they survived on the food they stole or found in

the jungle. Many times they formed gangs, known as maroons, and disrupted the colonists' commercial activities in the plantations. This history of conflict gave way to one successful slave revolt in Haiti where the black slaves were able to force the French to leave and establish their own state. Of course it was not only the plantations that caused social tensions. Other regions in the Americas in addition to the regions in the rest of the world also encountered the European expansion and the social conflicts resulting from the proliferation of capitalist markets. While the Spanish and Portuguese fought various local rebels in the South America, the expansion of the new American state in the North of the continent gave way to the inevitable clashes between the new state and the Red Indian tribes. Meanwhile, on the other side of the world, the old empires such as the Ottomans and the Chinese were being influenced greatly by the expansion of Europe into the east. In these states the populations were disturbed by either what they saw as the dissolution of their culture as a result of the contact with the West or by the loss of their previous social status. Despite their differences, all these anti-capitalist resistances had various common aspects. They were generally spontaneous meaning that they were limited to a short time span as the conflicts would not take a continuous character. This was mainly due to their uninstitutionalized character which prevented the resistances to pass on their experiences and wisdom to the next generation. In other words, these resistances were greatly disorganized. However these aspects did not prevent them from being greatly destructive and violent at various times.

Following the French and Industrial Revolutions the anti-systemic movements acquired a new character. The French Revolution influenced the anti-systemic movements in two ways. First of all, now these movements had the capture of state power as their main target. To that end, they started to form institutions such as parties, organizations, groups or brotherhoods that would be effective in creating an established, continuous and solid opposition. Second, the ideals of the Revolution, equality, fraternity and freedom, would also become the main ideals of the next generation of anti-systemic movements. On the other hand, the Industrial Revolution influenced the anti-systemic movements by first of all giving birth to a new social class or urban working people and pauperized masses that would become the source of future social tensions. Second, the improved technology as well as the need for markets for supply and resources facilitated and encouraged the spread of European capitalism to all around the world. Third, the developing technology allowed better communication between the political movements as well as transportation.

After these developments, the nineteenth century witnessed the emergence of two major anti-systemic movements: social and national movements. These two different types of opposition were defined by how they identified oppression in social, political and economic organization. The social movements defined oppression as among classes and as such aimed to replace the bourgeois domination with a classless society. The national movements defined oppression as among different ethnic groups and as such aimed to replace imperialism with national self-determination. These two different anti-systemic movements had many common characteristics in addition to their differences. Most important of all, they both had succeeded in achieving their mid-term goal of reaching state power. However, they were unable to realize their promise of replacing oppression with a more egalitarian social system. Thus they lost their legitimation among the populations of the world that now started to look for alternative anti-systemic movements.

From the late 1960s and early 1970s onwards the new types of social movements emerged around the world. The new social movements which lasted to this day included feminists, environmentalists and human rights organizations and they defined oppression in their own ways and did not set the capture of state power as a necessity. Most of these new social movements proliferated in the West with the increase in the number of various NGOs. This period also coincided with the crisis of capitalism and the neoliberal response in the late 1970s. Around the world the neoliberal policies were implemented to sustain the accumulation of capital. However, the attempts to establish self-regulating markets were met with opposition. The protests started in the South where the neoliberal structural adjustment policies had greatly influenced the populations. In the 1990s these opposition movements around the world converged into one big movement of movements that has been identified as the alternative globalization movement. The alternative globalization movement has been defined as an example of a Polanyian countermovement which is an opposition to the commodification of society.

The analysis of the alternative globalization movement's criticism of the World Trade Organization's goals, principles, policies and structure revealed the priorities that the movement attaches to the principles that should compromise any social organization. The movement prefers an egalitarian world order in which global income is justly distributed among the world's populations either through the intervention of the political organization or through more democratic control over production and transactions. The

three major criticisms directed at the WTO by the movement are that the free trade system maintained by the WTO creates economic injustices, destroys the livelihoods of millions of producers, encourages a race to bottom in environmental, labour and health standards, and undermines democratic and accountable governance. These criticisms imply a concern over the loss of control over the creation and implementation of the rules of global economy by the certain sections of the public. Moreover, the criticisms reflect a growing concern on the part of the members of the movement over how fairly is the income distributed globally rather than how much is produced.

Despite the various attempts of the movement to alter the course of global political economy it must be noted that not much change has been achieved. Neither the world trade system nor the global financial relations have been affected by the movement. The states and governments have not been influenced by the movement to a degree that can affect a profound change. In fact, it would not be an exaggeration to say that the movement has yet not been able to achieve any fundamental changes in the global political economy. Moreover, the traditional left criticizes the movement for not being a working class movement. However, these do not mean that the movement is of no significance. First of all, the movement is only in the embryonic phase in the sense that neither its identity nor its goals and framework are solidly defined. This results from the great diversity, inclusiveness and heterogeneity of the movement. The differences between groups from different countries result from the diverse experiences and problems faced by these groups. As different societies face different problems the goals that they set for themselves differ to a great extent. For example while the women in Florida may define the problem that needs immediate addressing as insufficient representation in the local parliament the women in Palestine would define war and death resulting from armed conflict as the most immediate problem that needs to be solved before anything else. The movement is ripe with such differences and this heterogeneity prevents the movement from setting for itself definite targets; in other words the goal of achieving popular legitimacy through democratic organization and inclusiveness prevents the movement from transforming it from simply being against neoliberalism to promoting a certain set of goals with regards to the political authority and market relations. Moreover such divergences make it very difficult for the researchers to analyze the alternative globalization movement in its totality. Therefore the great part of the literature examining the movement focuses on just one part, group, tradition or concepts which have been clearly defined and placed within an analytical framework. Overcoming

this segmentation was one of the goals that this thesis tried to achieve. Second, while it is true that the movement is not led by the working classes it does not mean that the movement constitutes a barrier against the goals of the working classes. It should be reminded that the movement is anti-capitalist in its essence and therefore there is no reason to assume that its goals cannot be compatible with the goals of the working classes. Third, the movement accepts the internationalist motto of the working class movement and rejects a nationalist discourse. Thus it could provide a much better solidarity among the different groups around the world. Fourth, the movement prioritizes democracy as one of the most important values and thus has the capacity to gain the legitimacy of wide populations. Fifth, its stress on the socio-economic inequality around the world seems to address the wider segment of the world's populations as global inequality and poverty as well as environmental degradation have become problems which transcend across borders. Finally, it should not be forgotten that this movement is one of the largest global social oppositions to neoliberal policies since the labour unions and left-wing political parties have been undermined and greatly discouraged throughout the 1980s and 1990s. Therefore it has the potential to create and promote alternative visions of political authority-market relations. Yet if the goals of the movements are taken into consideration the greatest success of the alternative globalization movement as a social opposition lies in its challenge against the inevitability thesis and legitimacy of neoliberal policies and principles. Thus the alternative globalization movement presents itself as a transnational opposition to neoliberal policies and goals. In other words what we are witnessing is a clash of two types of transnational movements; one of them tries to increase the power of capital over other socio-political forces and the other tries to resist the establishment of a global market in which the market forces triumph in determining the alternatives for mankind. The outcome of this battle remains very much unclear however it is certain that all attempts at establishing self-regulating markets will be met with a socio-political response that tries to exert social control over capital and resist the attempts to commodify the elements of the society.

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