Trade, the global factory and the struggles for new commons

Massimo De Angelis
(University of East London)

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1. Introduction

Squeezed between trade liberalisation as proposed by "developing" countries and trade liberalisation as proposed by "developed" countries, the universe of various organisations of global civil society seem to face a hard and impossible task: proposing something new, radical, different, without upsetting the old, conservative sameness. One of the most dangerous rhetoric used within this kaleidoscopic movement is a call for a trade liberalisation that is faire. Yet, everybody talks about fairness, even the corporate sharks lobbying the WTO. And indeed, the most dangerous thing in dealing with an issue like trade liberalisation from a critical perspective, is the use of a language which appeal to the enlightened mainstream, in a time in which human condition on the planet requires nothing less than radical change.

There are many versions of fairness. On one side the political elites of the US, Japan, EU union, the corporate sharks of the world economic forum, the European Roundtable of Industrialists, and all economic and financial lobbies pushing for further trade liberalisation in services, in education, on property rights, on investments, on government procurement, competition policies, etc. There is a large literature outlining the potential devastating effects of these further liberalisation trends, but it is here just worth reminding that in the best tradition of developed countries (and indeed of all countries wishing to liberalise), the issues on their agendas are those sectors in which they excel, in which they can identify spaces for growth — in the same way as during Uruguay round, and indeed all other post-World War II rounds of trade liberalisation (Winham 2000). The fairness appealed by the countries of the North is a “levelled playing field”, a competition in which all competing actors (large and small, TNCs and cornershops) of the global economy have the same institutional "equal opportunity". Such a democratic demand, so much in the spirit of the hypocritical co-optation of the idea of freedom by the tradition of liberal economics, would not pass any test examined by a football hooligan: try to guess who is going to win the competing game between your neighbourhood team of school children and Manchester United.

So replies the other side, developing countries’ governments pushing for their version of faire trade liberalisation. Concerned by having being the subjects of false promises during the Uruguay round[1] they want their "fair" share of trade liberalisation: textile, agriculture, and all other manufacturing and agriculture sectors in which they can hope to displace competition from the North (much of this competitive gains are of course due to the awful labour conditions and little union rights of the workers), so as to address what their most prominent institutional defenders, such as Secretary-General of UNCTAD Rubens Ricupero, define as "asymmetrical liberalisation" (Khor 1999). The game required by the countries of the South is one which readdress asymmetries in trade liberalisation, in which in place of a levelled playing field there is a sloped field favouring the disadvantage team. Without a strong labour movement in the exporting countries of the South, workers in the North are right to pose the question that their livelihood is threatened by child labour and lower labour "standards"[2] as these countries would lack incentive to increase productivity, and their workers would continue to sustain appalling living and working conditions.

Let us be clear from the outset. There is no such as thing as "faire" trade liberalisation. To the billion of people in the global economy, trade liberalisation is part of the project to impose upon them the discipline of the global factory. This discipline is the competing game itself. Whether is Pakistan’s textiles that replaces Italian’ textile workers or a British telecommunication firm that make Thailand's telecom workers redundant, it is the game itself that sucks. Whatever gains some group of workers obtain due to their competitive advantage, some other group of workers looses out, until they themselves are forced to take notice of a new competitive force which came to displace them. And if we patently follow the economists’ advice to wait for the long-term positive effect of trade, we are left to wonder: isn’t it now the long term of 200 hundreds yeas ago, of 100 years ago, of 50, 40 years ago, of twenty years ago? The people who died as result of the new enclosures accompanying trade liberalisation in all these years, the people who suffered war as result of the disintegration of the social fabric brought about by structural adjustment and associated export promotion, the people of any country of the North who

[1] See for example the reports in the recent issues of the magazine *Third World Resurgence*.
[2] All the same, the US government pays only lip service to "labour standards", in front of millions of child workers in US and escalating prison labour serving the production chains of transnational corporations.

has to run in the competing rat race no less, but even more than in the past, just to acquire what is on average necessary to live with dignity, the average people struggling to overcome an imposed condition of scarcity when in fact we live in plenty, can we say these people have benefited of the long term advantage of trade? Nonsense, nobody can make these sorts of judgements. Without a proper assessment of human, social and environmental costs of modern trade, one cannot even to start talking about long term or short term advantages of trade. Without taking into consideration the voice of those without voice the rhetoric of trade benefits is a bias rhetoric. If there is no way anybody can argue whether trade has brought advantages or disadvantages, the only thing we can say with certainty is that because of current patterns of trade the context in which our lives and struggles of today are located is different than the context of our lives and struggles of yesterday and, if trade liberalisation continues, of tomorrow.

However, the recomposing factors of various movement in Seattle last November, can be summarised by the slogan “no new round, WTO turnaround.” With this slogan the movement sets against the boundlessness of capital’s accumulation, but there is more. “No new round”, all movements agree. "WTO turnaround”, here is the problem, because people start to ask and debate “where to?”

The problem for us is to identify, in the context of the large movement emerged in Seattle and that has set a temporary limit to trade liberalisation, whether it is possible to start to promote a debate towards an independent position of planetary civil society, one that does not bow to the easy traps of the free trade ideology. To do so, we must open a debate on the contradictory nature of trade in this phase of capitalist accumulation, its meaning and implications for a diverse organisation of human and natural resources of the planet. To gain an independent position of planetary civil society, we must start to think about proposals of transformation of current society within a conceptual grid that is independent from the main current dogmas that sustain capital's discourse: competition and, especially, the meaning of growth. Behind these unqualified concepts, there lies the project of today’s capital’s strategies.

2. Definition and functions of trade: an historical overview

2.1. Introduction

Perhaps the best way for us to apprehend the meaning of today's trade is to have a sense on the role of trade in human history, both in the context of pre-capitalist modes of production and within the history of capitalist mode of production itself.

2.2. Pre-capitalist meaning of trade.

One of the functions of trade among archaic communities in the course of human history is that it allows direction of use-value, which are relative scarce in one locality towards another one. “Operationally defined” argues Polanyi (1977: 81) “trade is a method of acquiring goods not available on the spot.” At this extremely great level of generalisation, trade seems to be a natural product of human social metabolism, as it allows human communities to satisfy needs which otherwise would be unmet. Trade

> is something external to the group, similar to activities we tend to associate with quite different spheres of life: namely, hunts, expeditions, and piratic raids. In every case, the point is acquiring and carrying goods from a distance. What distinguishes trade from other activities is a two-sidedness, which also ensures its peaceful nature, absent from quests for booty and plunder (Polanyi 1977: 81).

In traditional societies, the goods thus acquired through trade are generally peripheral to the great bulk of necessities needed to sustain the community. Here communities were largely self-sufficient, and much of production sustaining these communities was not for exchange on the market. What was exchanged was a physical “surplus”[3]. It goes without saying that in hierarchical societies, "surplus" is often merely the necessities of the elites. Another aspect of archaic trade is that it is mainly a *discontinuous* rather than a systematic business. Decisions to acquire goods at a distance are taken in particular circumstances, and these differ from those leading to decisions to acquire another good.

> Before modern times, permanent trade associations are unknowns . . .Here there is no such a thing as `trading in general’. All trade is originally specific, according to the goods involved. (Polanyi 1977: 90).

The “two-sidedness” in the definition of trade, which characterises this particular form of acquisition of goods at a distance from other based on forceful acquisition, can in principle take different forms. Polanyi identifies three main types of trade, all fulfilling this criteria of two-sidednesss: gift trade, administrated trade and market trade. The form taken by trade varies in different material contexts and cultural milieu.

Gift trade “links the partners in relationships of reciprocity, such as those of guest friends, Kula partners, or visiting traders. The goods are usually treasure, i.e. objects of elite circulation such as slaves, gold, horses, ivory, clothing, or incense; in the border case of visiting parties, the goods may, however, be of a more `democratic’ character” (Polanyi 1977: 94). Under "undisturbed primitive conditions", this trade is an organised group activity like a hunt, expedition, or raid. People belonging to different groups meet and,

[3] What Polanyi calls “trading people” that is, those for whom “trade is a source of collective livelihood”, offers an exception to this rule. He distinguishes between trading people proper, (such as Phoenicians, the Rhodians, the Western Vikings, who traded by sea, and the Bedouins, the Tuareg, in the desert; and the eastern Vikings, the Kede of the Niger, who traded in river routes) who were completely dependent on trade for their subsistence and whose entire population was directly or indirectly involved in trade activity. Then there were trading people for whom trade is only one of the occupation and who traded only periodically (such as Hausa, Daula, Mandingo and others in West Africa; the Malayan people; the dislocated peoples like the Armenians and the Jews) (Polanyi 1977: 89).

among other things, exchange goods. In so doing, however, exchange rates are not the result of these interactions, rather they are presupposed. Thus,

> Neither individual traders nor individual motive of gain are involved, whether the chief or king acts for the community, after collecting the `export' goods, or numerous individuals meet their counterparts on the beach. In either case, ceremonial and ritual elements are interwoven with the proceedings, which never lack some social or political connotation" (Polanyi 1977: 81-82).

Although gift trade is the dominant form of trade in tribal societies, it was central also among empires of antiquity over millennia.[4]

When, some time later, redistribution of surpluses among different communities occurred through various forms of market exchanges (through barters or by means of a medium of exchange) more often than not, prices were set by custom, thus demand and supply forces played a limited role.

Here we have *administered trade*, presupposing relatively stable political bodies. Because in this form of trade the *import interest* is central for both trading partners, government organises or controls the trading channels. In this context, all major aspects of exchange are under strict administrative control, from the rates at which goods must be exchange, to quality and weight standards. Often, especially when a region is forced to import staple goods and does not have sufficient military power to enforce demand monopoly, relative prices are kept at level that allows the distribution to the bulk of population.[5] Another example of this administrative trade is the case of "ports of trade", that is regions located on the coast or ecological border areas (desert, where mountain meet plain, rivers) (Polanyi 1968; Curtin 1984). The administrative affairs between governments of trading host areas and "foreign" trading parties excluded competition.

Finally, the third form of acquisition of goods from a distance, trade, is market trade. The trading partners are here integrated through exchange. When this principle applies, there is no limit to the goods and services that can be turned into commodities, the prices and quantity of which can be regulated through the demand and supply mechanism. Indeed,

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[4] "Empires may secure advantages from `barbarians' through gifts, or the weaker party may excel in gifts to gain favour from the stronger, and thereby avoid paying tribute." (Polanyi 1977: 94)

[5] In classic antiquity, a variety of techniques was used to set prices high enough to allow maintaining supplies of staples (grain) and avoiding redirection of trade routes to other cities, and on the other side keep prices low enough to prevent rioting. All of these techniques "involved a distinction between emporium prices and *agora* prices." For example, the city of Lagina in the early Hellenistic period, "brought its entire grain requirements from private merchants at prevailing prices and resold the grain to its citizens at the `just price' of five drachmas per medimn. A revolving fund was established for that purpose by a special assessment (*liturgy*) of the wealthy, which was then invested so as to produce an annual income. Thus, the citizen were always provided with cheap grain, while the merchants, on whom Lagina depended for their performance, had no complaints" (Polanyi 1977: 235). Athens, which allowed greater flexibility on the *agora* price by linking to emporium price, still allowed this only to the extent the latter fluctuated within certain limits: "to abandon itself completely to the vagaries of the external prices would have been suicidal." (Polanyi 1977: 236)

the principle of commodity exchange is in theory applicable to *all* facets of human socio-economic metabolism, if the same humans *allow* the application of this principle. In a context of the relative separation between trade and production in the pre-capitalist period, the market mechanism subsumes within itself only those aspects that serve the material production of trade.

> The market mechanism is adaptable to the handling not only of goods, but of every element of trade itself – storage, transportation, risk, credit, payments, etc. – by forming special markets for freight, insurance, short-term credit, capital, warehouse space, banking facilities, and so on. (Polanyi 1977: 96).

As we will see in section 3, today trade and production are intimately linked, and with them the drive to commodify all aspects of life.

Most of Polanyi's work is devoted to show two interrelated things. First, historically speaking, market-trade is a relatively new form of trade, especially gaining predominance during the dawn of capitalist mode of production. Second, although the origin of local markets can be located in a distant past, "markets . . . do not necessarily spring from trade" (Polanyi 1977: 96). On the contrary, as in his *Great Transformation* he informs us (Polanyi 1944), markets are themselves the products of non-market forces. As we will see next, enclosures, in its general sense, are one of their presuppositions.

In any case, the two key characteristics that qualifies this "trade" is that, first it played a marginal role in meeting most of the communities needs and, second, the use-values traded and flowing from A to B were relatively luxury items. When in the early and later empires, necessities for the broader population also became traded, they were under administrative regulation. Furthermore, the latter point must be further qualified by emphasising that the object traded were often reflecting different skills and natural endowments of the trading communities, and that the latter were organising the large part of their subsistence outside the market (either within the context of indigenous self-sufficiency or Greek and Roman farms making use of slaves). We can call this trade as "vent-for-surplus" trade, to emphasise its contingent and peripheral character vis-à-vis the conditions of reproduction of communities.

2.3. Trade and capital

`You believe perhaps, gentlemen, that the production
of coffee and sugar is the natural destiny of the West Indies?
Two centuries ago, Nature, which does not trouble
herself about commerce, had planted neither sugar-cane not coffee trees there'
Karl Marx

From the outset, trade acquires a new character within capitalist conditions of production. We can call this trade, modifying Smith and Ricardo theory of absolute and relative advantage, *engineered* advantage trade. As archaic and classic “vent-for-surplus” trade, engineered advantage trade is founded on a specialisation of production. But differently from “vent-for-surplus" trade of pre capitalist periods, first, trade advantages are systematically and forcibly engineered through empirial mercantilist policies; second, the sheer scale of trade linked to the sheer scale of capitalist production turns trade from a peripheral position to a central position. Indeed, the capitalist *mode* of production has never existed without acquiring goods (and labour power) from a distance. Those available on the spot were never sufficient to meet the boundless hunger for accumulation, neither in terms of value nor in terms of use-value.

Under capitalist conditions, the acquisition of goods from a distance, trade, differs in three main aspects from pre-capitalist dominant forms of trade.

1. it presupposes active and systematic strategies of enclosures;

2. it enforces specialisation of production, rather than simply presupposing it;

3. it becomes systematic acquisition, rather than discontinuous.

The second characteristic, as we will see in section 3, is amplified in the context of contemporary globalisation of trade.

1. Trade and enclosures

Strategies of enclosures are indeed part of all strategies of trade liberalisation, old and new. As soon as it takes capitalist form, the method of acquiring goods not available on the spot presupposes violence and force to enclose the traditional socio-economic spaces used by people to produce and reproduce their lives. Thus, capitalist trade is from the beginning, trade presupposing violence, imposed “two-sidedness”. It cannot be otherwise, as any *active* promotion of trade is linked to the promotion of people's dependence on commodities, on the market, etc. On a world scale, the dependency may well be expressed in terms of slavery, as necessity to sell labour power (creation of waged-workers), or as necessity to sell commodities on the global market by small producers.

For this reason, an active promotion of trade liberalisation is always linked to systemic policies to reduce all other alternative non-commodity access to social sources of use values, whether these are entitlements or other forms of direct access to use values and resources to produce use values (commons). Thus, capitalist trade presupposes *enclosures*. This, must be emphasised here, is a continuous ever-present aspect of capitalist production, not only a strategy confined to its primitive stage (Caffentzis 1995; De Angelis 1999).

Enclosure is of course the first big silence of traditional trade theory, from Adam Smith absolute advantage to modern versions of Ricardian comparative advantage theory

(Parelman 2000). When these theories predicts the advantages brought about by trade, they do so on the basis of a *given* set of endowments of capital, labour, land and raw materials, they hides how national capitals came to acquire a particular configuration of capital and productive resource endowments, they brush aside how the existing factor endowments and cost structures at the bias of comparative costs presupposes the role of military, socio-economic and political institutions.[6] Indeed, mercantilist policies were key to shape "factor endowments", so as to allow colonies to supply raw materials and other tropical products to European powers who where industrialising. The silence on this, which is of course at the basis of the naturalisation of the market by economic theory, also extends on the silence on the capital's strategic rationale on shaping the existing international division of labour.

2. Integration, specialisation, international division of labour.

The enforcement of enclosures is directly linked to one aspect of capitalist trade: they define the extension of markets, and therefore the potential degree in which human social metabolism can be *integrated* by means of money. Just as the capture of human being from the west coast of Africa in the context of the transcontinental slave trade created the market for slaves, so today's definition of new property rights that extends its domain onto living organism, creates a market for the latter. All forms of capitalist enclosures are at the same time forms of market creation or, at least, creation of its precondition. Furthermore, markets thus created must be connected, *integrated*. One's sale is someone else's purchase. The latter must be backed up by money (or credit, which is a promise to have money in the future), and therefore, in turn, by a sale. The integration of markets develop along the lines of mutual dependence: market for slaves, raw material and manufacturing goods were dependent on each other within the intercontinental slave trade of the 16th and 17th centuries. All the same, markets for third world workers, cash crop such as sugar cane, and confectionery industry are dependent on each other within a neo-colonial international division of labour established after the Second World War. Mercantilist policies are an early example of *combination* of these two elements of capitalist trade: creation of markets through enclosures and their integration within an international division of labour driven by the accumulation requirements of the mother countries: two elements of capitalist global strategies ever since, although taking different forms in different contexts.

Take for example English mercantilist policies. The rationale and driving force for setting colonies in this period was "to displace non-imperial sources of supply, not to serve as

[6] "Slaves were imported into the sugar colonies in the Caribbean and what are now the southern United States, along with guns and other forms of accoutrements of capital to aid their production of raw materials but not industrial development. Colonial lands and resources were burdened with quasi-feudal institutions of land tenure that impeded their subsequent agricultural and social development, most conspicuously in Latin America. In this manner Europe's mother countries established the specialisation patterns that have steered world commerce for many centuries, persisting even after the colonies won their nominal political freedom." (Hudson 1992: 30-31) A similar story can be told regarding India.

markets" (Hudson 1992: 33). Especially, those to displace the supplies that were coming from competing imperial powers. Thus Britain's Navigation Act in 1651 was framed

> to nurture the production of commodities which the mother country needed to gain autonomy from continental European sources of supply. It provided `factor inputs' to its colonies accordingly, while pushing aside or decimating native populations whose presence impeded its objective (Hudson 1992: 32).

Thus, England aimed at displacing imports from the Baltic states (Sweden, Denmark, Poland, Russia and Germany) and its supply of naval stores, pitch, tar, potash and iron with New England colonies; from the Mediterranean countries and their supplies of semi-tropical goods by importing them from the colonies in the Southern Atlantic Seabord (Virginia, The Carolinas, Maryland, Georgia); from Dutch East Indies and their supplies of spices, luxuries, silks, jewels with the products of British West Indies (Barbados, Jamaica, Bermudas) and British India (Hudson 1992: 34-36).

As a result of English naval superiority, the British empire reached a self sufficiency never reached by the French or Spanish empire (the latter, furthermore, was based on a crude policy of robbing foreign gold rather than setting a system of oppressive interdependency). However, this active promotion of trade to displace non-imperial supplies – an international division of labour shaped with guns and cannons – could not displace basic self-sufficiency in food and other supplies of the colonies, although a disparity between poorest and richer colonies developed in this respect.[7] In general, the main role of colonies was to export what was called "superfluities", and this was recognised by classical political economists (Hudson 1992: 33). Indeed, this principle of vent-for-surplus applied to all conception of trade in this period. A summarised by Hudson:

> when Adam Smith and his mercantilist predecessors spoke of the international division of labour, they referred only to surplus production in keeping with the prevailing vent-for-surplus view of foreign trade. The American colonies exported surplus tobacco and cotton, Portugal its surplus wine, Sweden its surplus iron and naval stores, France its surplus silks and wines, and Britain its surplus manufactures. All these countries remained self-sufficient in basic essentials, so that their exchange of mutually surplus products remained a matter of voluntary exchange rather than a life-or-death necessity. The essence of the vent-for-surplus system of trade was that exports represented truly surplus output. Obviously the international specialisation of production was far from reaching the extreme degree found in the late twentieth century. (Hudson 1992: 41)

[7] ". . . the poorest colonies such as New England were obliged to be self-sufficient in food and household essentials, for imperial nation did not welcome the prospect of having to support indigent dependencies. On the other hand, the richer and more naturally endowed colonies tended to become export monocultures, growing increasingly dependent on their mother countries or fellow colonies for their necessities as well as their superfluities." (Hudson 1992: 33)

This role of trade reaches its high point with the imperial policies of the XIX and early XX centuries. The drastic change occurs within the neo-colonial policies following struggles of national liberation. After the interlude of import-substitution, export promotion policies have intensified the web of connection between North and the South, turning any claim or reality of national self-sufficiency into a chimera. We will see in the next section how this acquires meaning within today's global factory. Here was just sufficient to point out the active *integration* within an international division of labour as a key component of capital's trade strategy.

3. The systematic character of trade.

The last key characteristic of the "acquisition of goods from a distance" as it is promoted within the capitalist mode of production is its *systematic* character. Contrarily from pre-capitalists forms of trade, here commodities flowing among different regions are not "peaceful forms of raid", to paraphrase Polanyi, but tend to follow systemic routes paralleling diverse activities and specialisation of production. Driven by capitalist production and accumulation of value and surplus value, trade here must be organised spatially and temporally as a continuous flow, so as to allow continuous flows of inputs to the industries making use of them and continuous flows of outputs demanded by markets. What changes during the course of capitalist history is the intensity and thickens of the trade flows, not its systematic character. These changes are of course important, as they result in different degree and patterns of mutual dependency (to say that the south is dependent from the North is also to say that the North is dependent from the South). As we will see in the next section, the degree of this thickness is at the basis of today's global economy.

3. Trade and the global factory

3.1. Introduction

In common parlance, when we think about trade, we think about a human activity which main purpose is to redistribute scarce goods from places where they are produced in surplus to places where they are needed. As we have seen, this "vent-for-surplus" trade has been a key characteristics of both pre-capitalist and capitalist forms of trade, although in the latter case the surplus itself was socially, military and politically engineered to serve the inputs needs of developed capital and thus subsumed within a continuous and systematic flow serving boundless accumulation.

A large and increasing part of modern trade does not have anything to do with this. To the North-South specialisation which saw the South specialising in cash crop and raw materials and the North in manufacturing industries, and to the vent-for-surplus trade among developed nations (each tending to specialise in particular products), we are increasingly witnessing another form of capitalist trade, which we may call *disciplinary trade*. Disciplinary trade is a form of "acquisition of goods from a distance" in a context in which the economic (not the ecological and social) cost of overcoming distance has been drastically reduced due to the vast increase in productivity in communication and transportation. This form of trade turns importing and exporting of goods into a process fully integrated within capitalist relations of *production* which not only serves the input needs of production processes disperse through global commodity chains, but also play a central role in aiming at regulating and displacing the inherent conflict of social relations of production. In thus doing, the "technical" specifications of trade flows are subordinated entirely to the regulatory function of social antagonism at the global level. Trade becomes fundamental moment for the constitution of the global capitalist factory. Let us review some rough stylised facts regarding trade in this context.

3.2. Stylised facts.

- At a very general level of analysis, the one pursued by the sceptics of the globalisation thesis, statistics of world trade prima facie show that the global economy is not more integrated than in the past[8]. Despite the substantial higher growth in world trade than world GDP in the post-war period, countries of the North generate still three-quarters of all world merchandise exports and about 60% of this is among developed countries. Comparing these figures historically, the resulting picture is not substantially different from what appeared, say, one hundred years ago. Also, if we measure integration by the amount of goods and services that cross frontiers as a percentage of all goods and services that are produced world-wide, it is difficult to show that indeed there is more integration, as this was 33% in 1913 and about 31% today.

- However, these measures of aggregate trade hide important historical differences. First, there is the increase in *international trade in components and semi-processed manufacturers*, the growth of which started in the 1960s and soon overtook world trade. While world trade expanded almost 33% since the 1960s manufactured goods as a percentage of total world exports increased from 55 per cent in 1980 to 75 per cent in 1990. This aggregate change has also been accompanied by changes in the suppliers of manufacturing goods. For example, while in 1980 only 5,9 per cent of world exports of machinery and transport equipment originated from developing countries, in 1995 this moved to almost 22 per cent. The same can be said for other manufacturing goods, which moved from 17% in 1980 to nearly 33%. Furthermore, the share of the newly industrialised countries (NICs) manufactured exports that can be classified as `high tech' was 2 per cent in 1964 and 25 per cent in 1985. Export revenue also became a significant proportion of several countries GDP, accounting

[8] See for example Hirst and Thompson (1996), Weiss (1997) and, for an earlier exposition of this position, Gordon (1988).

for 22 per cent of GDP in East and Southeast Asia, 11 per cent for South Asia and 10 per cent for Latin America. (UNCTAD 1999; Propokemko 1997: 11).[9]

The increase in manufacturing productivity, patterns of competition and consequence systemic glut in the market has started to have an effect on the terms of trade commanded by manufacturing goods. Between 1980 and 1996, the terms of trade of countries in the south exporters of manufacturing (UNCTAD 1999a: tab 2.5). has fallen by 18%. As a result, "many manufactures exported by developing countries are now beginning to behave more like primary commodities as a growing number of countries simultaneously attempt to raise their exports in the relatively stagnant and protected markets of industrial countries." (UNCTAD 1999b: VI).

- Second, the great bulk of international trade is organised by large TNCs. According to UNCTAD (1996a), TNCs account for 2/3 of world exports in good and services.

- Another important point related to the former is the growth in intra-firm trade, which is trading within a particular transnational corporation located throughout the world. According to UNCTAD data, in the 1970s, intra-firm trade accounted about 20% world trade, it was 1/3 by early 1990s, excluding intra-TNC trade in services. (UNCTAD 1993) This however could be a rough underestimate. In fact, four fifths of the UK manufactured exports "are flows of intra-firm trade either within UK enterprises with overseas operations or within foreign-controlled firms with operations in the United Kingdom." (Dicken 1998: 43)

- Finally, there has been a large increase in FDI, which, as we will see later, has important links to trade. During the 1980s and 1990s, FDI has increased several times faster than GNP and trade. While during the Keynesian era in the 1969s FDI grew twice the rate of world GNP and 40% faster than world trade, between 1985 and the early 1990s FDI grew at a rate of 28% compared with a export growth of 14%. Furthermore, the share of world FDI going to developing countries has risen from 16 per cent in the second half of the 1980s to 28 per cent in the 1990s (UNCTAD 1999b: 115). This share of course hides important differences, as FDI flows are increasingly directed towards a small number of locations. In the period 1990-1997, the ten leading "emerging-markets" economies accounted for more that three quarters of total FDI flows in developing countries. Of these, China, Brazil and Mexico account for almost half of the total inflow. In the context of this extremely selected process, the great excluded is Sub-Saharan Africa, which in the same period counted a FDI inflow of $5

[9] It must be noted that manufacturing production is the sphere of production than more than others is exposed to what Marx calls "real subsumption of labour under capital". By this he means that capital not only subordinates labour under pre-existing conditions of production, but also itself shapes the conditions of this subordination. Intensification of labour is a result of this process. The great importance acquired by trade in the constitution of the productive web across the globe, the intensification of competition brought by it accompanied by the subsumtion of society at large to the logic of competitiveness and enforced scarcity, briefly analysed later on in section 3, opens the way to theorise the current phase of capitalist strategies as real subsumption of social labour under capital. I leave this exercise for another paper.

per head compared to $62 in Latin America and $31 in ASEAN. In Sub-Saharan Africa, neoliberal policies had another aim (Federici 1992).

3.3. Institutional strategies and the stylised facts.

In the first place, all these rough trends are not the result of spontaneous development of market forces, but the product of institutional policies at various levels. The process of market liberalisation accelerated in the last twenty years in the context of neoliberal policies has several dimensions.

As far as Trade is concerned, a part for bilateral agreements, and other establishing regional free trade areas such as NAFTA and EU, a major landmark is of course the Uruguay round (1986-1993), which builds on past rounds and promoted liberalisation in new sectors (agriculture and services) and deepened it in traditional sectors (manufacturing). The Uruguay round has been initiated in the context of slowing world growth (unlike previous trade round and like the failed millennium round). Its aim was to contribute to shape a world order which replaced the one built upon national Keynesian policies thrown into crisis by the social unrest of the 1970s (De Angelis 2000). The link between trade and growth is different in different countries, depending on the sectors having "comparative advantages", as economists say. The Uruguay round was initiated by US, but supported by Japan, small developed countries and some developing countries. To all governments, the contingent reasons for the promotion of trade liberalisation in the Uruguay Round reflected the desire to increase market access in the lines of productions in which they had relative advantage.

Thus, Argentina and Australia pushed liberalisation in Agriculture, but also the US, which felt the slow growth in Agriculture in relation to the rapid growth of manufacturing.

Liberalisation in Manufacturing, was pushed especially by developing countries as by 1987 half of their exports was in manufacturing and they were increasingly becoming a market for developed countries (1/3 of exports from Japan, 1/4 from North America and 1/8 from Western Europe) and an important element of the international structure of supply chains. Desperately in need for export surplus to pay debt, many developing governments eagerly embraced the opportunity offered by neoliberalism (Winham 2000: 169). This of course was an advantage also for major TNCs with core operations in the North. They first could take advantage of lower manufacturing prices in their supply chains; then lower value of labour power as imports of cheaper consumer goods flooded the countries of the North; and, together with governments as a result of greater competition of product and labour market, they were able to rely on the spectre of foreign competition to keep workers and society at large on their toes in the rat race.

Liberalisation in *Services* was the novelty of the Uruguay round and reflected their growing importance in the structural composition of economy, especially for developed countries.

Together with movements towards liberalisation in these sectors, the wave of trade liberalisation brought at the forefront other issues, such as Trade Related Intellectual Property Rights, signed in 1994 and administrated by the WTO, which can be read in the context of the institutionalisation of new enclosures, this time on life itself.[10]

The same context that created the urge to liberalise trade has created the urge to liberalise investment. Foreign Direct Investment has been promoted in several ways. FDI can be broadly classified in two kinds, cross-border greenfield investments, that is investments establishing new plants and production centres, and cross-border mergers and acquisition investments (M&A).

Greenfield investments

Green field investments are largely the result of local government's incentive to promote capital inflows. On the investment-receiving end, one example of this government-led intervention is given by the mushrooming of export processing zones (EPZ) and its sweatshops during the 1980s and 1990s — there are about 200 EPZ almost all created after 1971, roughly employing 4 million workers world-wide (Dicken 1998: 131). EPZ are export enclaves on the border or coastal regions of developing countries, in which the government provide special investment and trade incentives, provision of infrastructures, exemption from labour laws otherwise applicable in other areas of the country, and waiver of restriction on foreign ownership (Dicken 1998: 131). EPZ in other words are TNC paradise: low or nil tax on profit, subsidised infrastructure, and no or little union rights. The failed Multilateral Agreements on Investment (MAI) and the ongoing pressures to introduce investment liberalisation on WTO agendas, can be read in the context of strategies aimed at expanding universally most of the existing rights that TNC enjoy in EPZ.

On the investment-source end, it is worth pointing out the role of governments of the North to help re-locating their TNCs operations abroad, both by preparing the FDI recipient countries and financing their infrastructure programme, and by promoting their export industries.[11]

M&A

M&A are at the moment the largest components of FDI. Recent estimates show that "cross-border M&A activity has accounted for between one half and two third of world

[10]See for example CornerHouse (1997).
[11]This is for example the case of the Official Development Assistance implemented by the Japanese government to support and promote the activities of Japanese firms in SouthEast Asia (UNCTAD 1996b: 79).

FDI flows in the 1990s. The figure is higher for developing countries, but the difference is principally due to the smaller role of M&A in China. If China is excluded, the share of M&A in cumulative FDI in 1992-1997 turns out to be 72 per cent, up from 22 per cent during 1988-1991. Treating the residual as the greenfield component of FDI, it turns out that its absolute annual level during 1992-1998 was consistently below the level reached in 1991. Thus the recent boom in FDI flows to developing economies has, with the exception of China, consisted predominantly of M&A, largely in the service sector" (UNCTAD 1999b: 118).

The surge of M&A has benefited by the wave of privatisation in the 1990s. FDI linked to privatisation accounted for 73 per cent of FDI inflows in Chile in the 1980s and 80% of inflows in Argentina during 1990-1995. Similarly in Brazil (UNCTAD 1999b: 118). Overall, excluding China, it accounted for 12 % of total FDI inflows in developing countries. While the receipts of these privatisation go to pay for foreign debt, or reduce national government debt under new fiscal discipline, for major transational corporations these represent opportunities to extend their sphere of influence and restructure production processes globally within global commodity chains enriched by newly acquired assets following M&A. [12]

Both greenfield investments and M&A are important in the definition of the structure of international production. While the former expands directly in the host country production capacity and uses local labour mostly for export production linked to a given configuration of supply chains of the investing TNC, in the latter case, it is accompanied by restructuring compatible with global interests of the buying TNC. Since the stock of privatisable industries and assets is not unlimited, we can only expect greenfield investment to acquire increased strategic importance for capital (and thus for our struggles).

FDI and trade are closely linked, especially in its greenfield component. Economists consider FDI either a substitute or a complement of trade (Graham and Krugman 1991). It is a substitute when FDI is used to bypass trade barriers. However, with the waves of trade liberalisation of the last two decades, FDI is more commonly seen as a complement to trade. Trade in services for example needs some prior FDI to occur. Also, by constituting a particular node within a global commodity chain, new flows of FDI raises the demand of inputs of supplies and semi-manufacturing products (Champlin & Olson 1999: 445). Thus, trade is driven by FDI and the latter is driven by policies affecting legal environment, industrial relation climate and generally favourable government policies (Champlin & Olson 1999: 448-9). “94% of FDI policy changes made between 1991 and 1997 were favourable. . . to foreign investors” (Champlin & Olson 1999: 447).

Flows of FDI can promote exports from the country of origin (export-inducing effect) or reduce it (export substituting effect). It can only have what is called import-reverse

[12] There is of course another aspect of M&A, which occurs especially after a country is forced to devaluate following financial turmoil, thus making speculators attracted to the easy profits obtained by M&A.

effects, when FDI in another country replace production in the country of origin. Thus, depending on the circumstances, flows of FDI affect trade, which in turn is linked to geographical patterns of production. Trade liberalisation and FDI therefore, must be read in the context of a strategy that aims at continuously re-shaping global commodity chains, that is the geographical location of production sequences which are increasingly sliced up throughout the world. Trade, therefore,

> is embedded within a system of international production. Trade may occur entirely within the structure of a transnational firm of between interdependent firms linked by sourcing and contract relationships. In short, much of international trade occurs outside of the market. Transfer prices, as well as prices negotiated in contractual arrangements between oligopoly firms and their dependent suppliers, are not free market prices . . .[T]rade that is embedded within FDI is not a market phenomenon. Today, trade is a integral part of a firm's investment decisions, marketing strategies, and research and development goals. Individual countries achieve competitive advantage not from their natural resource endowments, but based on how well their institutional structures fits into the goals of transnational firms. (Champlin & Olson 1999: 448)

3.4. A political reading of recent trends: the global factory.

The phenomena listed above express what several authors have recognised to be a historically very different nature of global integration.[13] The capitalist economy has of course always been global, but the nature of this global integration has changed. In this sense, a UNCTAD study distinguished between shallow and deep integration. Shallow integration characterised international economic integration before 1913, and consisted in "arm's length trade in goods and services between independent firms and through international movements of portfolio capital." (UNCTAD 1993: 113). We may refer here back to our discussion of "vent-for-surplus" trade. Deep integration, which is how today's phenomenon is referred to, is organised and promoted by TNCs and "extends to the level of the production of goods and services and, in addition, increases visible and invisible trade. Linkages between national economies are therefore increasingly influenced by the cross-border value adding activities within . . . TNCs and within networks established by TNCs" (UNCTAD 1993: 119)

These two broad characteristics of deep integration lead some authors to point out the distinction between internationalisation and globalisation processes. The former "involve the simple extension of economic activities across national boundaries." These processes therefore involve the simple spatial extension of patterns of economic activity and can be measured in quantitative terms. Globalisation processes instead, "are qualitative processes. They involve not merely the geographical extension of economic activity

[13] For a review see Hoogvelt (1997).

across national boundaries but also (and more importantly) the functional integration of such internationally dispersed activities."[14] (Dicken 1998: 5).

Deepening of global integration is thus defined as the movement away from north-south complementarity and specialisation and the development of a pattern of trade from inter-product to intra-product trade. This means that “There is no longer a neat division of labour between countries." (Hoogvelt 1997: 22)

Although clearly both deep and shallow integration, and globalisation and internationalisation processes coexist, understanding the specific nature of current globalisation processes relies in the understanding of the nature and characteristics of functional integration. Much literature has been devoted to the study of production chains as these provide a useful map of how a sequence of productive functions are linked together within an overall process of production of goods and services. At the basic level, production chains illustrate the geographical configuration of the interconnections between individual elements (e.g. materials, procurement, transformation, marketing and sale, distribution, service) by means of various forms of technological inputs and transport and communication processes. Also, each productive chain is embedded within a financial system and is regulated and co-ordinated by TNCs and the State (understood here as both including nation-states and various level of supranational institutions such as IMF, WTO, etc.). (Dicken 1998: 6-7) Ultimately, production chain analysis helps us to map how TNCs are slicing up production at the global level.

Generally speaking, from the perspective of a TNC, each of the individual functions may be integrated with other functions in two main ways: by means of externalised or internalised *transactions*. In the first case, a function is performed by individual and formally independent firms linked to other firms by means of the market. In the second case, each function within a productive chain may be located within a vertically integrated firm. It is clear that these are two extreme cases, and reality is more in line with a mix of externalised and internalised transactions. In either case, both externalised and internalised transactions when organised cross-border point at the central importance of trade in constituting today's capitalist production process.[15]

We have a first, important result of production chain analysis: TNC's planning departments and market mechanisms are two forms of the same thing, namely a mechanism of co-ordination and regulation of production chains. The reasons why a firm

[14] See also “The expansive phase of capitalism was characterised by the extension of the fundamentals of economic activity, namely trade and productive investment, ever further into more ands more areas of the globe; that phase has now been superseded by a phase of deepening, but not widening capitalist integration.” (Hoogvelt 1997: 116)

[15] Also, "the boundary between internalisation and externalisation is continually shifting as firms make decisions about which functions to perform `in-house' and which to `out-source' to other firms. What we have here in reality, therefore, is a spectrum of different forms of co-ordination which consist of networks of interrelationships within and between firms structured by different degrees of power and influence. Such networks increasingly consist of a mix of intra-firm and inter-firm structures. These networks are dynamic and in a continuous state of flux." (Dicken 1998: 8-9)

chooses its mix of in-house and out-source functions, depend on a range of things, all of which have to do with risk and cost assessment and ultimately with the firm's strategic evaluation of its profitability condition and opportunities. Also, it is clear that the greater the flexibility and pervasiveness of markets at the global level, the greater is the range of opportunities for TNCs to reduce costs and minimise and externalise risks. There is therefore a symbiotic relation between the neo-liberal drive towards trade liberalisation, the TNCs' vantagepoint and the constitution of production processes worldwide. It is in this sense that "transnational enterprise is evolving from company organisation to a loosely confederated network structure (global web)." (Hoogvelt 1997: 127) Trade, both internalised and externalised, is what keeps together geographically displaced production processes at the global level.

One of the limitations of production chains analysis is that they limit their understanding of functional integration only to integration of use-values and productive processes qua productive of use-values. Yet, each functional node within a production chain represents at the same time a configuration of value production, i.e. of power relations. Not only power relations between say, subcontractor and subcontracted firms (in the case in which the market plays the co-ordinating role) or between various departments within a vertically integrated TNC. Also, and more poignantly, power relations at the point of production, that is, around the quality and quantity of expenditure of labour. To illustrate, TNC's externalisation of risks involved with out-sourcing, implies of course the internalisation of risks by subcontracted companies. For subcontracted firms to be able to internalise this risk, they must be able to rely on a workforce which is flexible enough to absorb required changes in production, that is to *externalise to them* possible costs of adjustment. A configuration of power relations that rotates around an institutionalised flexible labour market, and a management of public expenditures that preclude non-market ways to gain access to social wealth, are therefore at the cornerstone of profitably viable TNC's outsourcing strategy.

There is thus a second implicit result that we can derive from production chains analysis following the twofold character of capital's integration: each functional node is a site of implicit or explicit conflict over the quantity and quality of labour expenditure, as well as over the wages. It must be pointed out that within the overall sequence of a production chain, and it can be a long sequence with many ramifications, the degree of impact and disrupting leverage of conflict within a particular node is inversely proportional to the degree of spatial substitutability of that node. The assumption here is of course an old radical assumption that sees labour as a contested terrain. [16]

It is by acknowledging the social conflict inherent in capitalist relations of production, that we can the strategic dynamism of today's capital and, within it, the strategic role

[16] It is worth noting that since the overall architecture of the product chain is technology dependent, and the material and information flow along the chain is dependent on transport and communication technology, then a product chain is held together by specifically two broad types of labour: transport and IT labour, who become of strategic importance.

acquired by trade to manage social antagonism. Also bourgeois theory appreciate this dynamism, although in a mystified way.

For example, one of the most interesting models recently used to describe this continuous process of transnational re-definition of commodity chains is the "flying geese development paradigm". This paradigm, originally formulated in the 1930s by Japanese economist K. Akamatsu to describe change in industrial structure over time, has been recently widely used to describe patterns of regional integration in South Asia (UNCTAD 1996b: 75-105). It defines trade as the most important vehicle for transferring goods and technology across countries following a dynamic process of "shifting comparative advantage", and therefore as the instrument for promoting a continuous social and geographical re-organisation of production and of the division of labour within and across countries. The model divides countries within a region in two groups, followers and leaders. Imports from a leader country to follower countries allow new goods and technology in the latter. This would allow production of the imported goods in the follower countries, which, eventually, will be able to export them in other countries. When at the end a country looses competitiveness in one particular product, its domestic production is phased out, workers made redundant, and production replaced by import from the country which has succeeded in building up a competitive industry in that sector. One of the interesting insights of this model, is that the flying geese pattern of FDI "is governed by shifts in competitiveness" which TNCs themselves help to generate. FDI in fact

> both shapes and is shaped by the evolution of comparative advantage between the follower countries and the lead country. Domestic investment withdraws from those sectors suffering loss of competitiveness (e.g. labour-intensive sectors such as textiles and footwear), and production is relocated where labour is cheaper in order to supply both foreign and home markets. However, aggregate investment does not diminish in the advanced economy because its industry is constantly being restructured and upgraded, and resources are reallocated to higher-skills, higher-technology products, where it now enjoys comparative advantage. In this model, therefore, there is no trade-off between aggregate domestic investment and FDI; global investment continuously increases, promoting trade flows (UNCTAD 1996b: 76-77).

We can reformulate this flying geese pattern of trade and FDI in this way. When workers in the leader countries succeed in setting up rigidities to the ability of their employers to offer low wages and appalling working conditions (through the often long process of union organisation), FDI shifts production or part of it into some follower countries. This has a twofold rationale. In leader countries the class composition is changed thus threatening the forms of organisation that workers were able to build on the basis of that composition. While cheaper imports from follower countries — together with restructuring of the class composition — allow keeping in check the value of labour power in leader countries, the development of new branches of production which a new configuration of labour processes allow starting anew the process of accumulation with a relatively lower social unrest.

In follower countries, where the imported class composition mixes with local cultural and socio-economic contents, class composition is relatively new and workers have still to go through the lengthy work of organisation. A pre-condition for this shaping of production in follower countries is of course a previous wave of enclosures, be this enforced poverty on the countryside, reduction of various forms of entitlements such as food subsides, or any policy making poorly paid wage labour a desirable alternative, especially in a context of widespread reserve army.

This process of course does not have an inherent end. Both leaders and followers countries will soon be hit by new waves of social unrest and struggles, in which the novelty is not only their re-occurrence in time, but also an organisational and aspirational novelty based on the new configuration of the class composition. Also, this model not only implicitly recognises a vertical hierarchy among regions within an international division of labour, but makes of this hierarchy the framework for capitalist accumulation and cannot envisage an end of this structural hierarchy, only its structural displacement. The socio-economic geography of the world is and always will be made of "developed" and "underdeveloped"[17] and the dynamic principle of this development and underdevelopment is the attempt by capital to escape the class struggle.

In each group of country the painful work of organisation of a previously fragmented workforce, and the painful work of alliance building across groups in society, will reach a point in which it threats the viability of capital's accumulation. Finding a new tier of follower countries that offer large pool of labour power and widespread poverty condition would then displace the struggles in the follower countries. Transferring relatively skilled labour production to lower tiers in the hierarchy and/or regulating/promoting inflows of migrants enjoying lower non-citizen rights, as well as upgrading production to new line and processes of production, will displace the struggles in the leader countries by changing their class composition.

The experience of South Asia seems to confirm this pattern, although at a regional level. The emergence of a first-tier NICs (newly industrialised economies) — Hong Kong, Republic of Korea, Singapore and Taiwan — were soon accompanied by that of a second tier — Indonesia, Malaysia and Thailand, under the impact of strong wage increases and gaining of union rights in the first tier (especially South Korea). FDI from the first tier then moved to countries in the second tier in which wages were lower to promote labour intensive production — especially Indonesia. Finally, the last 10 years rise of China as a

[17] This in turn is at the basis for the legitimisation of a continuos rat race underpinning the human conditions within capitalist mode of production. "in order for someone to conceive the possibility of escaping from a particular condition, it is necessary first to feel that one has fallen into that condition. For those who make up two thirds of the world's population today, to think of development — of any kind of development — requires first the perception of themselves as underdeveloped, with the whole burden of connotations that this carries." (Esteva 1992: 7)

major player in the region with a huge reservoir of cheap labour power and a strong police/military intervention of state planning in the promotion of infrastructures and management of social conflict, is again shifting "comparative advantages" and displacing social antagonism in the region and beyond. China, however, will not only represent a displacement for low wage work. As it has been noticed, China

> enjoys a unique situation of combining an almost `unlimited' supply of unskilled labour with an adequate supply of highly-skilled labour to back up its industrialisation process in the foreseeable future. Rising wages of unskilled labour in the industrialising coastal region of China are likely to be held in check by inward migration from the rest of the country. Consequently, labour-intensive manufacturers and non-traded services can be kept relatively cheap and the cost of living kept low in the coastal region, which, in turn, can allow skilled workers to enjoy a comparatively high standard of living, with earnings which are nevertheless low by international standards. (UNCTAD 1996b: 103).

The effect that this relative low value of Chinese skilled labour-power on workers in the "higher tier" of the international division of labour, especially in the context of China's joining of the WTO, is not hard to assess.

In conclusion, "shifting comparative advantage" therefore is the economists' term for the recognition of the centrality of class struggle, its dynamic nature, and the strategies aimed at its continuous displacement within an ever-changing international division of labour. The current patterns of trade and FDI must be read in this context, and therefore a progressive response to trade liberalisation must be fully embedded within the acknowledgement of this strategy. Since this strategy is based on the continuous redefinition of the international division of labour, both at the regional and global level, they are necessarily centred on a competitiveness drive. The latter, in turn, must be understood as the framework in which to impose capitalist work and the redefining of continuous new standards of socially necessary labour time. The vent-for-surplus character of trade that was found in the earlier phases of the history of the capitalist mode of production is today modified by the increasing role of trade as disciplinary device of the class relation. As observed in a previous section, in the earlier phases of the capitalist mode of production materially defined "surpluses" were military and institutionally engineered to serve as a precondition of a relatively static configuration of the international division of labour. The systematic character of trade in that context was to provide continuity to flows of commodities within given specialisation patterns (roughly, the South specialising in raw materials and primary products, the North specialising in manufacturing goods). In today's phase of capitalist mode of production, the engineering of patterns of specialisation ("surpluses" to be exported) acquires a dynamic and systematic character. The result is therefore greater more extensive fragmentation of production processes at the global level and greater pressure over global labour power at every layer of the international wage hierarchy. Competitiveness is the golden principle that defines the integration of world productive and reproductive labour activities.[18] While specialisation and complementarity in trade under imperial and colonial rule enforced poverty and fostered dependence to the people of the South, this shift in the pattern and composition of trade, this movement away from specialisation and complementarity, is not a panacea for solving world's problem. On the contrary, intra-product trade implies the enforcement of global standards of competitiveness, wages and work on local producers everywhere, and implies that everywhere the market principle is accepted as the only principle regulating our socio-economic interaction.

3.5. The global-social factory

3.5.1. The colonisation of imagination and society.

The continuous strategy of displacement of the class struggle captured by the flying geese pattern of trade and FDI, and its associated continuous redefinition of the international division of labour, standards of work, entitlements, etc. cannot but come at the cost of erosion of social cohesion brought by the continuous restructuring of the social fabric. This of course represents an important potential problem for capital, but also an opportunity. If on one side capital has to displace conflict by running away from it, and thus restructuring the conditions of production on the original and final end of its movement, on the other hand the consequent changes in conditions of production creates new problem of governance of emerging patterns of insubordination and social fragmentation which may work against the viability of continuous structural adjustment required by capital. These are of course differences in different tiers within the international division of labour, and therefore the institutions deployed for their regulation are different. But in general, we could recognise the growing importance for capital of the co-ordination between its need to accumulate and the wider context in which this accumulation takes place.

There are three broad sets of strategic interventions currently promoted by capital in order to turn this problem as an opportunity for accumulation. First, the silent or open promotion and facilitation of war that finishes and complements the job began by structural adjustment policies. This particular strategy applies particularly at the lower layers of the international division of labour. Second, the ideological-apologetic insistence of the inevitability of market forces and global competition. Third, linked to the former, are those policies that target the link between "the economy" and "society". In what follow I will deal briefly with the latter two, and invite the reader to consult other works to explore the self-reinforcing link between war and global economic integration (Federici 2000).

A. *Internalisation of the market principle that is, acceptance of competitive principle as the natural regulator of our social reproduction.*

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[18] In the US, 4% of national production was exposed to global competition in early 1960s, while it is 70% today.

Under global competition, it is our own awareness of the world that is deeply affected. We are constantly reminded that others are more competitive than us, that others are more efficient or are willing to work for lower wages and that if we do not conform they may take our jobs away, our livelihood etc. This is true in any part of the world. In a system of global competition the "other" is always there to haunt us. It is often enough for a company to threaten to set up a plant abroad, to succeed in getting work and wages concessions from weak trade unions. We are thus exposed to the pervasiveness of the economic principle. The pervasive character of the market and the principle of competitiveness, together with the repetition of empty messages of how things should be reproduced on a gigantic and repetitive scale by the media[19], help to make possible the internalisation of the principle of market discipline to workers, consumers and producers, as a natural principle, as the only guiding principle for action. This awareness of global competition as a given and naturalised reality turns the market into a natural *need*. The market is regarded as the *natural* principle of social interaction, a principle that goes even as far as to question traditional bourgeois parliamentary democracy as we know it.

This naturalisation means the internalisation of the disciplinary device over our lives at all levels: as workers we are supposed to accept that it is `proper' to compete, to lose jobs if we are less efficient or have higher wages than them, or for a company to move somewhere else because of competitive pressure;[20] as citizens we are supposed to accept the myth that "money is scarce" and therefore improvements in social services cannot be properly funded[21]; as consumers we are supposed to accept that TNC's know best of what we need; and as human beings in general we are supposed to accept *the market as the main horizon of our social interaction.* By internalising the market principle, we act as fish that cannot see the sea, and therefore cannot even conceive of different contexts of social interaction.

B. *Global society as capital's resource.*

Confining people's imagery of their social interaction within the market is a prerequisite to gear *all* social interactions to the need of the capitalist market. In a paper for the ILO working paper series, the author, after having spelled out the orthodox credo according to which growth in production and productivity is intimately linked to poverty alleviation, employment, and prosperity, goes on to warn that international competitiveness is moving from company to societal competitiveness. And he warns, "unless countries are able to match the productivity gains of their competitors, the wages of their workers will be eroded." (Prokopenko 1998: 3) For the author, the question is therefore "how much

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[19] As pointed out by Marcos: "Media are the large mirror, not of what society is, but of what it must show to be. Full of tautologies and banalities, media society lacks of reasons and arguments. Within it, repetition is demonstration." (Subcomandante Marcos 2000: V)

[20] “Because of the existence of a global market disciple, it is sufficient for a company to merely threaten to set up a plant abroad, for it to successfully drive down the wages to the globally competitive level. Charles Sabel reports on German plants where charts of defect rates for particular processes are displayed on videoscreens next to equivalent data for their Brazilian subsidiaries.” (Hoogvelt 1997: 125)

[21] For an excellent discussion of the reality behind the "scarcity of money" myth see Rowbotham (1998).

change does a country or a company need to talk to survive in this new world of global competitiveness." (Prokopenko 1998: 3) The author does not see the paradox in his own formulation. In the world of increasing plenitude in which increase in production and productivity should bring about prosperity for all, the same prosperity is threatened by, what? other people increasing productivity and production. To prevent our living standards to be eroded! Only under the crazy logic of capitalist production more production is necessary to prevent erosion of living standards.

How can we prevent then this erosion? Full steam ahead to what the author calls "competitive society", that is

> a society which has found a dynamic equilibrium between wealth creation on one side and social cohesion on the other. It does not necessarily mean economic efficiency at all costs in all areas. Actually, it may even imply a conscious decision on the part of people to accept a certain level of inefficiency. A competitive society is one which identifies and actively manages all the facets of its competitiveness — from infrastructure to education. (Prokopenko 1998: 3)

The condition of "survival" is identified with the management of society as a whole, and government policies are instrumental to this. As the global competitive struggle is partly played in terms of how much capital a country is able to attract and keep within its borders, the author, following the Global Competitiveness Report suggestions, argue that "the important message . . . is that governments should concentrate on reforms that improve institutions and economic policies, thus creating an environment conductive to private investments and economic growth. For example, public investments into education and infrastructure can raise the productivity if private capital and the workforce and will therefore help attract FDI flows." (Ibid. 10)

As all aspects of social interaction are targeted as crucial elements for the determination of competitiveness, and as production is sliced up within the commodity chains involving a variety of countries, we are increasingly living in a global social factory. The drive for "education" here is an aspect of the strategic implementation of flexibility in an attempt to engineer a workforce who is both able and willing to sustain the continuing process of restructuring captured by the flying geese model and embedded in trade as disciplinary device. Thus, the drive towards a continuous upgrading and expansion of infrastructure, be these motorways or new airports, must again be read in this context of management of social productivity, the ability that society is able to turn over production and consumption, and is able to sustain, in terms of unwaged reproduction work, the environmental and social cost that these market-driven development of infrastructure necessarily involve.

As competition develops among similar industries and services which have parallel global commodity chains, the nodes of these commodity chains are subsuming their surrounding territory (socially, economically and ecologically defined) as part of the factory. Work of production and reproduction are integrated within these nodes and across nodes (Federici 1992), infrastructure are needed to speed up production and circulation time, the "environment" is turned from a resource tout court into a resource subordinated to the management of competition in these nodes. In this way, even "sustainable development" — originally formulated as an alternative to capital's growth — becomes a paradigm of capital's own sustainability. Also, as these nodes within global commodity chains develop their competitive strength and the enclosures threatens the livelihood of millions, the same nodes attract hordes of migrant labour, escalating in turn competition (Mittelman 2000).

But we may ask: what does constitute a society? With the increasing interdependence and continuous building of overlapping productive webs at regional and global level, kept together by trade links, it is becoming increasingly evident that a society cannot be defined within its national straitjacket, but it extends beyond the borders of nations and regions between these nations. Production and reproduction are becoming increasingly the result of a global co-operation of labour, although this is a global co-operation enforced by its opposite, that is capitalist competition with its correspondent exploitative forms of co-operation. Thus, in this context of national management of "society's" competitiveness, but a reality of productive society which extends away from national borders, there lie a role of national states as the local sheriffs imposing the law and order required by the global competitive race. When in trouble, these sheriffs can only ask for help from global economic institutions (IMF, WTO, WB, etc.), embedding a superior claim for wisdom. But the ultimate point is that any paradigm embracing the logic of global competitiveness can and will be subordinated to the game. It is the game that progressives must start to question and radicals, wishing to take things by the roots, must help to envision new games.

3.5.1. The global-social factory: conceptual definition.

We have seen that the continuous strategy of displacement of the class struggle captured by the flying geese pattern of trade and FDI, makes the disciplinary function central to modern trade. We have also seen how the subsumption of social co-operation of labour is important. From this we see that the strategy of trade liberalisation today is part of a set of strategies for the constitution of a global-social factory. Let me briefly explain the conceptual meaning I attribute to this term.

By global factory I do not mean a metaphor, but a *strategy* aiming at the co-ordinated and rationalised configuration of global production (flows of commodities, services and semi-manufactured goods and, ultimately, global labour), for the purpose of capital accumulation. Global factory thus does not refer to a mere agglomeration of technical functions at the global level. It is not simply a sociospatial arrangement for the production of use values. A global factory is the sociospatial configuration which main purpose is production of commodities, that is both use-values and values. Therefore, building from Marx analysis of the interrelation between labour and valorisation process (Marx 1867: chapter 7), at a general level of analysis a global factory, as any other "factory" has two interrelated dimensions: it is a configuration of flows of products created by labour activity *and* a disciplinary device of conflicting social relations. The global factory therefore is a locus of power relations.

Furthermore, the regulation of the parameters of accumulation (cost, efficiency, productivity, etc.) that are accounted for (those monetised) within the sequence of functional nodes within global production chains also depend on the configuration of social relations *outside* large corporations (such as TNCs). These are of three main kinds: first, those mediated by market links and that constitute the complex web of outsourced production when much of the latter depends on general socio-economic characteristics of the locality in which production takes place. Second, those constituting the various spheres of social interaction (mostly invisible and not accounted for because not monetised) which serve the reproduction of labour power at various psychological, social, material and biological levels. Third, those administered by the state in terms of the definition of property rights and social entitlements, the management of social spending and the fact that the latter serve a purpose defined at a point within a continuum which has on one extreme the need of capital accumulation, and human needs on the other.

These three dimensions outside the direct TNCs domain are in fact targets of a strategic intervention that aims at harnessing social interaction at large (e.g. the various functions of reproduction of labour power) as well as its territory within the main disciplinary and regulative domain of capitalist production of value. Aim of the strategy of the global-social factory is thus the real subsumption of the social co-operation of labour under capital[22] at an unprecedented degree. Both the visible (monetised) and invisible (non-monetised) domain of social co-operation of labour becomes important for accumulation under the quest for competitiveness and efficiency. With neoliberal policies, capital is thus attempting to reduce or bypass any social barriers that would infringe the smooth transformation at the highest possible speed of the elements of the circuit of capital, M-C-M', disposed on a global-social space. In other words, as in any capitalist factory in any given conditions the aim is rationalisation of production, and rationalisation implies the subordination of waged labour to capital, in the strategy of the global-social factory the aim is a rationalisation of the totality of human activities and its subordination to the M-C-M' motive.

There are two main sets of institutional agents who are most responsible for the implementation of this strategy aiming at the formation of a global factory. One is of course TNC's. Their involvement is twofold. One is the result of their predatory global action vis-à-vis each other given the existing global configuration of resources, competition and state policies. Thus, TNCs are able to co-ordinate and control various stages of the production chain, to take advantage of geographical differences influencing the cost and availability of factors of production and state regulations, and its potential geographical flexibility (Dicken 1998: 177). In thus doing TNCs are shaping global production chains. The other is TNCs power to influence (and this is an understatement)

[22] See note 9.

national and supranational state policies to shape the local and global configuration of rules, property rights, and competitive framework. Thus, the second set of institutional agents responsible for the implementation of a strategy aiming at the formation of a global factory is the state, understood as political power both at the national and supranational level. Through unconditional embracing of neoliberal dogmas and under insistent and continuous pressure by the colluding lobbing power of TNCs[23], supranational political bodies attempt to de-regulate the world market in such a way as to increase the degree of market penetration in any sphere of people's life, reduce previously held social barriers aimed at the protection of people from the most devastating aspects of competitive markets, and thus increase the intensity and pervasiveness of the role of competition as regulating device of social labour.

Finally, I here just mention that beside the globalisation of trade that I have discussed in this paper, there are at least other two main constitutive elements of the global factory strategy: globalisation of production and finance. By globalisation of production I mean the process of spatial dislocation of production flows dispersed through global production chains following cost and productivity principles, which is, as we have see, intimately linked to trade. By globalisation of finance, I refer to those phenomena linked to the huge extension of global money and the vastly increased capital movement, which, among other things, contributes to keep in check social spending and attempt to gear traditional entitlements to accumulation. Although both global production and finance are part of contemporary capital's disciplinary devices, I cannot discuss them here.

4. Conclusion: the struggles for new commons.

Trade, Polanyi told us, is two-sided acquisition of goods not available on the spot, thus acquired from a distance. We have seen that trade within the context of today's globalisation processes acquires a character that is very far from this innocent definition. The present analysis has located trade in the present context of world capitalist production, as part of the strategy for the constitution of the global social factory. Social conflict in all its facets, open or disguised, the micro-conflict of the individuals or the organised conflict of collectives, is the central dynamic motor of trade and FDI liberalisation, and the latter take on the role of *disciplinary devices*. Therefore, a radical answer could not be conceived within the horizon that takes competition as given, but could only be found within a framework which tries to *escape* capital's discipline, which attempts to set the parameters to organise an *exodus* through which it is possible to organise a socio-economic interaction among people which is disengaged from capital's priorities.

However, the conceptual framework we must develop to image and envisage alternatives, must take into account the realities of today organisation of capitalist production, and the

[23] See for example Jane Bussey (2000) for a review of the link between corporate, financial and Mafia power and politicians corruption in the age of globalisation. For an analysis of the link between corporate power and European Union's definition of strategies see Balanyá et al. (2000).

strategies deployed by capital to strengthen these realities. The global-social factory has made the *planetary social* aspects of today's co-operation of labour a reality we cannot ignore.

We have seen that the general character of trade within capital is based on three main aspects: 1. it presupposes active and systematic strategies of enclosures; 2. it enforces specialisation of production, rather than simply presupposing it; 3. it becomes systematic acquisition, rather than discontinuous. The recent patterns of globalisation and trade liberalisation have amplified point 2, by turning specialisation of production into a highly disposable phenomenon, and thus turning trade into primarily a disciplinary device.

If today's trade is central to capital's discipline, the question we should start to ask is how to escape capital's discipline by escaping this *form* of trade. And yet, any solution to the planet's problems still requires "trade" understood as acquisition of goods from a distance, that is, a form of human interchange than enable know-how, technology and resources to move across communities thus enriching them. Localism in this sense cannot be the solution, if by localism we understand a socio-economic enclave detached from the rest of the world. Behind "trade" there lies a real human need, a need for the circulation of tools that make us wonder and of produce that make us content. Behind "trade" as two-sided acquisition of goods from a distance there lies the opportunity of true human *exchange*.

But this form of human exchange cannot rely on the market. The degree in which we can limit and escape capitalist form of trade depends entirely on the degree in which we build human interchange away from the market on a planetary scale. But just as capital needs the enclosure of commons to *create* the market upon which it prospers, an alternative needs the constitution of new commons. The latter provides the material basis upon which human exchange can occur, free from capital's discipline, enforced scarcity and the stupid obsession with growth for growth's sake. The central tenet of a radical strategy should be the constitutions of spheres of socio-economic interactions that go beyond market-exchange and, therefore, money as capital. I see the struggles for the definition of *new commons* at local and global level as the main pillar of a real alternative.

The range of alternatives provided by new commons need of course to be debated, discussed, practised and lived, and I of course do not want to provide a blue print. But the conceptual horizons we gain in envisaging alternatives when we abandon the *given* accepted wisdom of the market are immense. Thinking in terms of new commons makes the slogan that everybody shared in Seattle (*"No new round, WTO turnaround!"*) to acquire new meaning.

In the first place, by setting a limit to what can be turned into a commodity, and indeed to push back the sphere of what can be a commodity, new commons set *limits* to the market and capitalist accumulation. But the latter is inherently boundless, it must relies on continuous expansion, and on the colonisation of a wider range of aspects of life. The only limits it recognises are what the agents and institutions of capital are made to recognise by our struggles. To be able to set a limit to capital is like to announce its death.

However, second, new commons cannot be seen in this instrumental sense, as a tool to smash capital. In fact, I believe, the strength of thinking in terms of new commons is exactly the opposite. They turn the problem of "smashing" into a *residual* problem — certainly important but subordinated to what we do want to build in the context of given power relations.

Thus, the second part of the slogan "WTO turnaround" must be filled with a positive and constitutive content of our own making, which disengages with the global-social factory and its world-view. The latter is one that by seeing scarcity everywhere it enforces it through enclosure and growth. But scarcity is a construct, conceptual and practical. The economist states that human wants are infinite, and means are limited, although improvable. Capital takes the economist's word in two senses: by creating scarcity, that is by enclosing spaces of individual and communal reliance, thus *creating* helpless people with wants. And by offering a solution to scarcity, that is by growing using the market or the plan as a vehicle for this growth, thus giving the impression that the gap between wants and means to satisfy them is being bridged. But in so doing, it creates yet new wants.

New commons break with this logic. To put it with Esteva:

> The basic logic of human interactions inside the new commons prevents scarcity from appearing in them. People do not assume unlimited ends, since their ends are no more than the other side of their means, their direct expression. If their means are limited, as they are, their ends cannot be unlimited. Within the new commons, needs are defined with verbs that describe activities embodying wants, skills and interactions with others and with the environment. Needs are not separated into different `spheres' of reality: lacks or expectations on one side, and satisfiers on the other, reunited through the market or plan. (Esteva 1992: 21)

Part of the definition of new commons, is the redefinition of needs by ordinary men and women, a redefinition which must take place outside the pervasive conceptual grid provided by the naturalisation of the market. The redefinition of needs as a *collective* process, is perhaps one of the most important political actions we can engage in, because in redefining needs we also redefine means and forms of social interactions. By strengthening forms of social interaction outside the market, we transcend helplessness and reinvent autonomy and community. Trade, in the context of new commons, would not be the instrument used to enforce a competitive struggle between fictional communities (companies, nations, etc.) but a practice of mutual enrichment between autonomous communities.

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