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The TNC's "New World Order" (Part 1)

TNCs stride the world

With this issue, The Guardian commences a series of articles by ANNA PHA, Editor of The Guardian and member of the Central Committee of the Socialist Party of Australia. It is an important series which discusses some of the far-reaching changes taking place in the economic, political and social life of Australia and other countries. Scientific and technological advances are revolutionising production processes, communications and information exchange. Monopolies have grown into transnational corporations, extending their operations to every corner of the globe. Unelected bodies such as the World Bank, the IMF, World Trade Organisation and the OECD are determining the economic and social policies of governments.

There are now some 40,000 transnational corporations (TNC) (parent firms) with around 250,000 affiliates in foreign countries. (World Investment Report 1995(1) (WIR)) These TNCs are shaping a new emerging world economy through their domination of trade, huge financial resources, use of the most up-to-date technology, the internationalisation of production and rapidly growing global investments.

TNCs are defined as those corporations which own or have a controlling interest in subsidiary enterprises in countries other than in the country of the parent company. Such corporations are not new but they have increased in number, wealth and power in the period since WW2. Not all TNCs are large. Many are small with limited areas of operation, resources and foreign investments.

The term "affiliates" refers to wholly owned subsidiaries, branches and offices; partly owned subsidiaries or other equity investments (more than 10 per cent) where the parent company has a lasting interest in the management of that enterprise.

There are few large monopolies which have not grown into transnational corporations in this period.

Germany has the largest number of parent TNCs with 7, 003 (1993). Japan is next with 3, 650 (1993), then Sweden 3, 700 (1993), Switzerland 3,000 (1985), the US 2, 966 (1992), France 2, 216 (1993), Great Britain 1, 443 (1992), Canada 1, 447 (1993), South Korea 1, 049 (1991). Australia is 17th on the WIR's list with 732 (1994) parent companies.

Trade

Two-thirds of world trade in goods and services is controlled by transnational corporations. One-third of TNC trade was accounted for by intra-firm activities, that is, between the TNC parent company and its affiliates or between commonly owned affiliates.

Another one third of world exports was between TNCs and non-affiliated firms abroad. Only one third of international trade is not directly controlled by TNCs and not subjected to their monopoly pricing or other monopoly practices.

"In the case of the United States, whose firms are among the leaders in the internationalisation process ..., arm's length transactions are as little as one fifth of all international transactions ...

"In other words", says the WIR, "four out of five dollars received for goods and services sold abroad by United States firms are actually earned from goods and services produced by their foreign affiliates or sold to them.

"One consequence of these developments is that a large and growing share of international transactions no longer takes place between independent agents governed entirely by market forces, but rather in conjunction with international production organised by associated agents under more or less common corporate governance."

In the post-WW2 period there has been a rapid expansion and liberalisation of world trade. The easing and removal of trade barriers (tariffs, quotas, etc) at the demand of the TNCs and to facilitate their operations, have played an important role in the growing integration of national economies.

Another development is the formation of regional trade agreements and blocs of nations -- the European Union, NAFTA, ASEAN, the CER between Australia and New Zealand, to name a few.

Foreign investment

Trade, however, is now being surpassed by the export of capital as the principal means by which TNCs are bringing about the integration and control of economies on a global basis. The WIR says that during 1992-93, the stock of world Foreign Direct Investment grew about twice as fast as worldwide exports of goods and services. (The stock is the total value of the accumulated foreign investments of TNCs, including retained profits.)

Foreign direct investment (FDI) is defined by the WIR as a long-term relationship reflecting a lasting interest and control of a company (or individual) resident in one country in an enterprise in another economy. It implies that the investor exerts a significant degree of influence on the management of the enterprise in that other economy.

The 100 largest TNCs account for one sixth of FDI. Worldwide, direct investment by TNCs totalled US$222 billion in 1993. The total stock of FDI rose to US$2.6 trillion in 1995.

Much of this foreign investment is going into already existing concerns through takeovers, mergers and expansion of existing operations, rather than helping to create new businesses. In this way monopolies and other corporations turn into TNCs.

UNCTAD (United Nations Conference on Trade and Development) who prepared the WIR, estimates that the total profits made by the foreign affiliates of TNCs worldwide were in the region of US$175 billion in 1994. In the case of US-based TNCs, over half of this profit was reinvested and the remainder repatriated for distribution to shareholders.

Profits repatriated is money produced in one country but exported to the country of the parent company. This becomes a serious drain on the balance of payments of the former countries. It is these transfers of profit overseas which are a substantial factor in Australia's increasing current account deficit.

Most FDI originates from developed countries, particularly from the US, the European Union and Japan. Seventy-five per cent of foreign investment stocks are in the developed world, particularly in the above three.

US-based TNCs are responsible for the largest share of foreign direct investments -- a total US$610 billion around the globe. This amounted to a quarter of the world's stock in 1994 and makes the US the biggest imperialist investor. In 1994 they invested US$46 billion overseas (down from US$69 billion in 1993).

The US was also the largest recipient of foreign investments, receiving one fifth of world outflows of FDI in 1994. While US capital is exploiting the labour of workers in those countries in which it is invested, foreign capital from other countries is exploiting the labour of US workers.

Japan's foreign investment was US$18 billion in 1994, down from US$48 billion in 1990. This big slump is the result of the deep and prolonged economic recession in Japan. TNCs based in the European Union accounted for 45 per cent of FDI.

Developing countries

There has been a steady increase in foreign investment in developing countries since 1990. They received 37 per cent of the total FDI in 1994. This investment is highly concentrated, with more than two-thirds of it going to only 10 developing countries.

China was the main recipient with US$34 billion. In fact China was the second largest recipient of FDI in the world in that year. There were some 45,000 foreign affiliates located in China in 1993.

By the end of 1990 China had more than 900 TNCs of its own, with more than 4, 600 foreign affiliates in 130 countries. These investments have the aim of giving China access to foreign markets and a stable supply of resources. Between 1990-94 China invested an average of US$2.4 billion a year overseas.

The favoured few

The 48 least developed countries only received one per cent of FDI between them.

Africa was largely bypassed receiving only a pittance. Many African countries carried out the structural adjustment programs dictated by the World Bank and IMF, to be "rewarded" with ever higher levels of poverty, starvation, disease and even larger foreign debts. The promised investments and development have not materialised.

Since the victory of the ANC in South Africa that country is being blackmailed to implement a structural adjustment program as the price of foreign investment.

While the economic development of any country is dependent on the availability of capital, the terms and conditions being imposed as the price of receiving World Bank and IMF investments, inevitably result in more poverty and degradation for the majority of the people.

The Middle East received 0.6 per cent of world FDI and the Pacific 0.1 per cent in 1994.

The former socialist countries of Central and Eastern Europe, after having jumped through many hoops to please the World Bank, IMF, OECD and potential investors from the West, have not received a fraction of the anticipated foreign investments.

Massive privatisation programs, restructuring and social dislocation have been followed by more demands, more plant closures, privatisation, sackings, cuts in social services, while rampant inflation eats away what wage rises workers could get.

In 1994 former socialist countries received a total of US$6 billion in FDI, less than was received by Singapore alone. Most of this went to the Czech Republic, Hungary and Poland. The region's total of foreign investment was $20 billion -- very disappointing for those who carried out the counter-revolution.

Investments from developing countries

The flow of investments from developing countries is increasing. It rose from five per cent in 1980-84 to 15 per cent (US$33 billion) of global FDI in 1994.

UNCTAD has compiled a list of the 50 largest TNCs whose parent company is located in a developing countries. They are based in Brazil (10), Mexico (5), Chile (2), south Korea (9), Hong Kong (7), Taiwan (7), Malaysia (4), Singapore (3), Philippines (2) and India (1). Not a single one of the 50 was based in Africa, the Middle East or any of the poorest countries.

However, this development indicates that these selected countries are becoming industrialised and that a working class is being formed where none existed before. This is leading to the formation and growth of trade unions and working class parties and will have a profound political consequence as time goes on.

Next week: "Know your enemy. The top 100."

World Investment Report 1995: Transnational Corporations and Competitiveness published by the United Nations Conference on Trade and Development (Division on Transnational Corporations and Investment).N

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TNC's "New World Order" (Part 2)

Know your enemy. The top 100

The World Investment Report 1995(1) (WIR) provides a list of the top 100 transnational corporations (TNCs), ranked according to the value of their assets held abroad.(2) These 100 TNCs accounted for one-sixth of the world's stock of foreign investment. They were all based in industrialised countries. Between them they had an estimated US$3.7 trillion worth of global assets in 1993.

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The top ten on the list were Royal Dutch Shell, Exxon, IBM, General Motors, General Electric, Toyota, Ford, Hitachi, Sony, and Mitsubishi -- predominantly petroleum, electronics, and motor vehicle companies. There were 23 electronics companies in the top 100, 13 motor vehicles and parts, 13 petroleum and mining, 13 chemical, nine food, seven trading and six metals.

Siemens, General Electric, IBM, Philips electronics and NEC are heavily involved in the lucrative military industry. Others included computers, tobacco, aerospace, building materials, pharmaceuticals, forestry products, restaurants, soaps and cosmetics, diversified services and paper.

The foreign affiliates of the 23 electronics TNCs accounted for 80 per cent of the estimated total world sales in electronics which illustrates how monopolised some very important branches of production have become.

Forty-two of the top 100 were based in Europe; 35 in north America (32 in the USA, 3 in Canada); 21 in Japan; one each in Australia and New Zealand. Within Europe, Germany led with 11, followed by Britain and France, with nine each.

These TNCs employ large workforces, both in their operations at home and abroad. They have also been major players in "downsizing".

General Motors was the largest employer of foreign labour (motor vehicles and parts -- 270,000), followed by Nestlé (food -- 203, 100), Philips Electronics (200,000) and Asea Brown Boveri (electrical equipment -- 193,000).

Forty of these corporations conducted more than half of their activities abroad.

A few examples:

Shell had a workforce of 117,000 of whom 85,000 were employed outside the Netherlands and Britain. Sixty-nine per cent of its assets are held in foreign investments.

The magnitude of its assets and its power can be seen when they are compared with the size of national economies. Shell's assets of US$100.8 billion were more than double the GDP of New Zealand and three times the GDP of Nigeria which has a population of over 100 million people (1993 figures). Shell's total sales were US$95.2 billion.

General Electric, the largest TNC by measure of assets, claimed total assets of US$251.5 billion in 1993. This is larger than the GDP of more than half of the OECD's 27 members and only US$30 billion less than Australia's GDP of that year.

General Motors was the largest by employment with a workforce of 756,000 -- of which 270,000 (36 per cent) were foreign employees. GM's total sales were US$133.6 billion of which US$28.6 billion were in foreign countries. Its total assets were US$167.4 billion (22 per cent foreign).

BHP

BHP was the one Australian TNC to make the top 100, at number 86. BHP describes itself as "a leading global resources company with a history of growth ... a significant player in the world's mining, steel and energy industries." (1995 annual report)

It has 49,000 employees in 214 locations in more than 50 countries spanning all continents of the globe.

BHP has assets of more than A$30 billion. Its sales revenue was A$18 billion in 1995 of which one third came from its foreign affiliates. Its net profit was A$1.6 billion.

BHP has always held a monopoly over steel production in Australia and no government has attempted to break up this monopoly. Competition policy did not apply to BHP!

The power and practices of TNCs like BHP were exposed last year when it was revealed that BHP had drafted legislation for the Papua New Guinea (PNG) government denying landowners in PNG the right to pursue legal action to obtain compensation for pollution and damage caused by BHP's gold mining operations in PNG.

The legislation made the pursuit of legal claims for compensation either in PNG or elsewhere a criminal act. The agreement with the PNG government also gave BHP the right of veto over the legislation before it could be passed by PNG's Parliament. (The legislation was later modified after a public outcry and BHP settled out of Court with the landowners.)

BHP is one of the reasons behind the Australian government's persistence in recognising Indonesian sovereignty over East Timor and its failure to take serious action against the human rights atrocities there. BHP has its sights on the oil in the Timor Gap -- the subject of the Timor Gap Treaty between Australia and Indonesia which gave Australian and Indonesian companies the "right" to plunder East Timor's oil.

Financial sector

The financial corporations are the most powerful of all. They control vast amounts of wealth and are strategically placed in relation to almost every aspect of the economy and people's lives.

There has been a rapid growth in the trade of money itself, with national currencies being bought and sold to the tune of more than US$1 trillion daily on the international money markets. This is compared with an estimated US$4.8 trillion in worldwide exports of goods and services for the whole of 1993.

Less than one fifth of these transactions are related to trade in goods and services or capital investments. The remainder is pure speculation and manipulation.

Liberalisation and deregulation of the financial sector has resulted in governments surrendering to banks and other financial institutions and speculators what control they had over currency, interest rates, inflation, investment, capital flows, balance of payments, foreign debt, and the stability and security of the financial system itself. Citicorp, the largest US bank, made a profit of US$3.5 billion in 1995. It controls US$257 billion of assets in 98 countries including Australia. Just over a third of its 1, 203 branches are located outside the US. Its operations in the Asia-Pacific area brought in US$781 million in profits last year.

Shareholders made a healthy return of 18 per cent on their investments last year. Its shares have risen from US$8.50 in 1991 to US$81 each in April this year.

Citicorp aims to become a "global brand name" in much the same way as Coca Cola or McDonalds, selling financial services around the world.

NAB

National Australia Bank (NAB) is the largest Australian based bank. According to its 1995 Annual Report the NAB is "one of the world's largest and most successful financial services organisations". (1995 Annual Report)

It made its first overseas acquisition in 1987. Since then it has bought banks in Ireland, England, New Zealand and the US and begun expanding its operations into Asia.

Forty-seven per cent of its $147 billion in assets and more than half of its 2, 452 banking outlets are located overseas.

In 1995 it made a record post-tax profit of almost $2 billion with a return of 17.8 per cent on shareholders' funds. The NAB, through its superannuation, investment, nominee and other companies, is among the top five shareholders of the majority of the largest Australian based corporations.

TNCs are increasingly locating their production facilities in different countries around the world, according to where it is the most profitable and competitive. The work may be carried out by the TNC's affiliates (subsidiaries and other offshoots) or contracted out to local firms in different countries.

The break up of production processes "... involves the transportation of materials, semi-finished products and components (the production of which is undertaken by geographically dispersed affiliates) to a single location for the final assembly, and the subsequent export of the finished products."(3)

The Netherlands based corporation IKEA, for example, has a large retailing network which is supplied by 2, 700 contractors located in 67 countries.

Benetton, the Italian garment manufacturer and retailer with sales of US$1.4 billion in 1994, subcontracts about 95 per cent of its manufacturing, distribution and sales. Between 350 and 400 small and very small (mainly Italian) contractors work exclusively for the company. It uses 80 independent overseas agents to manage over 4,000 investor-owned stores, providing the company with local market knowledge.

Inter- nationalisation of production

US companies send data for processing to India and Ireland by cheaper skilled labour. Legal work, research, accounting, management and production are located where it is the most profitable.

Internationalisation of production has been made possible by the development of information and communications technology and rapid transportation.

"The success of complex integration strategies ... rests crucially on the unrestricted ability of TNCs to trade components and other inputs across borders."(4)

One of the main aims of the structural adjustment programs being implemented by governments through the IMF, World Bank and other international agencies is to lift these restrictions.

(1) World Investment Report 1995: Transnational Corporations and Competitiveness published by the United Nations Conference on Trade and Development (Division on Transnational Corporations and Investment) (UNCTAD).

(2) The list does not include financial institutions, because of the difficulty of comparing their assets with other corporations.

(3) From a paper given by three UNCTAD personnel at an OECD Round Table, published in New Dimensions of Market Access in a Globalising World Economy, OECD, 1995, Paris, p. 63.

(4) Same as above.

Abbreviations:

OECD - Organisation of Economic Cooperation and Development

TNC - Transnational Corporations

UNCTAD - United Nations Conference on Trade and Development

WIR - World Investment Report.

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The TNC's "New World Order" (Part 3)

Structural Adjustment Programs

The governments of Australia (under Labor and now the Coalition), New Zealand, Britain, the US and other industrialised countries are voluntarily implementing structural adjustment programs. In the case of many developing countries the programs have been forced on them by the World Bank and International Monetary Fund.

There are a number of common elements to Structural Adjustment Programs (SAPs) which have become known as the policies of the economic rationalists. Another name is neo-liberalism.

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The implementation of these policies have achieved only low economic growth rates in the industrialised countries but have increased the assets and control of the TNCs overall. None-the-less, the capitalist system is, according to some economists, standing on the edge of a world-wide crisis.

The structural adjustment programs call for:

* Trade liberalisation -- the phasing out of all protectionist measures. The Uruguay round of GATT, concluded at the end of 1994, paved the way for the liberalisation of trade in goods. Tariffs, quotas, bans, subsidies, discriminatory customs controls and other measures that had protected local industries from competition from cheaper imports are being phased out.

To the big corporations they were barriers. To individual nations they were a means to protect local industries from foreign competition and from destruction of the industry and loss of jobs.

The influx of cheaper clothing imports into Australia that followed the lowering of tariffs has encouraged manufacturers to close their local manufacturing enterprises and invest offshore.

Instead of manufacturing in Australia, many of them now import their products. Much of the remaining local production is done by outworkers in the most appalling conditions.

The lowering and removal of protectionist measures has encouraged capital to move to the most favourable (meaning the most profitable) investment areas.

* Investment liberalisation -- is the removal of restrictions on inward and outward flow of foreign investments.

Although foreign investment is nothing new, it appeared on the GATT agenda for the first time in the Uruguay round, but was confined to trade related investments. The US and other leading western countries are now pushing for all foreign investment, not just investment related to trade and services, to be placed on the agenda of the World Trade Organisation. There is strong opposition from developing countries.

At present many countries, including Australia, have restrictions on foreign ownership of land, mining, the media, maritime and air transport, telecommunications and financial institutions. Usually there are sound and important economic, social and ideological reasons behind these restrictions.

The World Bank's annual Global Economic Prospects report, which was released in May 1996, said that if countries want higher growth rates, they must adopt policies that encourage economic integration by liberalising their trade and foreign direct investment regimes. It is telling governments to lift restrictions on the operations of TNCs.

At the same time, it warned that these policies might lead "to real and painful costs", but these costs are "manageable" and probably essential for sustained growth.

* Financial and general deregulation -- including the lifting of restrictions on the entry and operations of foreign financial institutions and the floating of currencies. In developing countries and the former socialist countries, currency devaluation has made the buying up of assets cheaper for foreign investors, the price of imports has gone up and living standards gone down.

Virtually the only economic lever not deregulated is interest rates. In Australia, the Reserve Bank retains an influence in fixing interest rates. However, the Board of the Reserve Bank mainly consists of big business representatives, ensuring that the policies adopted are in the interestsof big business.

* Deregulation of industry -- replacement of government regulation with self-regulation, as for example in the meat industry.

Safety and health standards in industry are also increasingly left to "self-regulation". Only absolutely essential government regulations are retained.

Government marketing and price fixing arrangements such as for wheat, wool and dairy products have been withdrawn or substantially weakened.

* Spending cuts -- government spending on health, education, housing, pensions, community and other public services are being slashed. Budget deficits are being kept low or brought into surplus and public sector debt reduction has become a priority over-riding social responsibilities.

* Tax reforms -- corporate taxes and incomes taxes for high income earners are being slashed, income tax scales flattened and goods and services taxes introduced. The aim is to reduce or even eliminate corporate and income taxes and replace them with taxes on consumption. This will boost profits and lower the taxes paid on dividends and other income for the wealthy.

The bulk of government revenue would then come from indirect taxes, particularly on consumption, shifting the burden onto low income earners who will end up paying a larger share of their income on tax.

* Deregulation of the labour market -- the state is withdrawing from the governance of relations between labour and capital, while retaining and even strengthening oppressive penal powers. It has as a principle aim the introduction of a master/servant relationship with minimal intervention by the state.

This is the purpose of the industrial relations legislation introduced by the Liberal/National Party government in May, 1996, with its weakening of the powers of the Industrial Relations Commission and the replacement of awards by individual employment contracts.

In the name of productivity, efficiency and international competitiveness, working conditions and wages are being driven down. The call for "international competitiveness" in the labour market is driving wages and conditions down to the lowest levels.

To achieve this objective, Australian workers are pitted against workers in other countries, either directly by TNCs shutting down and going offshore where labour is cheaper or by such schemes as "world's best practice".

For example, the productivity of communications workers in Australia is compared with that of workers in Switzerl, without taking into consideration Switzerland's population density which is 100 times that of Australia.

The jobs of 24,000 Telstra employees in Australia are presently threatened as management strives to meet the "world's best practice" of countries like Switzerland.

Another example is to be seen in the threat of Nestlé to close down its works in Melbourne and go overseas if workers did not accept various productivity increases involving the loss of working conditions.

* Competition policy: Competition laws have the specific aim of opening up functions and services provided by the public sector to the private sector. Contracting out, market testing, competitive tendering, removal of monopoly, etc., are all terms used in the name of competition policy. The Hilmer report, commissioned by the former Federal Labor government, detailed the measures to be taken to implement competition.

In practice, competition policy is privatisation by stealth without directly selling public sector enterprises or government departments. It is being used to justify the carving up and privatisation of electricity, gas and water authorities, railways, local government services and much more.

Despite its name, competition policy is not generally aimed at creating competition in the private sector, but may be used to curb excessive abuses of monopoly power by TNCs where these could harm other TNCs or the stability of the system.

In the US these were called anti-trust laws.

Only occasionally have takeovers, mergers, cartels and other market share and monopoly price fixing devices been stopped by government intervention. The Competition and Consumer Commission carries out this function in Australia. "Competition" policies have not stopped the steady growth of monopolies and giant TNCs.

* Privatisation and corporatisation -- is the sell-off of all publicly-owned enterprises and services, including government departments, to the private sector. Where privatisation of a public enterprise or service is not yet feasible for political or other reasons then it will be corporatised -- i.e. put on a commercial basis to eliminate any advantage it may have over a private provider. Profit becomes the motive, replacing social benefit and responsibility.

Through privatisation and budget cutting, governments are divesting themselves of social responsibilities in health, education, policing, corrective services, water, sanitation, electricity, housing, and other areas affecting public services, welfare, security and infrastructure. Private sector plan

In 1989 the World Bank adopted a private sector action plan. Loans were to be directed away from funding government projects to loans for private sector activities and privatisation programs. This was particularly so in the former socialist countries.

Australian governments are implementing this policy by increasingly allocating tied aid to Papua New Guinea. In future aid grants will be for specific projects determined by Australia which will involve supporting and helping to develop the private economic sector in PNG.

According to the World Bank there is a problem with public ownership: decisions may be made for social and political reasons, instead of purely commercial ones! Profit and the objective of strengthening the private sector are the priorities, not people's needs.

"One special factor that played a role in the growth of FDI across regions was privatisation", the World Investment Report(1) points out. It accounted for nearly eight per cent of total investment flows into developing countries in 1993. In Latin America and the Caribbean, FDI from privatisation amounted to US$9.4 billion between 1989 and 1993, 16.9 per cent of FDI flows into that region. In Central and Eastern Europe the percentage of FDI associated with privatisation was 59.7, a total of US$7.5 billion in the same period.

"Free markets" -- for whom?

All Structural Adjustment Programs involve the replacement of government involvement and planning by "the market". The much lauded "market forces" in practice are the largest TNCs who through the exercise of their monopoly powers and vast resources dictate the restructuring of whole economies.

At the same time as demanding budget cutbacks for welfare, education, housing, etc., and all the talk about, "small government" and "rolling back the state", governments of industrialised countries are still pouring billions of dollars into industry assistance.

There is a never-ending barrage of propaganda claiming that private enterprise is more efficient and provides cheaper services, a better product, etc., but the reality is that taxpayers, through governments, are continually called upon to finance hand-outs, depreciation allowances, tax-breaks, etc, to industry and commerce.

There has, however, been a shift in the focus of industry assistance. Twenty or 30 years ago governments in industrialised countries like Australia protected domestic firms competing with imports. Full employment was still an objective.

In the mid-'80s the subsidies were directed towards import replacement and exports. Now, increasingly, government programs are aimed at assisting companies wishing to invest in developing countries or to attract foreign investors to our shores.

One example of this is the incredibly favourable "deal" made by the NSW (Labor) government with media magnate Rupert Murdoch to set up a film studio in the Sydney Showground.

(1) World Investment Report 1995: Transnational Corporations and Competitiveness published by United Nations Conference on Trade and Development (Division on Transnational Corporations and Investment), p.261.

Abbreviations:

TNC - Transnational Corporations

WIR - World Investment Report

GATT - General Agreement on Trade and Tariffs

FDI - Foreign Direct Investment.

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The TNC's "New World Order" (Part 4)

Services and changes in the working class

"The internationalisation of services will likely lead the next stage of economic globalisation", according to a World Bank publication on Global Economic Prospects.(1) Services now account for close to 25 per cent of world trade and 69 per cent of foreign direct investment flows. The World Bank publication speaks in terms of a "transformation of rich countries from industry-dominated to services-dominated economies".

The term services covers a wide range of activities including: retail and wholesale trade; transportation and storage; communications; banking, insurance, accountancy, other financial, real estate and business services;

tourism; media; legal work; education; health; personal and community services. Some definitions also include construction, electricity, water and gas.

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"The boundaries of tradability are fast expanding. Many services considered non-tradable only a few years ago are now being actively traded. Rapid advances in telecommunications and information technology are a central force underlying this change, complemented by deregulation of service industries and liberalisation of foreign trade and investment regimes", the World Bank report states.

"Trade in services" is seen as the provision of services by the corporation of one country to customers of another. Using the argument that many services are produced at the point of delivery (e.g. surgery, education, telecommunications) and cannot be shipped or flown out to another country in the same way as goods, the definition of "trade" during the GATT negotiations was expanded to encompass services provided on the spot by foreign investors.

In other areas of GATT (manufactured goods, agriculture, etc) trade is limited to the transfer of goods from one country to another and does not cover foreign investment.

World trade in services increased from one quarter of the total trade in 1975 to one third by 1993. The big corporations providing services are predominantly based in the leading industrialised countries.

The General Agreement on Trade in Services (GATS) opens up the economies of developing countries to trade in services including foreign investment. It was part of the Uruguay Round negotiations.

GATS

The core principles of GATS are:

1. National treatment -- governments should treat foreign services and service suppliers no less favourably than national ones.

2. Most-favoured nation treatment -- There should be no discrimination between service providers from different countries. All will receive the same treatment (e.g. in the imposition of tariffs).

3. Market access obligation -- A number of restrictions on market access are prohibited. There are to be no limitations on the number of companies providing services; the value of their transactions or assets; the quantity services they

provide; or the type of legal entity through which services are provided (e.g. a foreign bank may set up branches, subsidiaries, use agents, etc).

Nor can governments restrict the participation of foreign capital by placing limits on the percentage of foreign shareholdings permitted or by specifying an absolute value of foreign investment in a particular area (e.g. restricting foreign ownership of a bank or media outlet to 30 per cent).

4. Progressive liberalisation -- the above obligations do not immediately apply to all service areas. Negotiations are not complete for some services and there is a system of exemptions.

Governments are committed to phasing them in within 10 years and making the process of liberalisation irreversible.

This means that the Australian government is committed, in the long term, to lifting restrictions on foreign ownership relating to media, shipping, banking, and other services.

Opposition

Not all countries were enthusiastic about lifting restrictions on foreign investment and market access, particularly developing countries who do not have a competitive advantage in services. It is the TNCs with the resources and capability to provide services on a global basis that are pushing hard to break down all restrictions on the provision of services in all countries.

Services are important, not only as a direct source of profits from rapidly growing and lucrative markets, but as a means to establish control over the economies of other countries in an even more comprehensive and unshakable manner than ever before.

Commodification of services

Many services were previously provided by governments or individual professionals, trades-people and other self-employed. They are being taken over by TNCs and bought and sold on international markets in much the same way as wool, diamonds and cars -- as if they were tangible commodities.

Many services are being subjected to the same processes of monopolisation and domination by the big corporations as are other sectors of the economy.

Many of those who provide the services, such ss teachers, doctors, accountants and architects, have become salaried employees whose labour is exploited in the same way as that of "blue collar" workers. Services in Australia

In Australia the services sector now accounts for almost 80 per cent of employment, around 75 per cent of GDP and 23 per cent of exports. (14.3 % of employees are in manufacturing, 5.3% in agriculture and 1.2% in mining.)

It is the most rapidly growing sector of the Australian economy. One of the main thrusts of the former Federal Labor government's economic policy was the promotion of the services sector and what it called "intelligent exports".

Foreign investors are also turning more and more to services which now attract close to 70 per cent of foreign investment as against just under 20 per cent for the manufacturing sector in Australia.

Services have increased as a component of many manufactured goods. For example, only 10 per cent of the cost of an IBM computer is in the actual manufacture. The remainder is spent on marketing, legal services, accountancy, transportation, insurance, patents, training, etc -- all regarded as part of the services sector.

Developing countries

The TNCs see a huge potential market for services in Asia where almost 3.1 billion people -- 60 per cent of the world's population -- lives. They are potential consumers and workers to be exploited.

A number of these economies have high growth rates which are predicted to continue well into the next century. They are far more attractive investment prospects than the relatively stagnant and saturated markets of Australia and other OECD countries where growth rates are very low and have no prospect of picking up.

The World Investment Report 1995 highlights the potential of these new emerging markets(2):

"The emergence of a vibrant and vital middle class with discretionary income to spend on improving its quality of life is a characteristic of recent economic growth in many developing countries and economies in transition [former socialist countries].

"Asia in particular, is adding to its middle class at a rapid rate: it is estimated that, if the 5 per cent to 8 per cent economic growth in the region continues, the middle-class in Asia could top 700 million people by the year 2010, having $US9 trillion spending power -- 50 per cent more than the size of the United States economy today.

"Transnational corporations are targeting this new influx of consumers into the global market, and many of them that produce consumer goods envision a future when profits from emerging markets will outstrip those in the industrialised world."

These markets are already proving lucrative. The average rate of return on US investments in the services sector in Asia over the five years to 1993 was just over 20 per cent, double the rate of return in Europe.

The opportunities for TNCs appear boundless -- as long as they can overcome the various government regulations and protectionist measures which restrict their freedom.

Changes in developing countries

One of the most far-reaching consequences of the growth in services is the changes it is bringing about in the class composition of society in many countries.

The manufacturing industries that were the mainstay of many industrialised economies 30 or 40 years ago have, to a large extent, gone offshore to the newly industrialising countries.

Clothing, textiles, footwear, cars, radios, toys, TVs, videos, and many other goods are now produced in countries where labour is cheaper, and are exported back to the developed countries.

The economies of many of these countries were previously dependent on agriculture and natural resources. Their industrialisation has created a growing working class, a small business sector and a capitalist class. This means a rapid growth in the number of people who can consume products and services, who can afford electricity, water, health services, education, etc.

Industrialisation inevitably brings into existence a modern working class where none existed before. This working class is building trade unions and working class political organisations. Industrial struggles are taking place, often under suppression by reactionary governments.

Political struggles against foreign TNCs and agencies like the World Bank, that do their bidding are welling up in a number of other developing countries, such as India and Papua New Guinea. (Opposition to and struggles against TNCs and their policies will be the subject of a future article in this series.)

Changes in industrialised countries

The "deindustrialisation" of advanced industrialised economies has been deliberate. Traditional manufactures that were once the mainstay of developed countries -- cars, textiles, clothing, steel, shipbuilding, etc -- can be produced far more cheaply in lower wage countries.

The lifting of tariffs and other protection which encouraged manufacturers to go offshore cost the workers of Australia, the USA, Britain, France and other countries hundreds of thousands of jobs.

Capitalist ideologists now argue that the working class is disappearing with "deindustrialisation" and the increase in the intellectual (as against physical) component of many occupations and trades.

They speak of the "knowledge-driven economy".

"The OECD economies are increasingly based on knowledge and information. Knowledge is now recognised as the driver of productivity and economic growth...", writes Candice Stevens, Head of the Science and Technology Policy Division in the OECD.(3)

They point to the shrinking manufacturing sector in developed countries, that the nature of work is changing and that the middle class is expanding. From this, it is alleged that class conflict has ended, even that the working class has disappeared.

That there are significant changes taking place is undeniable, but the basic relationship between labour and capital remains. The means of production (which must now include the provision of many services) remains in the hands of private companies.

Exploitation has not ceased, it has, in fact, increased. Productivity bargaining, flexibility, efficiency, award restructuring, downsizing, contracting out, world best practice, trade-offs, benchmarking, becoming more internationally competitive, and wage restraint are all means by which the exploitation of workers is being intensified.

The numerical size of the working class has increased with many more people drawn into wage or salaried employment.

However, in industrialised countries such as Australia, the formerly predominant "blue-collar" workers are declining in numbers while the "white collar" section of the working class is rapidly increasing.

Whether it is a nurse, doctor or cleaner employed by Mayne Nickless, a lawyer working for Blake & McKenzie, an accountant at Arthur Andersen, or a steel worker sweating for BHP -- all sell their labour power, all are exploited in the same basic way.

The fact that a doctor may receive a higher payment does not mean he or she is not exploited and that surplus value is not extracted and retained by Mayne Nickless.

While industrial workers have been regarded as having more experience and showing more militancy, more and more white collar workers are being drawn into trade union activity and class struggle.

This process is to be seen very clearly in Australia where teachers, nurses, university academics, staffs and students, research scientists, public servants and others have been drawn into struggle not only around their own economic demands, but also on issues of government.

Technological change is inevitably breaking down the differences and barriers between "blue collar" and "white collar" work, providing common interests on which to build united class struggle.

(1) Global Economic Prospects and the Developing Countries, published by the World Bank, 1995, Washington DC, p. 43.

(2) World Investment Report 1995: Transnational Corporations and Competitiveness published by the United Nations Conference on Trade and Development (UNCTAD), (Division on Transnational Corporations and Investment), p.217.

(3) The OECD Observer, June/July, 1996, p.6.

Abbreviations:

OECD - Organisation of Economic Cooperation and Development

TNC - Transnational Corporation

GATT - General Agreement on Trade and Tariffs

GATS - General Agreement on Trade in Services.

The Guardian, No. 824, 31st July, 1996

The TNC's "New World Order" (Part 5)

TNCs: owners of intellect and of life

The Uruguay round of GATT included an agreement on Trade Related Intellectual Property Rights (TRIPs). Governments who sign up with the WTO are obliged to legislate patenting, licencing and other laws for the strict protection of "intellectual property rights" -- that is, the private ownership of knowledge, of such things as technology, new inventions, plant varieties, genes, microbioligical processes, pharmaceuticals, chemicals.

The OECD speaks in terms of the "The Knowledge-driven Economy" and says that "the high-technology share of OECD manufacturing production and exports has more than doubled, to reach 20-25 per cent. Knowledge-intensive service sectors, such as education, communications and information, are growing even faster. It is estimated that more than 50 per cent of GDP in the major OECD economies is now knowledge-based."(1)

Author: Anna Pha

"Some four-fifths of global civilian research and development is undertaken within TNC systems", according to the World Investment Report.(2)

TRIPS is designed to protect the technological and knowledge advantages of the major TNCs of the industrialised countries have in this area.

Scientist and activist, Vandana Shiva, writing in Third World Resurgence(3), reports that the TRIPs agreement was imposed by transnational corporations.

"The framework for the TRIPs agreement was conceived and shaped by the Intellectual Property Committee (IPC) of the US, Keidanren (Japan) and UNICE (Europe). The IPC is a coalition of 13 major US corporations dedicated to the finalisation of TRIPS in GATT. The members of IPC are Bristol Myers, Dupont, General Electric, General Motors, Hewlett Packard, IBM, Johnson and Johnson, Merck Monsanto, Pfizer, Rockwell and Warner. Keidanren is the Japanese Federation of Economic Organisations. UNICE is ... recognised as an official representative of the European business and industry."

Vandana Shiva quotes James Enyart of Monsanto boasting of the IPC's achievements:

"... our 'Trilateral Group' was able to distill from the laws of the more advanced countries the fundamental principles for protecting all forms of intellectual property...

"Industry has identified a major problem in international trade. It crafted a solution, reduced it to a concrete proposal and sold it to our own and other governments... The industries and traders of world commerce have played simultaneously the role of patients, the diagnosticians and the prescribing physicians."

As Vanadana Shiva points out, the process usurps the rights of diverse social groups and "has led to the displacement of ethical, ecological and social concern from the substance of the TRIPs agreement... it is the imposition of values and interests on the diverse societies and cultures of the world."

The TRIPs agreement covers the building blocks to make genes, monoclonal antibodies, hybridonas, enzymes, chemicals, micro-organisms and plants. IT PROVIDES FOR THE PRIVATE OWNERSHIP OF LIFE.

Commodification of life

Life is treated as a commodity to be privately owned and bought and sold on markets for purely commercial reasons -- the commercial (i.e. profit-making) overriding all other factors -- health, ecological, ethical, cultural and even life itself.

The members of the Intellectual Property Committee are predominantly involved in pharmaceuticals, chemicals including agrichemicals and biotechnology.

The Rural Advancement Fund International (RAFI) in its September/October 1995 Communiqué lists 57 of the many companies (the majority from the US) that are appropriating the genetic resources and indigenous knowledge of developing countries for patenting and private profit.

The private ownership of life has reached the point in the US where the genetic material of a man of the Hagahai people of the remote highlands of Papua New Guinea has been patented by a government body -- the National Institute of Health.

"This patent is another major step down the road to the commodification of life. In the days of colonialism, researchers went after indigenous peoples' resources and studied their social organisations and customs. But now, in biocolonial times, they are going after the people themselves", said Pat Roy Mooney, executive director of RAFI.

Neither the TRIPs nor US legislation provides for any compensation for the people whose genetic and other materials are being pirated and patented. Their "intellectual property rights" are not protected.

"The Hagahai, and millions of other indigenous people, in other words, are raw material for US business", writes RAFI.

In the rural sector, the "green revolution" opened the door to TNCs with the extensive use of patented seeds and fertilisers.

The Structural Adjustment Programs (SAPs) continue the process. Farmers and indigenous people are being disposessed of their land which is being used for luxury export crops instead of staple foods. Small scale sustainable peasant agriculture has been replaced by big agribusinesses and no longer feeds local populations.

Water is no longer a right, no longer distributed on a democratic or needs basis. The market determines the distribution and price of water.

Likewise the patenting and monopolisation of seeds are undermining farmers' rights.

Farmers facing higher prices for water, seeds and fertilisers from TNCs find that the costs of production outpace the prices they receive for agricultural products.

Malnutrition

More and more basic foods are being imported following trade liberalisation and the concentration on export crops. Devaluation of local currencies, removal of food subsidies and frozen wages (another condition of the SAPs) saw food prices "internationalised" to well beyond the reach of many people.

In Mozambique food prices rose by 400-600 per cent as a consequence of these policies.

Export-oriented programs resulted in food shortages in some countries. Malnutrition increased. The health of the people deteriorated.

Diseases in African countries that had not been seen for years returned. Infant mortality rates (an indicator of social development) which had fallen since decolonisation in a number of poor countries, rose (by as much as 53.5 per cent in Madagascar).

The number of poorer people using health services declined following the introduction of user charges ("cost recovery") and privatisation of public services.

"Nearly one third of the Nicaraguan children under five years of age are undernourished. Four out of 10 children are living in the rural areas in conditions of extreme poverty and suffer from severe malnutrition", writes Maria Zuniga, Director of the Centre for Information and Advisory Services in Health, in Managua.(4)

"In Nicaragua, as in other poor countries of the Third World, the sacred right of people to life and health is being eliminated on a daily basis, as if the objective were to eliminate the poor and hungry population who are considered expendable by the authors of the health policies of the Bretton Woods [World Bank and IMF] institutions."

There was also strong criticism of these policies at the UNCTAD-IX conference held in South Africa in May, 1996, which brought together 3,000 representatives from 188 countries to examine the implications of globalisation.

"The current system of globalisation and liberalisation has had devastating effects upon African economies. Our countries have been pushed backwards into increasing debt, deindustrialisation, agricultural decline, environmental degradation, poverty and deepening inequality", said an African NGO Declaration for the conference.

"We oppose a system which places growth above all other goals, including human well-being and which undermines national economic development and social security. This global system has resulted in an ever greater concentration of power and control over resources into the hands of a relatively few transnational corporations and financial institutions", the declaration said.

"It is the poor countries that are usually left behind because the free trade regime that is supervised by the WTO (World Trade Organisation) is a system that rewards those who are already strong and punishes those that are weak", said Martin Khor, director of Third World Network which links development non-government organisations (NGOs) in 95 countries.

"They talk of a level playing field, which means that everybody is to follow the same rules, but when the original situation between two parties is unequal and you apply the same rules to them, what you have is the intensification of the inequalities", said Mr Khor.

"The neo-liberal economic paradigm makes our governments unresponsive to our basic economic and social needs, forces open our economies to the advantage of external traders and investors, and makes African countries ever more dependent upon the richer industrialised countries and their transnational corporations", said Rudo Mungwashu, vice-president of the International Youth and Student Movement of the United Nations.

(1) The OECD Observer June/July 1996

(2) World Investment Report 1995: Transnational Corporations and Competitiveness, United Nations Conference on Trade and Development (Division on Transnational Corporations and Investment).

(3) Third World Resurgence, Third World Network, Malaysia, No. 63, November 1995, pp. 16-17.

(4) Third world Resurgence, No 68, April 1996, p.25. Next Week: "Asia through the eyes of a parasite"

Abbreviations:

GATS - General Agreement on Trade in Services

GATT - General Agreement on Trade and Tariffs

IPC - Intellectual Property Committee

OECD - Organisation of Economic Cooperation and Development

RAFI - Rural Advancement Fund International

SAPs - Structural Adjustment Programs

TRIPs - Trade Related Intellectual Property Rights

TNC - Transnational Corporations

UNCTAD - United Nations Conference on Trade and Development

WTO - World Trade Organisation.

The Guardian, No. 825, 7th August, 1996

The TNC's "New World Order" (Part 6)

Insurance and legal parasites eye off Asia

Australia with only 18 million people has 51 companies in life insurance and 161 dealing in general insurance. Between them they hold around $14 billion in assets. The Australian market is relatively open with few restrictions on foreign investment. It is also considered by the industry to be relatively "mature" with average premium payments of $600 per head of population.

Author: Anna Pha

Insurance companies in Australia, the US and Europe have their eyes on the Asian market.

The General Agreement on Trade in Services (GATS) and Asia-Pacific Economic Cooperation (APEC) organisation are being used to try to prise open these potential markets.

ASEAN countries and South Korea are prime targets in the GATS negotiations on insurance. They tend to have highly regulated markets, and strict limits on foreign ownership and the issuing of licences to operate in the industry.

"Immature" markets

The market for insurance in these newly industrialised countries is considered to be "immature".

In Indonesia, for example, with a population of around 195 million, the annual income of insurance premiums is US$500 million -- approximately US$2.50 per head of population.

The industry views a "mature" market as one where insurance companies are collecting an average of US$1,000 per capita in insurance premiums!

The biggest challenge is seen as China with a population of 1.2 billion but only US$8.5 billion in premium income -- around US$7 per capita.

Vietnam has a population of 74 million but they spend only about US$1 per capita on insurance. Vietnam is another target for the parasitic TNCs that dominate the insurance sector. India, south Korea, Singapore, Thailand and the Philippines are also regarded as having "immature" insurance markets.

As these countries become industrialised there is a flow-on for insurance business with the emergence of a wealthy ruling class and relatively affluent "middle class" who can afford to buy insurance products. The TNCs and other businesses operating there also use insurance coverage.

Premiums in East Asia have been growing at an average annual rate of 16.5 per cent between 1971 and 1990 compared with 4.7 per cent in OECD countries.

Insurance industry figures indicate that insurance premiums grow at one and a half times the rate of GDP in newly industrialised countries.

The insurance and other parasitic financial businesses feed off the profits of industrialisation. Their aim is to build a "mature market". In OECD countries insurance accounts for an average of nine to ten per cent of GDP. The combined contribution of finance, insurance, real estate and business services to GDP in 1993 was 23.5 per cent. Thirty years ago it was 8.1 per cent.

The French company Axa took over National Mutual to use it as a gateway to Asia. Both Labor and Liberal governments have been "selling" Australia as just such a platform for TNCs to launch themselves into the Asian market-place.

Global lawyers

There has also been a corresponding growth in the provision of legal services. In 1961 there were 6, 636 lawyers in Australia. By 1985 the number was 26, 007. The legal market was worth $3.1 billion in 1987-88. Like insurance, legal work has become big business.

Legal firms are setting up and operating in foreign countries to give support to TNCs from their home base, to assist them with foreign investments, trade, construction, financial arrangements, takeovers and other areas of business law.

The export of legal and business services to foreign countries by Australian firms was around $60-$70 million in 1993-4 according to the Law Council of Australia.

These firms assist governments in specialist areas like privatisation and taxation and would like to move into the foreign domestic markets in much the same way as insurance firms.

In the US the legal industry is larger in dollar terms than the textile or steel industries.

In 1992 the combined wages and profits ("value added") in the industry came to US$110 billion. Growth has been rapid, up from US$43 billion in 1984. The export of legal services was US$1.173 billion in 1991 and would have risen considerably since then.

Just as large corporations dominate the insurance and banking sectors, mega-global law firms are emerging. Their growth is phenomenal and was made possible by the increasing liberalisation and deregulation of the industry and the extra business created by the foreign investments of TNCs and the industrialisation of a number of developing countries.

For example, the US firm Skadden Arps had 10 lawyers in 1963, 85 in 1973 and 920 in 1993, by which time it was grossing an annual revenue of US$400 million.

The largest law firm is the US-based Baker & McKenzie with 1, 774 partners and other lawyers. It grossed US$521 million in 1994. Australian based Minter Ellison is ranked 23 in the world, Clayton 24 and Mallesons at 25.

The further liberalisation of "trade in legal services" which has been taken up by the OECD, WTO, NAFTA, the EU and CER (between Australia and New Zealand) could result in the removal of many more restrictions on foreign law firms and the recognition of foreign qualifications. It could also lead to a greater harmonisation of legal systems.

The partnership structure of law firms in many countries like Australia inhibits the ability of law firms to act globally but there is pressure to change this.

Other services

Just as oil has its "Seven Sisters", accounting has its "Big Six". Firms like Ernst & Young; Price and Waterhouse; KPMG; Arthur Andersen; Touche Ross; and Coopers & Lybrand are household names in Australia and around the world.

Arthur Andersen, for example, boasts generating $6.7 billion in fees in 1993-94, from the operations of 358 offices in 74 countries.

Australia's education "exports" came to $1.5 billion in 1993-94. There are more than 80,000 foreign fee-paying students in Australia. Universities and other educational institutions have set up campuses and sent lecturers overseas. The potential is great as the demand in newly industrialised countries for workers with higher levels of education increases.

Tourism has enjoyed rapid growth rates over recent years and the Tourism Forecasting Council expects the current rates to be maintained with an increase in visitors from around three million to over 7.5 million a year by 2003, most of the growth coming from the Asian region.

Tourism services for overseas visitors earned $11.2 billion in 1994, accounting for over 12 per cent of total export earnings from goods and services.

Monopolies

There are similar patterns in the emergence and growth of TNCs in other services.

The former Labor government encouraged the establishment of information technology (IT) (computers, hardware, software, systems, consultancies, and project management) industry with tax and other incentives. Exports in this area have grown from zero eight years ago to more than $3 billion.

Government services and functions are being corporatised and privatised by contracting out, direct sale or allowing the entry of private enterprise to compete with what were formerly publicly owned and provided services. While in some instances small contractors or staff may initially win contracts where work is contracted out, the trend in Australia, Britain, New Zealand and elsewhere is that large TNCs are taking over.

Hospitals, medical practices, prisons, the cleaning of hospitals and schools, education, public transport, accounting, construction, community services, printing, services for the unemployed, collection of revenue, telecommunications, postal services, water, electricity, roads, airports, ports, bridges -- the list goes on -- are all being taken over by the private sector.

The end result will be private monopolies and little if any public ownership or provision of services and little real competition.

The telecommunications needs of TNCs are vast and rapidly growing along with the number of people who have a disposable income. The World Bank estimates that Asia's developing countries will have to spend between US$90-120 billion just to meet basic telecommunications needs by the end of the century.

The privatisation of Telstra has nothing to do with alleged inefficiencies or price levels. With the vast extension of very lucrative telecommunications services, private companies do not intend to share this pot of gold with publicly owned telecommunication companies.

Retail trade

Retail trade is yet another area where monopolies are turning into transnational traders. They are consolidating their control and attempting to extend their operations in the huge Asian market.

WalMart, K Mart, Sears Roebuck, American Stores, Kroger, Safeway, J Sainsbury, Tesco and Coles Myer are among the leading retailers in sales revenue.

Coles Myer and Woolworths are included in the top five retailers in the world based on sales per capita of population, reflecting the domination of food, discount and department stores in Australia by a few companies.

Abbreviations:

APEC - Asia-Pacific Economic Cooperation

ASEAN - Association of South East Asian Nations

CER - Closer Economic Relations agreement

EU - European Union

GATS - General Agreement on Trade in Services

NAFTA - North American Free Trade Agreement

OECD - Organisation of Economic Cooperation and Development

TNC - Transnational Corporations

WTO - World Trade Organisation.

The Guardian, No. 826, 14th August, 1996

The TNC's "New World Order" (Part 7)

Consequences of economic rationalist policies

The economic aspects of the structural adjustment programs are reasonably clear -- deregulation of the economy, the removal of barriers to trade and investment, privatisation on a wide scale, increased exploitation of the working people leading to the impoverishment and misery of millions of people around the world, and steps to divide and weakening working class organisations.

There are, however, other, longer-term processes and trends related to globalisation which challenge and threaten the democratic rights of people and the sovereignty of nation states. Unelected regulatory bodies which are not answerable to any government are determining the economic and political policies being forced on governments and peoples. Industries, finance and services are increasingly monopolised. A new form of colonialism is being established. Worker is being pitted against worker.

Author: Anna Pha

The continual references to "market forces" and "competition" are misleading. Deregulation, privatisation, the removal of barriers to trade and the opening up of economies to foreign investment do not lead to greater competition but to greater monopolisation on a global scale with the concentration of capital in the hands of fewer and fewer TNCs.

International finance and marketing specialist Frederic Clairmont reports that between 1990 and 1995 mergers and worldwide acquisitions totalled slightly less than a staggering US$3 trillion, with US$1.5 trillion in the US alone.(1)

"The foundations of international capitalism are being reshaped at a phenomenal pace with cataclysmic consequences... What we are seeing is the display of naked unaccountable power", wrote Mr Clairmont.

For example, in July 1995, Disney with a market valuation of US$32 billion took over the Capital Cities/ABC communications and television group for US$19 billion to form the largest entertainment company in the world. This left Time Warner in second place.

Time Warner and the Turner Broadcasting System, out of "strategic necessity", then got together to upstage Disney and became the largest entertainment company. The warfare between them actually led to bigger monopolies being formed.

A handful of men like Murdoch, Turner, and Berlusconi in Italy control broadcasting, the print media, cable, communications, entertainment, and news and information services. Their power and influence over governments, people, culture and the economy is staggering and frightening.

There is also collusion between the big players as they carve up markets on a global basis. The tendency is towards half a dozen or so corporations dominating an industry and doing their best to keep out newcomers.

Recolonisation

It was the drive of capital to expand to achieve bigger and bigger profits which led to the conquest of the colonies by imperialism. It is still the same today and is the motivation behind the "New World Order". The objective is global domination.

As the leading TNCs from the industrialised countries become richer and more powerful, a process of recolonisation is taking place. Gunboats and military coups are no longer the preferred option. They are the reserve powers kept for use if economic coercion fails.

The economic coercion is provided by the World Bank, the International Monetary Fund (IMF), the World Trade Organisation, and some other international institutions. An open door to foreign investment is one of their demands. Loans and "aid" to desperate, poverty stricken countries are made conditional on the implementation of structural adjustment programs.

Over-riding sovereignty

The independent powers of existing nation states are being set aside and the ability of national governments to determine policies is being undermined.

Governance by national state bodies is being transferred to these supra-national organisations reflecting the global nature of economic relations and the demands of the key players -- the TNCs.

The nation state, state laws and regulations and even the existence of bourgeois democratic government are increasingly seen by TNCs as obstacles.

Michael Hart, a Canadian academic speaking on rules for a global economy, told an OECD roundtable that: "The nation-state is no longer the key element in the organisation of production or the exchange of goods nor are the traditional economic endowments of the nation-state still critical to business decisions about what to produce and where...."

"How do governments pursue national economic interests in a world where the principal organiser of economic activity, the firm, is more likely to have global rather than national interests?", Mr Hart asked.

The national regulatory structures "now serve as an impediment to further economic development rather than as an adjunct or facilitator", he said.(2)

"For smaller countries, the choice is between co-operation or coercion, between working together toward common goals or accepting the tyranny of big power coercion."(3)

Sally Washington, a policy-maker in the OECD, sums up the position of big business:

"Governments have progressively lost control over national policy agendas. Decisions on monetary and fiscal policy are hostage to international economic conditions..."(4)

This process has been encouraged and facilitated by governments through deregulation and the adoption of laws to facilitate the globally integrated production processes required by the TNCs, irrespective of the national interests of particular countries. It is in this way that the sovereignty of countries is being over-ridden and relegated.

The relationship between monopoly capital and the state is changing. The tight integration of government and big business is giving way to the outright naked dictatorship of the TNCs. Capitalist governments are facilitating their own destruction.

Democratic rights threatened

Even the existing forms of bourgeois democracy, limited as they are to periodic elections of governments and the minimal participation of people in economic and policital affairs, are not acceptable to the TNCs.

Elected governments are a barrier to the dominance of the supra-national control bodies already established.

That democracy is the "target" is made clear in a recent book titled The Future of Capitalism written by Lester Thurow, a US academic, which was reviewed in The European (May 30 - June 5, 1996). In it he claims that capitalism has overcome the greatest threat to its survival by seeing off its main political ideological rival -- communism.

Democracy is seen as the next challenge. It is viewed as being inherently egalitarian, while capitalism is regarded as the duty of the strongest to see off the weakest. Thurow is quoted: "To put it in its starkest form, capitalism is perfectly compatible with slavery."

At this stage the assault on democracy is actually being carried out in the name of democracy while its destruction is being effected in the economic sphere.

For many decades corporate representatives have been appointed to the boards which manage state-owned enterprises, to membership of committees of inquiry and tribunals, and to statutory bodies and government committees. This is a feature of state monopoly capitalism -- the merging of the state and monopoly capital.

State-owned enterprises in a capitalist society never became the "people's property, democratically run". They have been run by their boards basically in the general interests of capital although from time to time they have been obliged to implement some social obligations.

But there is now a new emerging trend.

Privatisation results in TNCs directly taking over many functions of the state. The private sector is performing many tasks previously carried out by the state and its instrumentalities.

Federal, state and municipal governments are contracting out the work of government. Services, policy making bodies, the drafting of legislation, administration, accounting, legal work, security, prisons, and management of the unemployed are all being handed over to the private sector.

Using the guise of "self-regulation" governments are relinquishing legislative and enforcement roles. For example, the inspection of meat for domestic consumption, previously the task of a government department, was handed over to the meat companies.

"Self-enforcement" excuses the corporate sector from the jurisdiction of state law enforcement and penal systems. "Codes of conduct" are replacing laws and "self-enforcement" replacing inspection and policing.

At the moment Australia's Federal Parliament has before it a Bill for all government regulations to have a five-year sunset clause. All regulations would cease to take effect after five years unless renewed.

Taken together, privatisation, economic deregulation and trade liberalisation have left governments with few economic powers. A government which no longer controls security, water, gas, electricity, prisons, communications, roads, ports, airports, urban and rural development, security, currency, interest rates, laws which regulate the functioning of the corporate sector, has sold off all the state's assets and has little or no finances, can hardly be described as having much power.

This is where economic rationalism is taking Australia and all other countries.

The state will have been "hollowed out" ("rolling back the state" as the OECD calls the process), and the right of the people to elect a body to administer affairs in their interests will have little meaning.

Before long, any left or progressive government coming to office with a program to create jobs, develop the public sector and restore social services will find that the state has been stripped of its assets and its powers.

The poor get poorer

A principal objective of capitalism has always been maximum profit and this can only be achieved by increasing the rate of exploitation of the working people either by speed-up, longer hours or by the use of technology to reduce the number of workers required for a given job.

These policies have been sharply intensified, resulting in the growing impoverishment and hardship of millions of people in both the developing and the industrialised countries.

The impact on the poorer countries has in some instances resulted in human tragedies of immense proportions -- villages destroyed, whole populations forced to relocate, means of subsistence lost, irreparable damage to the environment, welfare services cut, foreign debts rocketed, inflation running rampant.

Incomes in sub-Saharan Africa fell by over 25 per cent in the 1980s as a result of structural adjustment programs. In Latin America there was a similar outcome.

Improvements in health, education and other social gains that had been achieved in the 15 or so years following decolonisation were reversed. It took only five years of the IMF/World Bank's policies to undo them.

These policies and their devastating outcomes are not confined to the developing or third world countries. They have also been implemented by conservative and social democratic governments alike, in the industrially developed countries.

In Australia they were commenced by the Labor government and are now being intensified by the Howard Coalition government.

Worker vs worker

Faced with a rising opposition to their policies the TNCs are implementing propaganda programs to pit the workers of one country against those of other countries.

Workers are being persuaded to increase "their" efficiency and productivity to become "internationally competitive". The idea is that workers of say, Australia, must outdo the workers of, say, Singapore or Malaysia or even other leading industrialised countries.

Pitting worker against worker is a time-honoured means by which capital retains its control and drives down the wages and conditions of all workers.

Two-tiered workforce

Workers within a single country are also being deliberately divided. This objective, as well as the economic needs of the big corporations, is leading to the creation of a two-tiered work force.

One tier consists of higher qualified, better paid and permanently employed workers. These workers, possibly around 40 per cent of the workforce, will have an income over and above what is needed for survival. They will have something to spend on private education, private health and other higher quality services.

The other tier of less skilled and lower paid are more likely to be unemployed some of the time or in casual or part-time work. Many are what are referred to as "the working poor", scratching to make ends meet.

They will rely more and more on the public "safety net" and what remains of the run down public services or second rate private ones.

A large pool of more or less permanent unemployed workers will remain to be used as a threat to all workers in work.

This situation is developing in all of the developed countries, even during the recovery phase of the business cycle. Economic growth, and recovery when it occurs, are being achieved with fewer, not more, workers.

At the same time as the gap is widening between wage rates there is also a levelling out process of the wages of unskilled workers in an increasingly deregulated environment. According to Edward Leamer, a US economist from the Anderson Graduate School of Management (UCLA, Los Angeles), the relatively higher wages of unskilled workers in industrialised countries are being forced down towards a global average of US$2 an hour.

Ideological war

A clever and sustained ideological war is being waged to consolidate the political supremacy of the capitalist system, to subjugate the working class and to prevent, above all, the re- emergence of socialism. People are hit daily with arguments that it is necessary for workers to restrain wages to be more "internationally competitive", that business taxes should be cut to "encourage investments", that social expenditures have to be cut to "balance the budget", that private enterprise provides "better and more efficient management", that "competition" will prevent monopolisation and result in lower prices to consumers, that we must strive for "world best practice", that we should surrender our sovereignty in the global market and for our security.

The idea of a "partnership" between capital and labour and that the class struggle is dead, has been spread widely. These same ideas are being propagated in all countries.

Individualism and the interests of "self" are promoted to isolate people from one another. When workers and a community take action it is bitterly opposed.

Those on the receiving end of these policies have less and less say and are hurting. There are many contradictions.

Within the ruling class there are forces opposed to these developments or, at least, they differ on the tactics to be used to implement them. There is strong resistance by the working people throughout the world to what is happening.

(1) Frederic Clairmont, "The Unstoppable Behemoths" in Third World Resurgence, No. 63, November 1995, p.34.

(2) Michael Hart, New Dimensions of Market Access in a Globalising World Economy, p. 225-226.

(3) Ibid, p. 222

(4) Washington, Sally, "Globalisation and Governance" in OECD Observer No. 199, April/May 1996, p.24.

Abbreviations:

IMF - International Monetary Fund

OECD - Organisation of Economic Cooperation and Development

TNC - Transnational Corporation

WTO - World Trade Organisation

The Guardian, No. 827, 21st August, 1996

The TNCs' "New world Order" (Part 8)

The people's revolt

The economic rationalist policies of the TNCs are being met with strong resistance and a marked upsurge in struggle by the peoples of the world.

Author: Anna Pha

The struggles involve trade union, church, ethnic, environmental, peace, civil rights, women's, student, youth, farmer, landowner, indigenous, small business, and many other organisations and individuals.

Demands include jobs, housing, food, sanitation, wages, working conditions, health services, education, the environment, democratic and trade union rights, land rights, public ownership, peace, sovereignty and self-determination.

The forms of struggles are just as varied ranging from propaganda, lobbying, demonstrations, boycotts, strikes, civil disobedience to armed struggle.

Farmers' ultimatum

In India, farmers issued an ultimatum to the government demanding the right to water, land and seed, and adopted a Charter against TNCs, the WTO and the World Bank.

The Charter condemned the corruption and theft of the farmers' resources and land under the policies of the IMF and the World Bank.

It opposed the privatisation of water and its conversion into a commodity, the threat to their agriculture posed by meat imports and the entry of transnational fast food meat chains like Kentucky Fried Chicken and McDonalds.

The Charter declares that the farmers will fight "the entry of Transnational Agribusiness in agricultural production and trade" and will not repay the debts incurred to purchase chemical inputs. In 1995 Indian farmers succeeded in getting Kentucky Fried Chicken's first outlet in Bangladore closed down.

Patenting life

They objected to the conversion of seeds from "being a resource collectively owned by farmers, into the private monopoly of Transnational Seed Companies" and demanded that the patenting of plants, seeds and animals and other life forms be excluded because they "violate our ethical values and our cultural traditions".

On the other side of the globe, progressive scientists are fighting the same battle in the US where the genetic material and life itself are being patented and commercialised.

The organisations of indigenous people, farmers, scientists, religious leaders, consumer groups, and many others around the world are campaigning against the corporate control of living things.

In September 1995 more than 200 organisations from 35 countries filed a petition with the US patents office seeking the cancellation of a patent granted to the giant chemical corporation WR Grace for a particular pesticide based on the neem tree. The biological process involved has been used by millions of farmers in India for generations.

There have been some victories. The Swiss Supreme Court revoked a patent on a plant variety (the first to be patented there) which had been granted to German pharmaceutical corporation Degusa/Asta Medica. The European and Indian Parliaments have rejected Bills to authorise the patenting of life forms.

The North-South divide

Within the United Nations, in the World Trade Organisation and at the UN Summit conferences on Women, Habitat and World Environment there has been a bitter struggle between developed countries and developing countries over policies and priorities.

While the US has been pushing for greater reliance on the private sector and "markets", the governments of the developing and poorer countries in the Non-Aligned Movement (NAM) have opposed policies which amount to governments abdicating responsibility for basic human rights.

For example, at the UN Conference on Human Settlements (Habitat II) held in Istanbul in June this year, the US opposed the inclusion in the Declaration of "the right to adequate shelter" as a basic human right.

The US opposed making housing a responsibility of the State, emphasising reliance on "market forces" and the private sector.

Pressure from developing countries and NGOs forced the US to compromise and accept the inclusion of a "commitment to the progressive realisation of the right to adequate housing as provided for in international instruments".

United Nations

There are similar divisions over the restructuring of the United Nations. The Western powers want to privatise the UN by promoting corporate sponsorship of the UN while contracting out UN work and activities to the private sector.

A Ministerial meeting of the NAM held in Bandung in April stressed the importance of the role of the State to ensure economic growth and development and the need for a greater UN role in development. At the Earth Summit and at many other international conferences the NGOs and the NAM have played a critical role in opposing the economic rationalist policies of Western governments and the operations of TNCs.

Bougainville

The conflict on Bougainville is a struggle over land rights, the environment and for independence. The real cause of the problems and the conflict was the giant copper mine owned and run by CRA, now merged with RTZ to become the world's largest mining company.

The Bougainville Revolutionary Army succeeded in closing the mine.

There is a similar struggle in West Papua (Irian Jaya) which is occupied by Indonesia. There, the indigenous land owners have taken on the Freeport mine, owned by US and Australian based TNCs.

In Nigeria the Ogoni people are waging a courageous struggle against the world's largest TNC -- Shell.

Working class

Industrialisation in a number of developing countries is resulting in the growth of the working class, the formation of trade unions and revolutionary political organisations. In these countries the exploitation of workers and the repression of their struggle is extremely harsh.

In South Korea, for example, where company-type trade unions have existed for some time, a new militant, independent trade union movement is coming into existence which is fighting to improve wage levels, working conditions and workers' rights.

The recent upsurge of struggle in Indonesia also marks the rise of independent trade unions and political parties demanding democratic rights and measures to overcome the poverty of millions of people.

In Europe

Across Europe there has been a resurgence of struggle. In France there were waves of strikes towards the end of 1995 against the government's proposed cuts to social security, pensions, welfare and a wage freeze.

Public sector workers came out in defence of public services, against privatisation and deregulation, and in support of jobs.

There was unprecedented co-ordination and co-operation between the leading trade union centres -- communist, social democratic and Christian.

In Britain trade union and public opposition to the privatisation of Royal Post forced the government to back down. The government is now trying to find backdoor methods to privatise Britain's postal services. Postal workers have been striking for a shorter working week and against the use of casual labour.

There have been important struggles against the privatisation of British Rail and the Underground, against job losses, in defence of conditions and safety standards.

Hospital workers have been striking over conditions and in defence of the National Health Service which is being destroyed through privatisation and cuts.

Merseyside dockers have been on the picket line for almost one year in defence of worker rights. They have received tremendous support from maritime workers in Australia and other countries.

Students, pensioners, teachers, and many other members of the community have joined in the many actions around Britain against the cuts and privatisation.

German workers have staged the biggest demonstrations for many years against government policies, in support of jobs, a shorter working week and a reduction in overtime.

In eastern Europe and the former Soviet Union where the reimposition of crude, greedy, criminal capitalism has had devastating consequences for every worker, pensioner and farmer, the fightback is growing. In the United States there have been a number of long strike struggles at Bridgestone/Firestone, General Motors, McDonnell Douglas and Boeing to mention only a few.

American workers are demanding shorter hours and reductions in overtime and have opposed contracting work out to companies employing low paid non-union labour while disregarding safety and health standards.

There have been massive strike struggles and demonstrations in Canada, Greece, Spain, Italy, and many other industrialised countries.

Australia is no exception. A broad cross-section of society is acting to defend the ABC, public hospitals, higher education, public transport, local government services, jobs, forests, the environment, the public service, Telstra, trade union and Aboriginal rights.

Seeing the big picture

In these struggles the linkages between different demands and struggles and political co-ordination is growing. The big picture and the cause of the problems are becoming more obvious.

Each individual assault, whether it be the closure of a hospital or a CES office, the sacking of school cleaners or the contracting out of garbage collection, has a common origin in the policies and ideology of the big monopoly corporations, the TNCs and their supporting governments.

The co-operation and united action of the many forces involved in the struggles is essential to building a left and progressive political alternative which would give priority to policies in the interests of the working people.

Right-wing governments are attempting to split the growing struggles and unity by pushing nationalism, religious fundamentalism, racism and sexism in various forms. These ugly sentiments have the aim of dividing and diverting the people and obscuring the true source of their problems and misery.

Global struggle

Most of these struggles are on a national or local basis. Other campaigns are being waged on a global basis recognising the international nature of many of the issues. The global operations of TNCs are being challenged. There are solidarity actions by trade unions such as referred to above by maritime workers. Workers in a number of countries are exploited by the same TNC.

BHP has operations in over 80 countries. All BHP employees in these 80 countries must find the way to cooperate against their common exploitation. Some trade unions are already regularly consulting with similar unions in the same industry or same corporation in other countries.

There are many international networks and campaigns. The Abolition 2000 Campaign (to force the nuclear powers to agree to a timetable by the year 2000 for the elimination of all nuclear weapons) and the World Court Project are two highly successful campaigns whose target is the governments and military industrial complexes of all countries with nuclear weapons.

Greenpeace and Friends of the Earth are two of the many organisations which are organised globally.

The Internet is providing a relatively cheap and very speedy means of communications between activists in peace, solidarity and non-government organisations.

Political alternative

Alliances and coalitions of political, trade union and community organisations have come into existence in many countries and are being formed in Australia as well. However, the TNCs, armed with control over massive economic resources and money, and the governments which carry out their policies, will not give up their power and profits easily.

Their policies which are creating unemployment and poverty around the world, have been resoundingly rejected by the majority of people. <_>The task is to build the unity and co-operation of the different left and progressive social forces, inspire and organise the people to take action and create a viable political alternative capable of winning the support of the majority of people, defeating the economic rationalist policies of the TNCs and adopting new policies in the interests of the working people everywhere.

Abbreviations

IMF - International Monetary Fund

NAM - Non-Aligned Movement

NGO - non-government organisation

TNC - transnational corporation

WTO - World Trade Organisation

The Guardian, No. 828, 28th August, 1996

TNCs' "New World Order" (Part 9)

Globalisation to serve the people

The globalisation of production processes, communications and transport have resulted in far-reaching changes in the economies of all countries. These changes do not alter the fundamentals of capitalism. Capitalism is still based on the exploitation of the working class and the domination of the capitalist class over the working class but the changes are significant and are affecting all countries and all people.

Author: Anna Pha

All those who are struggling to achieve a better life for the people with good living standards, social security and a preserved environment have to understand and take the changes into account. The changes do not relegate the struggle for socialism. In fact, they make that struggle more necessary than ever, and also create the conditions for its success.

From national monopolies to TNCs

The Transnational Corporations (TNCs) are now the dominant form of monopoly capital and the change in the structure of Australian-based TNC, BHP is a classic example of what is happening.

Up to the 1970s, BHP was limited to being an Australian monopoly, mining coal and iron ore and making steel mainly for the Australian market. In the early 1970s it began to expand its operations overseas and now has about 150 operations in 80 countries. BHP expanded from being a national monopoly to being a Transnational Corporation.

This tendency of companies to extend their operations internationally is going on in all the major industrialised countries. There are now over 40,000 companies listed as TNCs, that is, companies with operations outside their national base.

The majority of TNCs still have a national base but there is also a tendency for some TNCs to become supra-national in their capital structure and management. However, in the main we can still talk of US, Japanese or Australian-based TNCs and the national governments of these countries protect the interests of "their" corporations.

The Australian government condoned the invasion of East Timor and supported PNG's war against Bougainville, in the interests of "Australian TNCs".

There are, however, conflicts within governments over whether to pursue the interests of international capital or national capital.

This was behind the split in Britain over the European Union which saw Margaret Thatcher deposed.

Governments facing electorates are under pressure to protect local industries and jobs.

These same pressures are a driving force behind inter-imperialist rivalries which look set to become sharper in the future.

However, the policies dictated by the World Bank, the IMF and the World Trade Organisation, which are looking after the interests of "world capitalism", are being increasingly implemented either willingly, or in some cases under protest, by many governments.

State monopoly capitalism

State monopoly capitalism is a term used to describe the marriage of the state instrumentalities and governments with monopoly capital. The state intervened to deal with destructive economic and social crises, to provide centralised infrastructure that was beyond the means of individual capitalists, to regulate some aspects of the economy, even to redistribute wealth.

All this was done in the political and economic interests of capital even though there was a pretence that the state stood above both the working class and the capitalist class and administered affairs in the interests of "all the people".

Globalisation and the growth of TNCs with their international interests are now bringing about significant changes in the relationship between corporations and the state as we have known it. This does not mean that the state has ceased to play a very important role, but the changes are far-reaching.

Democracy threatened

The question needs to be asked: what powers or functions will elected governments have if privatisation and deregulation take their full course?

Should governance remain national? The TNCs answer: "No".

They see national governments, each with their own laws and regulations, as a barrier to their unfettered operation.

Bodies like the World Bank argue that national governments are subject to political pressures and are likely to make decisions based on social and political grounds instead of on a purely commercial basis.

In the structure of the European Union the elected European Parliament is not the most powerful body. The bureaucratic executive body being built up has more power.

National governments are now abolishing the regulations which they had previously legislated and implemented.

Their responsibility to provide infrastructure and formerly sacrosanct "government services" are being handed over to the private sector.

The "deregulation of the labour market" also means that certain controls over industrial relations by the state (e.g. by the Industry Commission in Australia) are being abandoned.

Victorian Premier Jeff Kennett, who sacked all local councils in that state to carry out a massive reform of local government, was not joking when he raised the question of not holding elections.

The appointment of business representatives to local government is already happening in some OECD countries.

Rob Ferguson, Managing Director of Bankers Trust says: "We are unclear about the prospects for democracy in the global village. We have no idea how to reproduce parliamentary institutions at the supra-national level."(1)

The accumulating consequences of these developments threaten the existence of the democratic rights won in what are known as bourgeois democratic states.

New forms of economic and political administration are emerging. The big corporations are directly taking over the functions of the state.

Many questions remain unanswered. What is certain is that the instruments of repression will remain, either in the hands of national states or in new structures established by the TNCs.

The ruling class is fully aware of the resistance that their policies are engendering and are strengthening police forces, building more prisons and building up armed forces which they hope will be loyal to their objectives.

Imperialism

Lenin described imperialism as the monopoly stage of capitalism.

He wrote: "Imperialism is capitalism at that stage of development at which the dominance of monopolies and finance capital is established; in which the export of capital has acquired pronounced importance; in which the division of the world among international trusts has begun, in which the division of all territories of the globe among the biggest capitalist powers has been completed."(2)

This definition remains valid today.

Although the national liberation movements of the former colonial countries won their political independence, this was not followed by economic independence in many cases.

The present situation is marked by a substantial increase of foreign investments in many countries.

These investments are not for the benefit of the people of the countries concerned but for the purposes of exploiting the labour and resources of those countries. They also result in the sovereignty and independence of nation states being over-ridden.

Supra-national organisations -- the World Bank, the IMF and the World Trade Organisation -- have also been established which are implementing policies in accord with the over-all interests of the big corporations.

Critical decisions such as privatisation, public spending, job creation, industry protection, currency relationships, protection of the environment, capital investment and interest rates are removed from national governments and the public domain and are often directly dictated by these organisations.

The people of countries are not consulted. The managements of these supra-national bodies are not popularly elected.

There are many areas such as shipping, telecommunications, the environment, national borders, human rights, nuclear weapons, the patenting of life, where international agreements and laws are highly desirable.

Such agreements are necessary given the inevitable process towards globalisation but they should be brought under the control of the General Assembly of the United Nations, which should also be democratised and given the necessary powers to act to meet the needs of the people of all countries, not those of the bankers and industrialists.

That is the crux of the matter -- how are these agreements to be reached and whose interests are to be served?

Internationalism

The globalisation of production processes means that the big corporations are acting on a global scale and their managements think and plan on a global scale.

The organisations of the working people must do the same. The slogan, "Think globally, act locally", sums the position up very well.

The possibilities and the need for this are more urgent than ever. The possibility arises because BHP, for example, exploits the labour of the working people in many countries. All have a common exploiter. All could co-operate in a common struggle.

The need is more urgent because of the rapid intensification of exploitation, the impoverishment taking place, and the destruction of the environment which goes along with TNC exploitation.

The slogan "Workers of All Countries Unite!" advanced by Marx and Engels in the Manifesto of the Communist Party has never been more valid.

Solidarity can take place in a variety of ways such as sending financial and moral support, boycotting products produced by strike breakers, joint strike struggles by employees of the same corporation in a number of countries, and giving publicity to struggles in other countries.

There are a number of democratic international bodies such as the World Federation of Trade Unions, international peace bodies, networks of NGOs and others, already in existence.

They should be supported and strengthened. As part of this, the international communist movement must also strengthen its ties and consider new ways to effect international solidarity.

Changes in working class

While there have been important changes in the composition of the working class in many countries there has also been a rapid increase in the number of working people in most countries.

The scientific and technological revolution has brought about these changes, altering the nature of work in many areas.

A greater proportion of workers have higher qualifications. Jobs that once involved manual labour are now performed by a computer or by pushing buttons or switches. Scientists and technical workers are increasingly involved at the point of production.

Furthermore, the majority of workers in industrialised countries are now employed in services and trade, as against the production of material goods.

All workers are exploited whether producing a commodity or providing a service. In fact, some of the harshest exploitation occurs in service industries such as hospitality or in the provision of health services (nurses).

There is a big job to be done to unionise some of these areas. Some have become key areas in the economy. For example, communications workers, have the power to bring capitalism to its knees.

Contrary to some assertions, the working class is not disappearing nor is it being absorbed into the capitalist class as the class struggles in many countries show.

The ideological war

The capitalist class has built up a whole mythology of terms and concepts to hide its real objectives as it knows that what is being done is developing mass resistance.

Terms such as "togetherness", the "common interests of employers and employees", "the national interest", "balancing the budget", "equity", "fairness", "level playing field", "competition", and many more, while often having an element of truth, are used to impose the objectives and interests of big capital.

Employee shares, the new workplace culture, the continual obsession with efficiency and productivity (meaning slashing jobs to make more profits) are just some of the arguments being used to hoodwink the people.

A priority is to expose the real meaning behind these phrases and to counter them with working class ideology and political concepts and slogans which meet the needs of the people.

Class consciousness and collective action are needed, not selfishness and individualism.

Alliances

The possibilities for unity between workers, farmers, small business people, students, and others on the receiving end of TNC policies has never been better.

The rally in Canberra on August 19, brought together trade unions, indigenous, ethnic, pensioner, youth, student, church, welfare and other groups as well as left and progressive political forces. There were many similar policy points made by the speakers. All were united in their protest against the economic rationalist policies of the government.

This is the type of unity required to defeat these policies.

Immediate demands

If the structural adjustment programs are taken to their logical conclusion it is questionable whether the many social gains and state structures of the past can be restored in their previous form. Globalisation and its consequences are here to stay and must be taken into account in the formulation of policies.

The strong opposition to the present policies and the ravages which they are causing in the community, is creating the need and possibility for much more far-reaching and fundamental social change.

The struggle for socialism is going to be put higher on the agenda.

Popular democracy, economic planning, the extension of public ownership are the conditions necessary if policies in the interests of the people are to be implemented.

There are, of course, immediate issues and priorities. They include:

* preservation of existing democratic and trade union rights; * maintenance of the sovereignty and independence of nations; * opposition to privatisation;

* extension of the public sector;

* reversal of the program of deregulation and the winning of democratic controls;

* maintenance of social standards; and

* implementation of measures to save and renew the environment.

The task is to make globalisation, modern communications, technology and all the scientific developments work for the people.

That means planned production, environmentally sustainable use of resources and democratisation of economic relations -- a new world order for the people -- socialism.

(1) Globalisation, Bankers Trust Annual Review 1995, p 7.

(2) Lenin, Collected Works, Vol 22, p. 266-67.