

## Dream history of the global South<sup>1</sup>

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### Abstract

*This article provides a brief history of the Third World project, the project of the Non-Allied Movement, and the project of the South, and serves to give a larger context of the befall the Arab world, and the revolution that started in 2011. It shows on one hand the attempts to decolonize the Third World and freeing it from Western imperialism and domination, and on the other hand the continuing project of imperialism and its effects on the Third World, including the Arab world. It also discusses the changing global political economy and the possibilities of the future global system.*

### Part I: The Third World project<sup>2</sup>

*"The Third World today faces Europe like a colossal mass whose project should be to try to resolve the problem to which Europe has not been able to find the answers."  
Franz Fanon, 1961*

The massive wave of anti-colonial movements that opened with the Haitian Revolution (1791-1804), and came into its own by the last quarter of the 19<sup>th</sup> century, broke the legitimacy of colonial domination. No longer could it be said that a European power had the manifest destiny to govern other peoples. When such colonial adventures were tried out, they were chastised for being immoral.

In 1928, the anti-colonial leaders gathered in Brussels for a meeting of the League Against Imperialism. This was the first attempt to create a global platform to unite the visions of the anti-colonial movements from Africa, Asia and Latin America. Considerations of expediency and the convulsions of World War 2 blocked any progress on such a platform. It would have to wait till 1955, in Bandung, Indonesia, when a smattering of newly independent or almost independent African and Asian countries sent their leaders to confer on a planetary agenda. The Bandung dynamic inaugurated the *Third World Project*, a seemingly incoherent set of demands that were actually very carefully worked

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<sup>1</sup> This presentation was delivered at a Special Session of the United Nations in Geneva to commemorate the 50<sup>th</sup> anniversary of the Non-Aligned Movement (December 2011) and at the American University of Beirut as a keynote address at a conference at the Prince Alwaleed Bin Talal Bin Abdulaziz Alsaud Center for American Studies and Research (January 2012).

<sup>2</sup> This section relies on Prashad 2007.

out through the institutions of the United Nations and what would become, in 1961, the Non-Aligned Movement.

The central concept for the new nations was the Third World. The Third World was not a place. It was a project. Galvanized by the mass movements and by the failures of capitalist mal-development, the leadership in the darker nations looked to each other for another agenda. Politically they wanted more planetary democracy. No more the serfs of their colonial masters, they wanted to have a voice and power on the world stage. What did that voice say? It spoke of three main elements:

- a. *Peace.* It had become apparent by the mid-1950s and early 1960s that the Cold War between the two superpower blocs was catastrophic for the planet. Not only might the nuclear-fueled confrontation result in Armageddon, but the sheer wastage of social resources on the arms race would distort the possibility of human development. By the early 1950s, the United States spent ten percent of its Gross Domestic Product on its defense sector, a development that raised the ire of President Eisenhower, who at the end of the decade bemoaned the growth of the "military-industrial complex." This complex did not end at the borders of the United States. It had ambitions for the planet, wanting to sell arms to every country and to insinuate a security complex over the social agenda of the Third World Project. No wonder that the first concrete task after the formation of the Non-Aligned Movement in Belgrade was to send India's Nehru and Ghana's Nkrumah to Moscow and Indonesia's Sukarno and Mali's Keita to Washington, carrying the NAM's Appeal for Peace. Kennedy and Khrushchev offered the typical bromides, but did not reverse the tensions that intensified with the building of the Berlin Wall and with the tank standoff at Checkpoint Charlie. The Third World Project kept faith with the Bandung communiqué, which called for "the regulation, limitation, control and reduction of all armed forces and armaments, including the prohibition of the production, experimentation and use of all weapons of mass destruction, and to establish effective international controls to this end." The International Atomic Energy Agency of 1957 was a child of Bandung, and a cornerstone of the Third World Project.
- b. *Bread.* The new nations of Africa and Asia and the renewed national agendas of Latin America explicitly recognized that the countries they had seized were impoverished. Any direction forward would have to confront the legacy of colonial economy, with the advantages seized by the Atlantic powers and the trade rules drawn up to benefit those historical, not comparative, advantages. Economists like Raul Prebisch of Argentina (Dosman 2008), who would become the first Director General of the UN Conference on Trade and Development, challenged the Atlantic institutions such as the General Agreement on Trade and Tariffs, and the IMF, which Prebisch called "a conspiracy against the laws of the market." When Prebisch took the helm at UNCTAD, the economic arm of the Third

World Project, he announced the need for a "new order in the international economy... so that the market functions properly not only for the big countries but the developing countries in their relations with the developed." It was out of this general framework that the Third World fought for a revision of the "free trade" agenda, for better commodity prices, for primary goods cartels (out of which comes OPEC), and for a more generous policy for the transfer of investment and technology from North to South. Fought at each turn by the Atlantic powers, the Third World took refuge in the UN General Assembly with the 1973 New International Economic Order resolution. It was the highest point of the Third World Project.

- c. *Justice.* NAM, created in 1961, was designed as a secretariat of the Third World Project, with the Group of 77 (1964) to act on its behalf in the United Nations. The founders of NAM (Nehru of India, Nasser of Egypt, Sukarno of Indonesia and Tito of Yugoslavia) recognized that little of their agenda would be able to move forward without a more democratic international structure. The UN had been hijacked by the five permanent members of the Security Council. The IMF and the World Bank had been captured by the Atlantic powers, and the GATT was designed to undermine any attempt by the new nations to revise the international economic order. It was hoped that NAM, and the G77, would put pressure on the West and the East to afford political space to the new nations. It was not to be. Nigeria's minister to the UN in the early 1960s, Jaja Wachuku chided his fellows for their acceptance of the inequality within the UN, "Are we going to remain veranda boys," he asked, watching from the balcony as the five permanent members controlled the debate within the UN?

That was the Third World Project: for peace, for bread and for justice. It came to the world stage on shaky terrain. The houses of the new nations were not in order. Lack of democracy in their own political worlds combined with mismanagement of economic resources and a very shallow reconstruction of the social landscape constrained the new nations. The old social classes hesitated before the anti-colonial mass movements, but as these were demobilized the old elites called on the Generals or on right-wing populist politicians to sweep up the mess. The Project was hampered by these failings, but it was not these limitations that did it in.

What did it in was the Atlantic project.

## Part II: The Atlantic project<sup>3</sup>

"Nothing important can come from the South."

- Henry Kissinger, 1964

In 1975, the seven leaders of the major advanced industrial countries met in the Château de Rambouillet to decide the fate of the planet. They were the Group of 7: the United States, the United Kingdom, France, Germany, Italy, Japan and Canada. The Rambouillet gathering was their first formal meeting. The G7 leaders were detained by four facts. Three of them were encumbrances that they wished to do away with:

- (1) The *social democratic agenda*, that many of them emerged from, had now become expensive (not only the social wages that had to be paid, but also the wage packets to entitled and restive workers).
- (2) The *communist agenda*, which had become more accommodating, but was yet able to offer an alternative to those entitled workers.
- (3) The *Third World Project*, whose most recent instantiation, the Oil Weapon of 1973 and the demand for a New International Economic Order (NIEO) had come as a genuine shock.

These three horizons needed to be disbanded. The fourth problem was a more general one, and it ended up being the solution to their other three irritants: the *new geography of production*.

Gerald Ford opened the conversation at Rambouillet with a plea that the main thrust had to be for the leaders "to ensure that the current world economic situation is not seen as a crisis in the democratic or capitalist system." The G7 had to prevent the capitalist crisis from becoming a political one; it had to be handled as a technical economic problem. This was all very well as rhetoric, but it was not a salve to the more realistic people in the room.

Helmut Schmidt, who was a Socialist and Chancellor of West Germany, took the floor,

"Harold [Wilson] of the UK, you talked of viable industries, and indicated that this excluded lame ducks. You referred to textiles as an example. I am a close friend of the chairman of the textile workers union in Germany. It is a union of a shrinking industry. *I would hope that this would not be repeated outside this room.* Given the high level of wages in Europe, I cannot help but believe that in the long run textile industries here will have to vanish. We cannot ward off cheaper competition from outside. *It is a pity because it is viable;* capital invested in a job in the textile industry in Germany is as high as it is in

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<sup>3</sup> This and the next part rely on Prashad 2012b.

the German steel mills. But wages in East Asia are very low compared with ours. The German textile industry is viable, but will vanish in ten or twelve years."

Foresight, collusion: it does not matter. What matters is the emergence of the new geography of production, *viz.* the disarticulation of Northern Fordism, the emergence of satellite and undersea cable technology, the containerization of ships, and other technological shifts that enabled firms to take advantage of differential wage rates. In Schmidt's case, the wages of East Asia were his concern that might drive the destruction of industry in Europe.

This is familiar stuff. It is often taken as the ground for the emergence of neo-liberalism. From David Harvey's useful (2007) primer, we get the impression that neo-liberalism was experimented with during the New York municipal crisis, and then, via the IMF and its *élèves*, exported to the rest of the planet. This is not the full story. What Harvey does not have is the necessary demise of the Third World Project, and so the opening up of the countries of the South to the new geography of production. Resistance to transnational corporations had been quite strong till the late 1970s, when the Third World Project went into a tailspin, assassinated by the enforced debt crisis. You might recall that the United Nations Centre on Transnational Corporations spent its energy for three decades to define a code of conduct for transnational firms. It was substantially dissolved in 1992, and became a fixer for corporations rather than a regulator of their business practices.

Neo-liberalism had a polycentric revival at the G7, but so too in the capitals of the Pacific Rim and in the emergent "locomotives of the South" (in Brazil, India, South Africa, and China). The ruling classes in these societies had, like their European and American cousins, long wanted to abandon the cultural strictures of old Nationalism: the requirements of the social democratic Welfare State, in the Atlantic sector, and the requirements of the anti-colonial Third World State, in the continents of Africa, Asia and Latin America. Small pockets of elite opinion harbored resentment at the anti-colonial heritage. Out of these pockets came new intellectual agendas, including the revival of the Hayek school of liberalism, namely that the state must be excluded from economic activity as much as possible. Cultural ideas of individualism and enterprise were celebrated in emergent media, at the expense of the national liberation ideas of socialism and the collective good. The impatient elites wanted to set themselves apart from the obligations of the post-colonial. They wanted to live, as the Indian poet Nissim Ezekiel put it,

At jazzy picnics,  
Cooking on a smoky stove,  
Shooing beggars from the backdoor wall.

It was fitting for them that the new post-colonial states had failed in so many ways; the failures were used as a measure to push for their own agendas. These elites produced their own neo-liberalism in response to the same debt crisis that opened their countries up to the factories of the North.

By the 1980s, the reinvigorated Atlantic bloc aggressively fought back against the NAM, and all talk of a New International Economic Order. At the Cancun meeting in 1981 to discuss the ill-starred Brandt Report, Ronald Reagan and Margaret Thatcher came to throw down the gauntlet. Reagan mocked the proceedings, particularly those "who mistake compassion for development, and claim massive transfers of wealth somehow, miraculously, will produce new well-being." The North-South dialogue effectively ended.

The corridors of the IMF and the World Bank were scrubbed clean of old Keynesians and developmentalists. Only managerialist and neo-liberal thinkers were welcome into the leadership. Questions of history and of sociology were of no consequence. GDP was the only variable that mattered. At the IMF, Johannes Witteveen gave way to Jacques de Larosiere, and at the World Bank, Tom Clausen and Anna Krueger washed the stains left by Robert McNamara. Liberalism was shown the door.

The UN too had to be cleansed. When he briefed Daniel Moynihan for his new UN post, Henry Kissinger told him, "We need a strategy. In principle, I think we should move things from the General Assembly to the Security Council. It is important to see that we have our confidence and nerve." He wanted the US to "get hold of the Specialized Agencies," such as UNCTAD and UNESCO, and turn them to the "business civilization" of the North.

Having excised the institutional threats to the Atlantic project, the G7 moved to use the debt crisis of the 1980s to its advantage, and to push through a new intellectual property and trade regime to consolidate the gains of the North against the South. By the time the NAM met in New Delhi in 1983, the exhaustion of the Third World Project before the fierce thrust from the North was evident. There was to be no effective political strategy to deal with the debt crisis, with the Southern countries willing out of political necessity to see the Club of Paris and the Club of London one by one, to get their structural adjustment orders so as to extend their credit lines. More radical voices called for a debtor's strike, but this fell on deaf ears. The problem was not the debt itself (after all, today the total external debt of the developing countries stands at \$1.38 trillion, whereas the total external debt of France alone is \$1.2 trillion). The problem lies with the power asymmetry, with France able to refinance its debt via favorable rates from the bank cartels, plus lower risk premiums relative to other countries. The North could command the banks.

Rather than a South-led New International Economic Order, the world had to live with a North-led New International Property Order. The Uruguay Round of the GATT changed the intellectual property regime so that reverse engineering or transfer of technology became illegal. The North and its businesses would be able to outsource the production of commodities to the South, but the bulk of

the profits for their sale would be preserved as rent for intellectual property (this was the process that produced “jobless growth” in the North and led to its debt-fueled consumerism for its vast mass – a social imbalance that has now exploded first through the housing market, and soon through the personal credit market).

In 1981, the new Secretary General of the UN, Javier Perez de Cuellar called the gap between North and South “a breach of the most fundamental human right,” and pledged that the UN would work to bridge the gap. The UN, now under Atlantic tutelage, did no such thing.

### **Part III: The South project**

In Mohammed Lakhdar-Hamina's film *Chronique des Années de Braise* (1975), a crazy prophet emerges from the city to greet a horde of bedraggled peasants. He extends his arms and says, “You were poor and free. Now you are only poor!”

In 1989, the poor from the hillside settlements around Caracas, Venezuela, rose in revolt against the rise in bus fares, spurred on by an increase in petrol prices. This was the most spectacular of the IMF or Bread Riots. More such protests and rebellions shaped the social world on all the continents, now increasingly even in the Atlantic world (as we see with the social convulsions in Club Med, the southern European countries and with the Tea Party and the Occupy protests in the United States). What united these protests were at least five processes:

1. Enforced austerity regimes pushed first in Africa, Asia and Latin America under the name of structural adjustment and then more recently in the Atlantic world under the name of balanced budgets and fiscal responsibility.
2. Catastrophic unemployment in pockets of these societies, particularly in rural areas where factory farming has deskilled work through the use of expensive and unsustainable technological inputs. The International Labour Organisation's 2011 report suggests a vulnerable unemployment rate of 50.1%. The ILO has called for a Global Jobs Pact, with greater public investment in infrastructure and a “stronger, more globally consistent supervisory and regulatory framework for the financial sector, so that it serves the real economy, promotes sustainable enterprises and decent work and better protects the savings and pensions of people.” As with much that happens at the ILO, it carried no weight with the G-7, where labor issues are considered *infra dig*.
3. The dominance of the FIRE (Finance, Real Estate and Insurance) sector, whose fire-sale of assets in the name of privatization produced higher unemployment and very great levels of social inequality.
4. Increased hunger amongst billions of people. From Rome, the Food and Agriculture Agency reported in 2009 that the world's hungry would top

1.02 billion that year. FAO Director-General Jacques Diouf has spent his entire career on food issues. Whether working on groundnut or rice or agriculture or hunger, Diouf has been a thoughtful champion of the problems of food and starvation. While releasing the 2009 report, Diouf could not contain himself, "A dangerous mix of the global economic slowdown combined with stubbornly high food prices in many countries has pushed some 100 million more people than last year into chronic hunger and poverty. The silent hunger crisis -- affecting one sixth of all of humanity -- poses a serious risk for world peace and security." In 2008, food riots struck Burkina Faso, Cameroon, Egypt, Haiti, Indonesia, and the Philippines. Vietnam, India and Pakistan have banned the export of grain, worrying about food security, while food importers like Indonesia, Korea and Mongolia have slashed import tariffs. The IMF recognized that one of the spurs for the Arab Revolt of this year was the rising bread prices as a result of the end to the "democracy of bread" (*dimuqratiyyat al-khubz*).

5. It is bad enough if one is reduced to the level of bare life, but even worse if this condition is not general across the population. Rates of social inequality are at record levels for the modern era. A recent UN report shows us that the richest 1% of adults across the planet owned forty percent of global assets, and the richest 10% owned eighty-five percent of the world total. "Some have predicted convergence," the report notes, "but the past decade has shown increasing concentration of income among people, corporations and countries."

How has the NAM reacted to these developments? Has it been able to break out of the defensive posture that marked it since the 1980s? At the 2006 Havana NAM summit, Venezuela's Hugo Chavez called for the creation of a new Commission to study the current situation and propose an agenda that "will not be thrown to the wind." He nodded to the South Commission, whose work in the 1980s set in motion the theory of the "locomotives of the South," although its own report, published on the day Iraq invaded Kuwait in 1990, is little read.

The South Commission toiled in the unfavorable climate of the 1980s. Shunned by the North, the Commission made a virtue of necessity: it called for South-South Cooperation, with its General Secretary Manmohan Singh offering the view that "the new locomotive forces have to be found within the South itself." It was this thinking that provided the calculations for the creation of the Group of 15 (at the 1989 NAM summit), then the IBSA Group (India-Brazil-South Africa) in 2003 and eventually the BRICS formation (Brazil-Russia-India-China and South Africa) in 2009. These were seen as the locomotives of the South.

The IMF's 2011 report suggests that by 2016 the United States will no longer be the largest economy in the world. This is, as the historian Ferdinand Braudel put it, the "sign of autumn" for Atlantic hegemony. Signals of decline are visible in the fragile economic fundamentals in the Atlantic states, with the red light of



caution burning bright over the dominance of finance in the economy and the increase in military spending. Since 2001, the United States alone has spent \$7.6 trillion on its wars and its national security apparatus. This comes alongside massive cuts in social spending, and in tax breaks to the rich (this year, the top 1% in the United States earned an average tax cut that is greater than the average income to the 99%). When it became clear that the United Kingdom's autumn was at hand by 1925, Winston Churchill proclaimed, "I would rather see finance less proud and industry more content." These words would apply to the domination of the Wall Street, the City of London and other stock exchanges over the lifeblood of social economy.

By IMF projections, China will be the largest economy in 2016, but it does not appear to wish to assert it alone. China appears content to share the stage with the BRICS states, and to push for multi-polarity and economic diversity.

But the BRICS platform is limited in several ways:

1. The domestic policies of the BRICS states follows the general tenor of what one might consider Neoliberalism with Southern Characteristics – with sales of commodities and low wages to workers alongside the recycled surplus turned over as credit to the North as the livelihood of its own citizens remains flat. For example, the Indian people experience high levels of poverty and hunger, and yet its growth rate is steadily increasing. Rather than turn over the social wealth in transfer payments or in the creation of a more robust social wage, the country seems to follow World Bank president Robert Zoellick's advice to turn over its surplus to "help the global economy recover from the crisis." There is something obscene about making the "locomotives from the South" pull the wagons of the North (particularly given the North's own reticence to allow for a new surplus recycling mechanism during the debt crisis of the 1980s).
2. The BRICS alliance has not been able to create a new *institutional* foundation for its emergent authority. It continues to plead for a more democratic United Nations, and for more democracy at the IMF and the World Bank. These pleas have made little head-way. During the height of the financial crisis, the G8 promised to disband and to use the G20 for their purpose, which is now forgotten. Anemic increases in the voting shares at the IMF did not enable the South to put forward a joint candidate to become its Executive earlier this summer.
3. The BRICS formation has not endorsed an *ideological* alternative to neoliberalism. There are many proposals for the creation of a more sustainable economic order, but these are left to the margins. The Rio formula for "separate and differential treatment" allows the South to make demands for concessions from universal policies that the North refuses to endorse (not the least of which is on climate change). This is a defensive stand. There is no positive alternative that has been taken

forward as yet. It might emerge out of the convulsions from below, where there is no appetite for tinkering with a system that most people see as fundamentally broken.

4. Finally, the BRICS project has no ability to sequester the *military* dominance of the United States and NATO. When the UN votes to allow "members states to use all necessary measures," as it did in Resolution 1973 on Libya, it essentially gives carte blanche to the Atlantic world to act with military force. There are no regional alternatives that have the capacity to operate. The force projection of the United States remains planetary – with bases on every continent and with the ability of the US to strike almost anywhere. Regional mechanisms for peace and conflict-resolution are weakened by this global presence of NATO and the US. Overwhelming military power translates into political power.

## Conclusion

If we look into the entrails of the system, we will find that its solutions do not lie within it. Its problems are not technical, nor are they cultural. They are social problems that require political solutions. The social order of property, propriety and power has to be radically revised. That is without question. The issue is what must be the strategy, the tactics, the way forward to a place that is not what we have now. The Global South is a place of great struggle, of various tactics and strategies experimented with on the streets and in the halls of government. It is an unfinished story, one that has to have a good ending.

One word unites the variegated protests across the planet: No! From Occupy Wall Street to Tahrir Square, from the Kennedy Road shack settlement in Durban to the rural hamlets of Haryana – the policies of neo-liberalism have been resoundingly rejected. What emerged since the 1990s has been *resistance*, the defusing of the energy of neo-liberal policies that emerge out of international and national institutions. The "Global South" comes to refer to this concatenation of protests against the theft of the commons, against the theft of human dignity and rights, against the undermining of the democratic institutions, and the promises of modernity. The Global South is this world of protest, a whirlwind of creative activity. These protests have produced an opening that has no easily definable political direction. Some of it turns backwards, taking refuge in imagined unities of the past or in the divine realm. Others, merely defensive, seek to survive in the present. And yet others find the present intolerable and nudge us to the future.

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