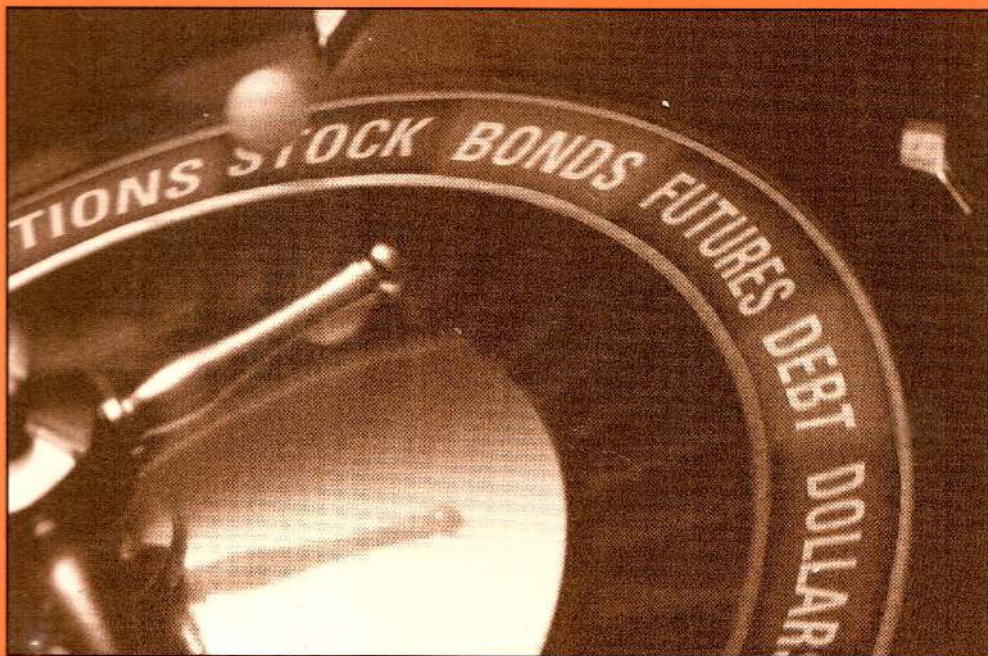


RACE & CLASS



SPECULATIVE CAPITAL IN THE GLOBAL AGE

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JIM DAVIS

Speculative capital in the global age

In a strip mall five blocks from my house in Chicago, there's an office for 'Chicago Entertainment Tours'. Chicago Entertainment Tours has one destination, the Horseshoe Casino in Hammond, Indiana, just across the Chicago city limits. Every two hours, from 8.30 in the morning until 6.30 in the evening, a bus leaves from this corner of Chicago, taking a busload of gamblers to the closest of the eleven casino boats within an hour or so of downtown Chicago.

Travel five miles east from the Horseshoe, along the south shore of Lake Michigan, past the refineries and tank farms. Across the railroad tracks, in Buffington Harbor (Gary, Indiana), a Trump boat shares a dock with the *Majestic Star*. On the top deck of the Trump boat, to the port, you can see the tiny glittering Harrah's boat a mile to the west, overshadowed in turn by the Inland steel mill behind it. Off the starboard side, there's a mammoth cement works.

Each boat is a little replica of a Las Vegas casino, from the flashing lights, to the jangle of the slot machines, to the cocktail waitresses. The

Jim Davis is a computer programmer in Chicago, and writes about technology and the economy. He is the co-editor of *Cutting Edge: technology, information capitalism, and social revolution* (Verso, 1997). His home page is located at <<http://www.gocatgo.com/jdav.html>>. This article is taken from a paper presented at the 'Globalization and Social Change Conference', held at Loyola University in Chicago, 9–10 May 2002. The complete paper is available at <<http://www.scienceofsociety.org/discuss/speccap4.pdf>>.

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various table games are organised around 'pits' and occupy the centre of most of the decks. The table games are surrounded, and vastly outnumbered, by slots and video poker machines. In 2000, some nine million people passed through the turnstiles of the four boats, leaving behind almost \$720 million.¹

Not twenty minutes' drive from the Horseshoe in Hammond, the Chicago Mercantile Exchange (the 'Merc') operates the largest futures trading market in the world. Visitors can take an elevator to the fourth floor and look out over the trading floor. The floor is segmented into pits according to the type of contract being traded. There are the hard commodities like pork bellies, cattle, butter and lumber that belie the exchange's agricultural roots, and then there are the more exotic stock index contracts – Standard and Poor 500, Nasdaq and Nikkei index futures. Started in 1896 as the Chicago Butter and Egg Board, in 2001 the Merc traded 411.7 million contracts with an underlying value of \$294 trillion.

A few blocks away, the older Chicago Board of Trade trades over one million contracts a day in soybeans and oats, as well as treasury bonds and stock index futures and options. Nearby, the Chicago Board Options Exchange (CBOE) provides a market in stock option trading. Most of the financial contracts traded at these exchanges (in currencies, treasury bonds and stock indexes) did not exist before 1972 (the CBOE was only founded in 1973).

The gambling that takes place in northwest Indiana in the heart of the Calumet corridor, once the greatest concentration of industrial production in America, and the trading, speculating and hedging in Chicago's Loop are two sides of capitalism in the twenty-first century. Speculation, hedging, risk-taking, gambling and volatility are keywords for the millennium-straddling economy. Both gambling and speculation are intimately tied to the big, broad phenomenon loosely called 'globalisation'. It is impossible to understand globalisation, or society today, without understanding the dynamics of speculation.

* * *

There has been a lively debate around the idea of globalisation: does it exist? Is it significant? What is it? What does it mean? For the sake of this discussion, I will use a deceptively simple definition – globalisation is capitalism in the age of electronics.² As such, globalisation describes a stage of capitalism that arises on a particular technical foundation. Electronics (and here, this should be taken to embrace the host of new technologies that have flowed from the breakthroughs in electronics: computers, digital communication, rocketry, lasers, smart materials, biotechnology, and so on), when deployed in the economy, creates pressures for capital and also suggests opportunities.

On the one hand, electronics disrupts industry, as labour-intensive

processes are replaced by electronic equivalents. Increased output means that more goods must be sold. Improved transportation and communication pressure political boundaries between markets. Digitalisation pressures the physical boundaries between markets. As markets converge and merge, competition increases. The shift to greater dependence on techniques and science and the rapid spread of ideas pressure whatever competitive advantage one firm might have over another. Electronics also puts powerful tools of resistance in the hands of workers.

On the other hand, electronics opens up opportunities. New production techniques provide dramatic savings to the innovator; new markets can be reached; the circuit of capital can be cut short; more credit can be deployed and absorbed. Electronics puts powerful new technologies of surveillance and control in the hands of the owning class. Marketing can be sharpened and workers bound more tightly to work and to their debt.

The features that people have come to associate with globalisation – the perfection of the world market, the integration of global production, the rapidly gelling world culture, ‘Empire’ – these simply would not be possible without electronics.

Technology defines the boundaries of the possible, and capitalists seize upon whatever tools are at hand. So capitalism in the age of electronics takes on certain peculiar and unique features.

* * *

Risk is unavoidable with economic activity that spans time. Between the planting and the harvest or the order and the delivery, any number of disasters can happen. Throughout the course of capitalism, various mechanisms have been developed to handle risk. Risk management is, in general, a stabilising activity. Insurance, hedging and speculation are examples of trading in risk.

Insurance, at least in most of the capitalist world, is ubiquitous. For a consideration (the premium), the insurer buys the risk that a house will burn down, a car will crash, a person will die prematurely. By socialising the risk among thousands or millions of people and counting on the law of large numbers, sorted out and organised into actuarial tables, the insurer can profit.

Hedging is another way of transferring risk. Hedging is a way of locking in the price of a commodity that may change before it is bought or sold. One example of hedging is ‘forward contracts’ or ‘futures’. A farmer might agree to sell his or her wheat even before it is planted, for an agreed price, at harvest. The farmer knows the price of the crop in advance and is protected from the price of wheat rising or falling. The farmer has transferred the risk of price changes in wheat to another party. At the same time, a firm on the other side

of the production process that uses wheat as raw material (say, for example, a bakery) has an interest in locking in, in advance, the price of wheat (for as low a price as possible).

Hedging may also involve buying another item that will fall in price as the commodity in question rises. At the end of the day, the rise in the price of one commodity is offset by the fall in price of the other commodity. For example, a US company that does business in Germany will be adversely affected if the dollar falls in relation to the deutschmark. So the company may buy a contract to exchange dollars for deutschmarks at the current exchange rate at some date in the future. If the dollar does fall (and the deutschmark rises), the company is protected.

Speculators buy the risk that hedgers try to sell (or, conversely, hedgers buy the stability that speculators sell). Speculators do not create risk; rather, their (unconscious) role is to absorb risk in the course of making money from price changes. By creating a market for risk, they help to stabilise dynamic markets. Speculators situate themselves between buyers and sellers – the wheat farmer and the bakery in the above example. From their vantage point in the middle of the market (between the farmer and the bakery), speculators also help in ‘price discovery’, smoothing the process of determining a price for commodities.

This description of speculation as a stabiliser of a mature economy intentionally dismisses the notion of speculation as reckless or irresponsible behaviour. A simple but functional definition of speculation is the act of trading financial instruments with the goal of making money. Hedging and speculating are very different acts – as different as buying is from selling. Hedging is an attempt to protect the equity of a firm by maintaining the balance between assets and liabilities. It is, like insurance, the defensive act of preservation. The goal of speculation, on the other hand, is to make money. It is an offensive act.

However, since hedging and speculation both involve ‘trading financial instruments with the goal of making money’, we can and should consider both of these activities, different as they are, as part of speculation in the general sense, and the capital they deploy as part of speculative capital. Both actors enter into the financial markets and carry out similar activities, albeit with different motives (although both are trying, in one way or another, to secure profit). Hedging provides the market material for speculation – what speculators trade in. Speculators provide a market for the hedgers. The two groups grow together.

The notion of making money from money – that is, not from labour, not from trade, but simply by the loaning of money for a consideration, or of taking money on the off-chance that an unforeseeable calamity might happen – was, in the early days of capitalism, a sin. Usury was

proscribed. The taking of insurance was seen in the same light. Nevertheless, the expansion of world trade and capitalism demanded the extension of credit and the distribution of risk. Various forms of credit emerged early on through *lettres de faire* and bills of exchange. A formal insurance industry did not really achieve legitimacy until the eighteenth century when the new science of probability and statistics enabled the generation of actuarial tables that took the mystery out of insurance and put it on a firm material footing. Speculation was the last of the financial activities to achieve legitimacy, and that not until the end of the nineteenth century (even today, the activity is often viewed with some scepticism).³

* * *

As the degree of uncertainty rises in the world economy, the element of risk grows and so the need for mechanisms to manage this risk also grows. It is with this basic requirement in mind that we can look at the expansion of speculation as a factor in the economy of globalisation today.

The system of globalisation grew out of the second world war, during which governments pumped massive amounts of resources into research, resulting in breakthroughs in electronics (radar, computing machinery, numerical control machinery), medicine and pharmacology, physics and mechanics (jet engines, nuclear power, rockets) and new materials. That war was really the conclusion of the conflict begun in 1914. The general crisis of capital could be resolved only through either socialism or a radical restructuring of the world capitalist system. The dismantling of the old colonial system, the opening of world markets, the Bretton Woods system of fixed exchange rates linked to the dollar, the construction of institutions like the World Bank, the International Monetary Fund, the General Agreement on Trade and Tariffs (which eventually became the World Trade Organisation) and the United Nations – all of these emerged out of the post-war reorganisation of capitalism. The Bretton Woods system provided stability to world trade by effectively fixing currency exchange rates at US\$35 for an ounce of gold.

There are many reasons for the eventual collapse of the Bretton Woods system. Increased productivity, increased competition from the rebuilt economies of Europe and Japan, the expense of the Cold War, efforts to contain insurgent new social forces, and various policy decisions at government level all contributed to the unsustainability of the fixed rate system. The Nixon administration set about dismantling the Bretton Woods system in the early 1970s; by 1973, the system had been abandoned. Currency exchange rates now bobbed up and down in relation to each other.

The early 1970s, in retrospect, can be seen as a significant marker in

the history of globalisation. While globalisation had its beginnings in 1945, the early 1970s marked its emergence as a definite stage. The defeat of the US in Vietnam, the introduction of the first commercial microchip, the end of Bretton Woods all, in their very different ways, described various facets of the new stage.

The financial crisis that erupted in the early 1970s provided opportunities to put economic policy changes into place that would bring the economy into line with the new conditions. Between December 1972 and September 1974, the Standard and Poor 500 stock index fell by 43 per cent. After inflation, the loss in equity values was the worst in history since 1929–31. Bondholders in the 1930s had made money; in the early 1970s, long-term treasury bonds fell by 28 per cent as inflation hit 11 per cent. The dollar's foreign exchange value fell by 50 per cent.⁴ The price of oil, denominated in dollars, soared. The break-up of fixed exchange rates and the oil price shocks that resulted introduced new uncertainties and risks into the world economy. The neoliberal onslaught began, injecting new uncertainties and risk into daily life.

* * *

Pity the poor corporate treasurer. For multinational corporations (by the early 1970s dominant players on the economic field) the constantly changing exchange rates in the post-Bretton Woods world played havoc with planning and pricing across national borders. Corporate treasurers were compelled to start hedging in currencies to lock in known exchange rates in advance – no different conceptually from the farmer and his wheat.

In 1972, in the midst of the break-up of the Bretton Woods agreement, the Merc introduced trading on futures in seven foreign currencies. This was the birth of modern money markets, and marks the emergence of modern speculation. The multinational banks that serviced the multinational corporations were in a position to see, and to profit from, rate differences. As early as 1976, the foreign exchange markets were dominated by speculation. Charles Coombs, who oversaw US Treasury and Federal Reserve Operations from 1961–75, observed that 'of the tens of billions of dollars in daily transactions cleared through the market only a fraction is derived from such fundamental factors as foreign trade and long-term investment. On a day-to-day basis the market is instead dominated by short-term capital movements in search of quick profits or a hedge against exchange rate risks.'⁵

As communications technology improved and prices dropped, and with profits being squeezed, corporate treasuries had both the opportunity and the motive to make the subtle shift from defensive hedging to offensive speculation. Speculation (including hedging) has become an important and necessary part of any 'responsible' corporate finan-

cial strategy. Treasury departments of corporations are compelled in various ways to *manage* money. As each department of a firm is expected to contribute to the overall 'bottom line', the management of money through offensive speculation has become a profit centre for it. A 1993 study showed that 85.2 per cent of Fortune 500 companies used derivative securities and 87.7 per cent speculated at least some of the time. Their goal is 'to control their financial environment'. At one point, 15 per cent of Intel's bottom line came from speculation in interest rate and currency instruments.⁶

* * *

Speculation can be seen as a subset of finance in general; and speculative capital – the capital bound up in speculation – as a portion of finance capital in general. Speculation grows out of finance. However, speculation differs from classic finance capital which is the merger of bank capital and industrial capital under the control of the banks. Classic finance capital is capital destined to go into production for investment in infrastructure, raw materials, production or trade. Speculative capital makes no such pretence; it is solely involved in the trading of financial contracts. The special role that it plays in the financial arena distinguishes it from the more mundane finance capital. The growth of its importance from bit player to main actor suggests we should examine its special features and the role it plays.

Speculation has peculiar features which give a particular cast to the economy. The key features of speculation are:

- 1) the constant shrinkage of price spreads (the difference between what something can be bought and sold for) which are speculation's source of profits;
- 2) the consequent need for more money to be thrown into speculation to accommodate shrinking price spreads;
- 3) the increase in 'leverage' or the use of credit as the source of money used in speculation;
- 4) the jump from markets in single commodities to all commodities, and from one country to all countries, tying them all together;
- 5) the magnification of volatility;
- 6) an objective compulsion to participate in speculation; and
- 7) the growth of 'systemic risk' in the financial system.

Nasser Saber's *Speculative Capital* provides a fascinating overview of the dynamics of speculative capital. Markets are imperfect machines. Within the market, there are discrepancies between prices for identical goods. One function of speculation is to exploit these differences by buying at the low price and turning around and selling to someone else, unaware of the cheaper source of the item, at the higher price.

For example, say a share of Company A's stock costs \$20 on the New York Stock Exchange and \$20.25 on the Pacific Stock Exchange, by simultaneously buying the stock in New York (low) and selling it in San Francisco (high), the trader has made 25 cents. After multiplying that price discrepancy by hundreds of thousands or millions of shares, that quarter can represent a big chunk of money. The exploitation of price differences in the market, with an eye to what he calls 'simultaneous "buy-low, sell-high"', is called 'arbitrage'. Saber describes this as 'risk-free profit' because buyer and seller and prices are all known in advance. Saber considers arbitrage as the most complete, sophisticated form of speculation, 'the Holy Grail of finance: making money, without risking money'.⁷

The price spread is a temporary and fleeting thing. As information about price discrepancies becomes widely known, the spread disappears. That is, as technology is dispersed and becomes common (which allows for the discovery of the anomalies and then the rapid distribution of that information until it becomes ubiquitous), the spread shrinks or disappears. So the 25 cent discrepancy may shrink to a 1 cent discrepancy. In order to maintain the same level of gain, speculative capital needs to throw more money into arbitrage – in the above case, twenty-five times the amount of money – to realise the same amount of profit.

One important way that additional money can be deployed is through an increase in 'leverage'. In finance, leverage refers to the use of credit capital – borrowed money – to expand activity. Credit allows the expansion of production and of capital, but it is not necessarily *required* of the factory owner (although, today, such a capitalist would be on the sidelines of the economy). Saber argues, however, that in speculation 'no manager of speculative capital can avoid leverage. With regard to speculative capital, credit capital is more than a booster of returns. It is a vital component of support, an engine of sorts, without which speculative capital cannot operate.'⁸

Since arbitrage spreads are well below the rate of profit, the only way to achieve a normal return is either by increasing the velocity of trades or by borrowing money to grow the amount being arbitrated – by throwing credit capital into the mix. When the hedge fund Long-Term Capital Management's troubles became public in 1998, its leverage ratio (that is, the amount of the capital it was investing compared to its own capital) was 50:1. 'To a bank loan officer, who lends on traditional criteria, that leverage is incomprehensible, almost madness. No business could generate sufficient profits to service debt 50 times the owner's equity.'⁹ Saber argues, however, that this isn't necessarily madness because, in theory, in arbitrage, the profits are supposed to be 'riskless', as every purchase is a simultaneous sale. As a result, speculative capital depends on credit capital and demands

the expansion of credit capital for its own expansion through margin loans, junk bonds, US Treasury bonds (as in the Reagan credit expansion/deficit spending of the 1980s), even consumer debt. Because the Federal Reserve opens and closes the credit tap by adjusting key interest rates, its actions have a big impact on speculative capital.

Arbitrage emerges out of the classic speculation described above, but wasn't possible until the twin acts (of buying and then selling) could be squeezed in time to something close to the same moment and same place (i.e. 'cyberspace').

A few caveats must be noted here: first, 'simultaneous' is a physical impossibility, even if the difference is just a few nanoseconds, but it does highlight the importance of the speed of transactions, and the advantages provided by fast processors and fast networks should be appreciated here; second, as Saber demonstrates, such a lucrative market implies a 'legion of utterly ignorant and foolish players in the market who would be handing over their money to the speculators'. But 'ignorance' is just a factor of access to information. As communication networks improve, arbitrage opportunities, in theory, start to thin out as 'ignorance' decreases. Again, speed in the flow and processing of information – of price discrepancy discovery – becomes critical.

These two problems are addressed, first, by faster and better technology and, second, by the construction of artificial simultaneous transactions. The arbitrager matches two things that are different, but equivalent, hoping that one goes up in price and that the other goes down. At a later date, then, the arbitrager hopes to 'unwind' the two positions by selling them. The irony, as Saber points out, is that the arbitrager now finds him or herself out of the frying pan and into the fire; by eliminating the risk through eliminating the time and space between purchase and sale, the arbitrager now holds *two* positions and in effect faces a time of uncertain duration.

'Modern day' derivatives are the instruments by which this practice can be executed. A *Financial Times* primer on risk management defines derivatives as 'any financial contract whose value is derived from the value of another "underlying" asset'. Derivatives, in this sense, are the meat and potatoes of speculation and have been around for a long time. 'Before the 1970s almost all commodity derivatives were agricultural.' 'Modern day' derivatives are distinguished by their complexity: 'It is not uncommon to see derivatives based on multiple assets from different markets.'¹⁰ This matching of multiple assets from multiple markets is how the arbitrager solves the 'simultaneous position' problem.

The marriage of positions in 'equivalent' but 'different' positions effectively starts to connect different markets together at a more abstract level, at the level of their cash flows. This can happen between two different commodities or between commodities in two different

national markets. A simultaneous position in the Japanese yen and the US dollar effectively links the two currencies. Bond (debt) trading and stock (equity) trading begin to merge as an identical activity. The process of modern speculation – of identifying correlations in the world economy with the aid of computer technology and then pairing them through the use of multi-asset derivatives – becomes the mechanism to superglue the world financial system and, through it, the global economy.

In a May 2000 technology profile of Goldman Sachs, *Forbes* reported that the financial services firm has developed an automated pricing system that can develop and offer bond prices in 300 milliseconds: 'Secret algorithms guide 20,000 trades a day in the volatile equity derivatives market. A new Web bond trading service now handles 70 per cent of Goldman's Treasury trades, updating prices 200 times per second and executing \$100 million deals without a lick of human intervention.'¹¹

Modern day speculation could not exist without computers and could not have grown to command the huge amounts of money that it does. The volume of transactions handled by the markets – for the New York Stock Exchange in the last quarter of 2000, the average was over one billion dollars a day – could not be processed without computers. And the nature of the business is such that, as more technology is thrown into the battle, still more will need to be deployed. It's never enough.

* * *

One of the notable features in financial markets today is the degree of volatility – the dramatic swings in prices. A *Wall Street Journal* article, published in the midst of the dot.com crash in 2000, warned that 'without question, the volatility in stock prices is unprecedented. Last year, the Nasdaq Composite Index moved 2 per cent or more on a quarter of the trading days.'¹²

Contributing to the volatility, according to the article, were a number of factors, all related to the peculiar features of digital capitalism. One is the trading of stocks in 'winner-takes-all' markets. This is directly related to the establishment of monopolies or effective monopolies through legal mechanisms like copyright and patents or brand identity or standards adoption. Another factor is the speed with which price drops can happen, which is magnified by the speed with which transactions can take place through the use of computer-mediated trading. Internet-based trading (including day trading) opened the market to more individual investors and investors trading more often. 'At the end of December, RD Waterhouse Inc, a major discount broker, had 2.4 million account holders, who were doing 151,000 trades a day, about two-thirds of them online. But one broker

that caters to day traders, Tradescape.com Inc. in New York, was executing the same number of trades with just 1,500 account holders.¹³

'Price momentum' trading has grown in popularity. Price momentum trading ignores stock fundamentals like how much a company earns, whether it has good products or is in a growing market. Instead, price momentum bases trading on which way the price is moving and how fast. 'Many money managers who once liked to pick stocks based on traditional measures of valuation found they were falling too far behind those who followed momentum, and decided to follow suit.'¹⁴ According to W. Brian Arthur of the Santa Fe Institute, 'Ripples of change in expectations avalanche their way through the market in a domino effect'.¹⁵ That is, increased information and speed of trading (computers again) resulted in increased volatility. 'Across all markets there are signs investors are increasingly using the same trading styles, producing buying and selling *en masse* at particular junctures.'¹⁶

One additional reason is another aspect of the electronics revolution – the growing reliance on immediate information from effectively single sources. 'Retail trades' (as opposed to 'institutional trades'), enabled by PCs and the Internet, account for two-thirds of the Nasdaq volume. These additional 'players', because of the general homogenisation of economic news and, in particular, the concentration of ownership in the media, are fed the same ideas. Instead of a 'rational market' based on the wealth of available information, there are in fact relatively few sources of information for most people, generating a 'momentum' effect. Everyone hears the same news, so tends to move in the same direction. The sameness of information from what *Business Week* described as the 'Wall Street Hype Machine',¹⁷ coupled with basic rules of operation, leads to self-organising behaviour, resulting in consistent shifts. Rather than being the 'white noise' of trading activity, such activity starts to take on a pattern of organised behaviour, consistent with a complex dynamic system.

One might question whether small individual traders affect the markets to such an extent, but the same behaviour is repeated by the managers of large pools of capital.

The rush of fund managers to position themselves in a profitable arbitrage situation overshadows the mathematical exactness of the arbitrage, with the result that the target is overshoot; the undervalued currency becomes relatively overvalued. So the process is repeated in reverse. As a result, we have the constant ebbs and flows of money directed from one market to another that seek to arbitrage the spreads and, in doing so restore 'equilibrium' to the markets. *Volatility is the result of the attempts of speculative capital to restore equilibrium to markets.*¹⁸

An analysis of the Asian currency crisis in the *New York Times* of 10 December 1997 described this process in action and showed the extent of speculation in the economy – far beyond the initially identified culprits of ‘speculators and the hedge funds they manage’:

Speculators – and the hedge funds they manage – have been singled out by Asian politicians and others as the proximate cause of the turmoil, which spread to South Korea and continues to rattle Japan.

But the real story is much more complex, filled with bankers, corporate treasurers and mutual fund managers from the region and around the world who, unlike speculators, were not trying to profit from the fall of the currencies . . . Joined by many local companies, these agents actually had very strong vested interests in keeping the currencies stable.

First, the talk of a Japanese interest rate increase raised fears among commercial bankers, investment bankers and others about the safety of big investment positions that were predicated on currency stability.

As these investors scurried to liquidate holdings in local currencies, the anxiety spread. Big foreign companies operating in the region became frightened, too, and scrambled to convert local revenues into dollars. And finally, local companies rushed to get yen and dollars. With everyone running for the exits, the Thai baht, the Indonesian rupiah and other regional currencies were trampled.

The full article brings to light the similar role of different actors with different interests – the corporate hedgers, the classic speculators, the trading desks of banks, and so on – all participating in the same general speculative process.

Volatility moves into other markets besides the financial markets (for example, the price of oil and electricity). Labour markets also start to experience volatility as they are ‘deregulated’ (in the sense that the contemporary workplace has been deunionised and requires no social contract). To the degree that any friction in the market – for example, regulations or long-term commitments – can be eliminated (‘flexibility’, the neoliberal agenda), the markets become open to complex dynamic behaviours and to an increase in volatility. While computers don’t *create* volatility, they do accelerate and exaggerate processes to the point where certain properties in the process can emerge. One report of experiments at IBM in the use of ‘smart agents’ in the factory, where software programmes (‘agents’) were used to make routine decisions automatically like selling goods, noted that, when the agents competed, ‘they created a never-ending cycle of widely fluctuating prices’.¹⁹

Finally, it should be noted that volatility as a phenomenon has its champions.

Goldman Sachs will by the year's end have spent \$5 billion in five years on all this technology, building an arsenal aimed at making money whichever direction the market goes. So long as it goes somewhere. 'Volatility is our friend', Hank Paulson says serenely. 'If it wasn't for volatility, why would you need Goldman Sachs? Why would you need to take positions or risk?'²⁰

* * *

The growth of speculation becomes a powerful attraction for financiers. As noted above, corporate treasurers adopt various hedging and speculative strategies, primarily as a risk management tool, in response to a dramatically changing economic environment. In stock market trading, also noted above, managers are expected to deliver results, in particular, above-average gains in the market. As such, they are compelled to look for the 'pockets of value' (i.e. price discrepancies). 'Forecasting' or analysis is abandoned in favour of anomalies and hedging. 'Such is the impact of speculative capital on financial markets: fund managers reluctantly joining a trend which they abhor and whose dynamics they do not understand.'²¹

As speculative capital pushes along the completion and perfection of the world market, it simultaneously increases the possibility or even likelihood of 'systemic risk'. Saber defines systemic risk as 'the risk of a chain reaction of bankruptcies which then disrupt the process of the circulation of capital'. In 1987, systemic risk was seen as a relatively containable problem of gridlock at the Clearing House Interbank Payment System (CHIPS). CHIPS is where banks settle their accounts at the end of the day. If a large bank, for whatever reason, was unable to meet its obligations, it could precipitate a chain reaction of failures. By 1998, systemic risk was being described by Alan Greenspan as 'the risk of the collapse of financial systems'. A US General Accounting Office report on the Long-Term Capital Management (LTCM) crisis, released in October 1999, defined systemic risk as 'the risk that a disruption (at a firm, in a market segment, to a settlement system, etc.) could cause widespread difficulties at other firms, in other market segments, or in the financial system as a whole'.²²

Under 'normal' circumstances, the unification of the world market helps to socialise all risk in the economy. This enables the global economy *globally* to sustain shocks and disruptions. Recent events – the Mexican peso collapse in 1995, the Asian currency crisis in 1997, the Russian default in 1998 which triggered the LTCM collapse and bailout, the dot.com crash in 2000, the Argentine collapse of 2002, to name just a few – were (are) sharp and painful locally, but could be sustained globally. As a global system, capitalism is able and willing to sacrifice the local for the global; for example, wheat is easy to grow in lots of places. As trade barriers fall, growing wheat in the relatively

cold climate of North Dakota puts farmers there at a distinct disadvantage to farmers in warmer Argentina or Australia. Capitalism is more than willing to creatively destroy the farming communities of North Dakota; the wheat market thrives.

Systemic risk emerges as all the various threads of the global economy are tied together via speculative capital, inflated by leverage and operate almost in tandem. The system becomes vulnerable to the unexpected; in particular, to political swells that prompt unexpected actions – currency devaluation, debt default, 9/11. This tight binding together allows what Saber calls a ‘financial resonance’ to form, with potentially disruptive effects. This resonance must be sufficient to overwhelm the ‘noise’ in the market that would normally help to diffuse or spread the risk. Systemic risk begins to take shape when the mass of speculative capital is locked in a particular arbitrage position – say, between Treasuries and junk bonds. The problem occurs when all of the similar positions are liquidated together, and ‘the pool of speculative capital *as a whole* incurs loss’.²³

The volatility brought on by speculation and the degree of leverage contribute to the degree of systemic risk. The higher the leverage, the lower the tolerance to market swings. Systemic risk does not arise out of the failure of one or two firms, but out of the ‘common strategy’. The problem is compounded as firms attempt to ‘unwind’ or sell their positions at the same time; the very act of selling puts further pressure not just on one firm’s situation, but on that of all firms.

This describes the rush to the exits after the Asian currency collapse and the ultimately unrealised danger of the 1998 LTCM failure when ‘[m]arkets around the globe plunged and the financial system itself seemed in peril’.²⁴ Following the Russian default in August 1998, LTCM was ‘immobilized by its sheer size’. It had holdings of \$1.4 trillion in notional value, a large part of it in relatively risky over-the-counter derivatives.

The smaller fish around it were liquidating every bond in sight, but Long-Term was helpless, a bloated whale surrounded by deadly piranha. The frightful size of its positions put the partners in a terrible bind. If they sold even a tiny fraction of a big position . . . it would send the price plummeting and reduce the value of all the rest.²⁵

Systemic risk is a result of the development of speculative capital, and systemic risk first hits financial institutions. As equity is wiped out (or distributed to other players), it can bankrupt governments, destroy corporations and force countries to devalue currencies, with all the attendant damage this causes.

* * *

Speculative capital tends to connect and universalise the world financial markets. It deals with the economy in an abstract way, not just through the abstraction of ‘fictitious capital’ (roughly speaking, the ownership of future or as yet unrealised sources of revenue), but also the abstraction of digital money mediated through computer screens. As such, it has a stake in the overall maintenance of the world economy, but not in any particularity.

Speculative capital requires the free and easy flow of money across borders and markets to function most effectively. Therefore, the deregulation of financial markets in particular and all markets in general, so as to create new arbitrage opportunities, is an important goal. The effective repeal of the Depression-era Glass-Steagall Act in late 1999 removed an important barrier to systemic risk. Repeal of the Act, which prevented banks from acting as stockbrokers and placed other restrictions on bank activities, allows trouble in one sector of finance to ricochet into all sectors.

The mobility of capital, sometimes referred to as ‘hot money’, has locally destabilising effects, while globally it may serve to stabilise capitalism. The mobility of this ‘stateless money’, as former Citicorp chairman Walter Wriston described it, allows for the ‘instant plebiscite’ of speculative capital on domestic policies.²⁶ The increased mobility of capital also speeds up the formation of the general rate of profit, speeding the transfer of surplus value from the backward and labour intensive corners of the economy to the high-tech centre.

Free and easy flow requires harmonisation of economies, from ‘intellectual property’ rules and accounting standards to computer network protocols. It favours the ‘American system’ – stock market-centred, bottom line-focused, accountability and transparency. Inflation is particularly destructive to finance, so controlling inflation is a key agenda item.

In short, the political agenda of speculative capital is expressed in the tenets of neoliberalism. However, within the sphere of speculative capital, different players have fundamentally different motives. One section enters into speculation to minimise risk and bring stability to operations: a Goldman Sachs, for whom ‘volatility is our friend’, has different preferences. It might be possible, based on these different interests, to map out sections of speculative capital according to the categories that Harris and Robinson identify: ‘structuralists’, ‘free traders’, ‘regulationists’, whose main differences are what kind of governance, if any, to exert over speculative capital.²⁷

* * *

The fall of Enron presents speculative capital with a particularly vexing crisis; its history reflects in many ways the role and workings of speculative capital.

Kenneth Lay was the Undersecretary of the Interior in the Nixon administration in the early 1970s and promoted the deregulation of natural gas markets. In 1986, Lay took over Enron, the product of the merger of two gas pipeline companies. After gas markets were deregulated, Lay pushed for electricity markets to be opened. He hired Jeffrey Skilling away from the consulting firm McKinsey & Co., where Skilling had worked in the energy marketing field. At Enron, Skilling developed the first 'forward contracts' in the gas business. Forward contracts are a type of hedging tool that have been common in agriculture for decades; they are also used in currency markets after Bretton Woods.

Skilling's success in the speculative side of Enron propelled him past the assets development group, which focused on old-style projects like building power plants, and in 1997 he became President and Chief Operating Officer of Enron. In February 2001, Skilling was made CEO of Enron.

Although the process was never completed, Skilling pushed to shed Enron of its 'hard assets' in power plants and pipelines. Enron built a sophisticated speculation operation, EnronOnline, and then began branching out past energy trading, introducing trading in weather futures.²⁸ Enron dabbled with moving into water trading through its Azurix spin-off. It invested some \$1.2 billion in building a fibre optic network with the intention of creating a market in data network capacity (at the same time, a dozen or more other companies were also rapidly laying new cable). In July 2000, it launched an online metals speculation operation; two months later, it also started an online speculation operation in wood products.

It now turns out that Enron also ran a successful hedge fund, ECT Investments. According to the *Wall Street Journal*, the hedge group was trading about \$145 million of Enron's money before the company filed for bankruptcy protection. The fund evidently did quite well, contributing as much as 8 per cent of the company's profits. Enron's active use of derivatives eventually made it the fifth largest commodity derivatives dealer in the US, according to one market research firm.²⁹

A pre-bankruptcy *Business Week* article described the new Enron:

Though often grouped with utilities, Enron produces little power itself and owns relatively little in the way of hard assets. Instead it has pioneered the financialisation of energy, making the company more akin to Goldman Sachs than Consolidated Edison. Its impressive profits stream is squeezed out of a torrent of often low-margin trades, in which it buys and sells a dazzling variety of contracts. The more buyers and sellers, the better for Enron, which is now twice the size of its nearest competitor.³⁰

Enron's tight connection with the Bush regime provides insight into the

political operation of speculative capital. Ken Lay was an important backer of George Bush, Sr. He hired Bush, Sr's former Secretary of State James Baker and Commerce Secretary Robert Mosbacher as consultants after Bush's defeat in 1992; Enron donated more than \$550,000 to George Bush, Jr while he was Texas governor; Lay chaired Gov. George Bush's Governor's Business Council and was one of George Bush's 'pioneer' donors who raised more than \$100,000; Enron was the top supplier of corporate jets to the Bush campaign and donated \$250,000 for the Republican National Convention; Lay sent the maximum allowable \$5,000 to the Florida 'recount' legal fund and \$100,000 to the Bush inaugural committee. Apart from its ties to the White House, Enron has been generous to congress as well. The company and its top executives directed over \$1 million in 'soft money' to the Republican Party and over \$500,000 to the Democrats.

The whole thing rapidly came unravelled in 2001. As is well known, the company aggressively borrowed money through various questionable off-book partnerships. Although the company survived the 2000 dot.com crash (its stock rose 87 per cent in 2000), the heavy debt backed by company stock left it vulnerable when the general slowdown hit the economy, many questionable investments failed to pay off and the California energy crisis cast its long shadow. Enron stock, which had reached \$89 per share in the autumn of 2000, fell to a 52-week low in March of 2001 in the midst of the California crisis.

As the stock started to slide, Enron executives began to unload stock; Skilling's personal take was \$17.5 million. One lawsuit suggests that Enron executives made \$1 billion from stock sales before the company collapsed. On 14 August, Jeffrey Skilling unexpectedly resigned; the next day, Sherron Watkins sent her memo to Kenneth Lay: 'I am incredibly nervous that we will implode in a wave of accounting scandals.'

After Skilling's departure, the stock continued to fall to half of its value a year earlier, destroying the collateral Enron had used in its partnerships. In October, the company started laying off people and announced a quarterly loss after taking over \$1 billion in 'charges'. By November, the company's debt had been downgraded to junk status and stockholder lawsuits had begun. In December, following the collapse of merger talks with competitor Dynegy (after Enron revealed that it had additional, previously undisclosed, debt), the company filed for bankruptcy, the largest ever in US history. It later emerged that Enron paid over \$55 million in bonuses to 500 employees days before filing for bankruptcy. 4,000 employees lost their jobs and their retirement money tied up in Enron stock. State pension and endowment funds in twenty-one states lost a total of \$1.5 billion. The collapse touched even more people through the hundreds of mutual funds that held Enron stock.³¹

What is one to make of Enron? While the company had a base in production, Skilling was trying to take the company in a purely speculative direction. Is Enron simply a case of capitalism run amok? Enron obviously was not alone in its accounting practices, and it makes a joke of the US insistence in international forums on transparency and accounting standards, openness and an end to 'crony capitalism'. Throughout the first half of 2002, *Business Week* featured hand-wringing cover stories: 'Accounting in crisis' (28 January 2002); 'The crisis in corporate governance: excessive pay, weak leadership, corrupt analysts, complacent boards, questionable accounting' (6 May); 'Wall St: how corrupt is it?' (13 May); and 'Restoring trust in corporate America' (24 June). From accounting to brokerage firms, the business press, the banks, most of the telecommunications sector and important companies in the high-tech sector, the collapse of Enron was the brightest explosion in a general crisis of the 'American system' – that is, until the telecommunications giant Worldcom declared an even larger bankruptcy in July 2002. It had 'misclassified' nearly \$4 billion in expenses.

The challenge facing speculative capital is to salvage what it can from this wreckage. Its agenda of deregulation may suffer setbacks in the post-Enron climate. The losses will be taken from workers through wage cuts, speed-ups and layoffs. Some executives are being handcuffed and paraded to jail; some house-cleaning will take place. But capitalism cannot turn away from speculation.

* * *

One of the weaknesses that the Enron scandal has exposed is that companies are increasingly basing their worth on intangible assets – such soft accounting items as 'good will' and 'intellectual property'.

Fifty years ago, tangible assets such as real estate, equipment and inventories represented 78 per cent of the assets of US non-financial corporations. Today, the proportion is 53 per cent, according to Federal Reserve data. Much of the shift is due to growth in intangible assets such as patents, copyrights and goodwill – the difference between what a company pays to acquire another and the net worth of the acquisition as reported on its balance sheet. Leonard Nakamura, a researcher at the Federal Reserve Bank of Philadelphia, estimates that annual investment in intangible assets, which he classifies as research and development, software purchases and advertising, rose from 4 per cent of gross domestic product in 1978 to almost 10 per cent in 2000.³²

This growing reliance on 'intangibles' can be traced back to the electronics revolution. The special advantage that knowledge (technique, skills) gives a firm disappears as knowledge gets loose, becomes the

new social average.³³ The reliance on ‘intellectual capital’ points to an inherent fragility in the digital system.

‘People like assets, they can go in the field and kick them’, Enron’s then-president Jeffrey Skilling said in an interview in 2000. ‘It gives people a certain warm feeling. What’s becoming clear is that there’s nothing magic about hard assets. They don’t generate cash. What does is a better solution for your customer. And increasingly that’s intellectual, not physical assets, driven.’³⁴

From Skilling’s statements one can see the general weakness in new economy talk. It’s not that what they are saying is necessarily untrue or that profitability is not possible, but that the business model is inherently shaky. Intangible assets can rapidly depreciate or cease to be assets because they become obsolete due to the pace of development. Patents may expire or knockoffs may be manufactured by countries that refuse to acknowledge absurd or destructive laws. ‘Intellectual property’ is the Achilles heel of capitalism in the age of electronics.

The reliance on ‘intellectual property’ feeds into the system of speculative capital. The only way that a company can make money from intellectual property is to control access to it. The system of patents, copyright and trademarks provides a legal monopoly to technical and scientific developments. The extent to which these developments can be controlled gives the property holder an advantage – the winner-takes-all phenomenon noted above.

* * *

While the impact of globalisation has been discussed in many places in detail, it is still worth noting the distinctive trail that speculative capital leaves across society. The most profound expression of capitalism in the age of electronics – capitalism under the rule of speculative capital – is the polarisation of wealth and poverty.

This polarisation takes place not just between centre and periphery or ‘north’ and ‘south’, but also within each country. Polarisation results from many forces. Production organised around electronics ends in the bifurcation of the workforce into skilled and unskilled, permanent and temporary. High-tech production in one sphere is matched by low-tech production in another. The deregulation of electronic markets unleash the full force of the conscienceless law of supply and demand. New monopolies appear, free of any regulatory scheme (in electricity, software, heating fuel and gasoline, milk), spiking prices and draining the resources of exposed consumers.

The neoliberal agenda pushes privatisation. As wages are driven down, more members of the household are driven into the workforce to maintain household income. Various spheres of the reproduction of labour previously beyond the reach of capital (food preparation,

laundry, child care, recreation, and so on) are also privatised and franchised, beginning the process of sucking more surplus value into the upper reaches of the economy.

Here's another view of the networked economy:

The networked economy is the great speed up, intensifying the pace of work, while extending the working day to that of the 7×24 robot. It both enables and requires the circulation of capital at faster speeds, so it turns over faster (to maximize profit); it demands that human beings keep up with the packets of digitized commodities zipping at the speed of light through fiber optic cables . . . How else is a family to survive under electronic capitalism, except by working harder, faster, longer?³⁵

The maximisation of profit demands the maximisation of consumption, so that every moment is bound to the commodity relationship. Debt becomes the deadweight on the American family, the shock collar to keep the American worker in line. The neoliberal regime erases the social safety net in order to shave government expenses in an era of tax-cutting; to further the general programme of privatisation; or to push retirees or welfare recipients into the bottom of the labour market.

The destruction of the long-term job has meant the individualisation of pensions – each worker for him or herself. A regular stream of scare stories casts doubt about the future of social security, promoting the privatisation of one of the last vestiges of social insurance in the US.

Throughout the 1990s . . . one of the main underlying features of the U.S. economy has been the devolution of risk onto the backs of individuals. Just as corporations have been forced to survive in a more Darwinian environment of global competition and deregulation, employers have become far less paternalistic. Where they once offered an implicit promise of employment for good service, even the best companies promise only 'employability', meaning we'll train you to survive on your own. And on a parallel track, employers, including the U.S. government, put the burdens and risks of retirement planning squarely on the shoulders of individuals – by replacing traditional defined pension benefits with 'defined contribution' plans that are portable from job to job.³⁶

This is the world speculative capital creates in its own image – the dramatic swings in the stock market, the general volatility of life, the tenuousness of employment and life in general. Fear, uncertainty, doubt. How do we hedge *our* future?

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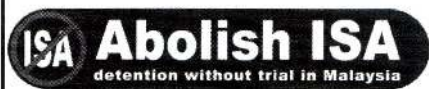
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The military backbone of globalisation

Globalisation – which might more accurately be called finance imperialism – is almost always presented and discussed as a purely economic phenomenon. But it can neither survive nor function without the military force of the imperialist powers as its backbone, in conjunction with the total states and their military, paramilitary and police forces. Violence against those who resist the expansion of finance imperialism – whether labourers, trade unionists, women's groups, the unemployed, peasants or national leaders – is swift and brutal. If the military and police of a nation state cannot suppress those who protest against and resist the depredations of the multinational corporations and the institutions and agencies of globalisation, such as the World Bank (WB), the World Trade Organisation, the IMF and the regional 'development' banks, then the military and paramilitary forces of imperialism, either in the form of a 'regional army' or joint force, such as NATO, will step in.

As finance imperialism extends its extractive and exploitative ventures into little known underdeveloped countries, their peoples will begin to resist their exploitation, often up to the level of armed

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resistance. To defeat such local resistances – armed or otherwise – and to make these countries safe for capital ‘investment’, a huge military, paramilitary and police infrastructure/network has been developed that can be adapted to different circumstances. Such an international military force will have to work in tandem with the military and police of the local government or nation state. In many such cases, the national government, whether a right-wing ‘democracy’ or a military dictatorship, is itself kept in power by the military assistance of imperialist countries.

For the military forces of different nations to learn to operate in defence of multinational capital across the globe, a central training school for their personnel is necessary. The most significant and influential military training school is the US Army School of the Americas (SOA). Founded in 1946 and originally located in Panama, it was moved in 1984 to Fort Benning, Georgia. Thus far, it has trained more than 60,000 officers from various countries, the majority of them from Central and Latin America. Officers trained at SOA have been the mainstay of repression in a number of countries.¹ An appendage of SOA, where helicopter pilots can train to carry out, among other duties, machine gun attacks on people on the ground, is based at the Helicopter School Battalion at Fort Rucker, Alabama.²

The school provides special military training in, and ways of countering, guerrilla warfare, controlling populations, prisoner interrogation, torture, espionage and counter-espionage, blackmail and execution. Such methods are known to have been used against leaders of peasant organisations and left-inclined trade unionists. Upon return to their countries, these military leaders, working in conjunction with native paramilitary and police forces, lead the armies of their native lands against those who resist the process of globalisation. The armaments for practically all such armies and paramilitaries are supplied by the US and other imperialist powers. Graduates of this military academy – there are reported to be some 10,000 in the Colombian army alone – have been responsible for the murders of many thousands throughout Latin and Central America. A UN truth commission report into El Salvador found that more than two-thirds of the worst human right violators were graduates of the SOA, while the Guatemalan truth commission noted that 93 per cent of human rights violations were committed by the military or death squads linked to SOA graduates.³ A number of officers have served in the security apparatus of such dictators as Noriega (Panama), Galtieri (Argentina), Pinochet (Chile), Rodriguez (Ecuador), Fujimori and Alvarado (Peru).⁴

Several protests have been held outside the SOA demanding its closure, such as that on 21 November 1999, when more than 12,000 people converged on Fort Benning to protest against the murders

committed by SOA graduates.⁵ On 18–19 November 2000, over 10,000 gathered outside the main gate. The annual vigil commemorates the killing, on 16 November 1989, of six Jesuit priests, their housekeeper and her daughter by the Salvadoran security forces. More than 500 SOA graduates have been cited as some of the worst human rights abusers in the hemisphere.⁶ Due to the frequency of demonstrations, the school was officially closed in December 2000, but was reopened on 17 January 2001 as the Western Hemisphere Institute of Security Cooperation (WHISC).⁷

Other active clandestine military training programmes also exist. Indonesian military and paramilitary have received training in the US under a covert programme; military pilots have been trained in Britain at a cost of millions of dollars. Since New Labour came to power, the Blair government has approved eleven arms deals with Indonesia; details are restricted under the Official Secrets Act.⁸ In addition, 'specialised' police or paramilitary forces are trained for counter-insurgency, hostage rescue and to suppress protests against the existing economic order instituted at the behest of the WB/IMF and the MNCs: in Bolivia, the special forces are called 'Dalmatians' – Special Security Group (GES); in Colombia, they are called Self Defence Units (AUC) and work closely with the regular Colombian army. The armies of both countries are armed and trained by the US; this includes the use of attack helicopters. The AUC has been using helicopters and a small spy plane to support its ground troops.⁹ In the Philippines, such special forces are called Scout Rangers and are trained by 1,200 American troops stationed there to fight the Muslim guerrilla group Abu Sayyaf.¹⁰ Specialised weapons for these forces are also supplied by the US and other arms-exporting countries.

Today the US is the mightiest imperialist country in the world, with according to Department of Defense figures, 1,417,558 military personnel.¹¹

The Pentagon has spent 19 trillion dollars on the military since 1940 . . . And now, having spent all of that, they propose to spend an additional \$1.2 trillion in the next four years. The purpose of this military build-up is to provide security for corporate America's far-flung empire. It is part of the globalization strategy.¹²

It has been estimated that around forty cents in every dollar ends up with the Pentagon which, in the financial year 2002/3, will spend over \$400 billion on its war machine.¹³

Bringing a government to heel

Outright military attack or intervention usually comes after more indirect methods of attempting to bring a recalcitrant Third World

government to heel have failed. Various destructive pressures are applied to make a country submit to the conditions of finance imperialism. Direct military attack is postponed for later when such measures do not bring about the desired outcome. Below we note a few of the tactics, devices and methods that have been used against underdeveloped countries to bring about the desired result prior to military intervention.

One method is to impose credit and/or economic sanctions that freeze a country's assets and credits internationally. Thus, it can no longer import food, oil and other necessities, entailing great hardship for the people, especially the poor and the lower classes. This, in turn, leads to protests and revolts by the poor. Such upheavals give the imperialist power the opportunity it requires for installing a more compliant regime.

In 1986, Haiti instituted the IMF's Structural Adjustment Programme and had to reduce its import tariff from 30 per cent to 3 per cent. The Haitian rice market was flooded with cheap American rice – cheap because American rice farmers received a subsidy of 40 per cent. Locally produced rice could not compete; thousands of Haitians were forced to give up farming and move to shantytowns. The Haitian government began to put controls on the cheap American rice. Shortly thereafter, the Senate Foreign Relations Committee (under Senator Jesse Helms) froze more than US \$30 million in aid to Haiti. Haiti requires foreign aid to finance around 50 per cent of its budget.¹⁴ The functioning of the government itself became precarious and it was forced to yield to the demands of the WB/IMF.

Another practice that may precede direct military intervention is ensuring the election of those candidates or political parties that will institute policies and laws that 1) ease finance imperialism's incursions into their countries; and 2) institute the privatisation of nationally owned assets and the sale of government enterprises to MNCs. To this end, bribes may be offered as a direct financial incentive to pro-imperialist candidates or parties; printing, publication and IT facilities may be provided, as well as broadcasting facilities for propaganda; 'dummy' organisations may be set up that then stage demonstrations and protests, helping to ensure the downfall of the existing government. Here follow a few recent examples.

In October 2000, the IMF demanded that Argentina change its labour laws if it wished to obtain an IMF loan. One of its demands was that the existing law protecting job security be modified so that workers could be easily fired by international investors and MNCs. The Argentine government distributed \$10 million among various senators to get the law passed. Soon afterwards, Argentina's vice-president Carlos Alvarez resigned, protesting against the government's method of enacting the law.¹⁵

In order to defeat the incumbent Yugoslav president Milosevic in the September 2000 elections, the US and its NATO allies provided huge financial aid to the opposition, with the US House of Representatives voting to give it \$105 million to continue its struggle.¹⁶ The money from the West went mostly to the institutions it had itself set up. The US government distributed money in Yugoslavia through the National Endowment for Democracy, (NED), funded by Congress. The NED set up various groups and organisations in Yugoslavia, such as the Humanitarian Law Centre, Centre for Democracy Foundation, the Belgrade Centre for Human Rights, the Centre for Anti-War Action and many more. Sometimes money went in direct aid, sometimes in indirect aid, for example, in the form of computers and broadcasting equipment, and sometimes in suitcases of cash carried across the border between Yugoslavia and Hungary or Serbia and Montenegro.¹⁷ (These tactics were almost identical to those carried out in Bulgaria in 1990, when a coalition of sixteen opposition members was financed to defeat and topple a socialist president-elect who had won by a fair election. NED financed opposition parties in both countries.¹⁸) Although \$55 million was given to Yugoslavia outright, for the other \$50 million, the new government had to meet a major condition by 31 March 2001, namely, that Milosevic and fourteen others be arrested as war criminals. The US Congress was to certify when this condition was met: failure would have blocked financial assistance from the World Bank and the IMF.

Generally, armed intervention is launched against certain types of governments or states. It should be noted that the categorisation of countries attacked, as presented below, is arbitrary and subjective; different analysts use different categories.¹⁹ With this in mind, we discuss four categories of countries marked out for military intervention: 1) countries unable to repay debt or interest on it; 2) countries in which the people and the government resist the imposition of WB/IMF conditions; 3) countries with socialist, semi-socialist, nationalist or left-populist economies; and 4) countries that resist MNCs, try to develop regional alliances and struggle to present a model of development other than that of neoliberalism.²⁰

Inability to service loans

The international financial institutions, private banks and the multinational corporations work closely together, assured of each other's support and backing. Today, well over 100 underdeveloped countries have borrowed money from international financial institutions. Borrowing countries have to service loans and pay interest on them. If they falter in servicing these loans or plan to default, then the international institutions will combine forces and, as a group, try to force the country to pay. Below are a few such examples, out of many more.

In 1995–1997, Indonesia had difficulty servicing its loan. The IMF/WB required Indonesia to devalue its currency, making it cheaper in the international money market. Indonesia would then be able to export more of its goods. This process would earn more dollars which could then be used to pay back its debt. In early 1998, the currency (Rupiah) was devalued. Practically overnight, the price of nearly every commodity (gas, electricity, transport, food, and so on) jumped by around 70 to 100 per cent. From April 1998, people began to riot, demanding lower prices and the resignation of president Suharto. Granaries and storage facilities were looted and buildings were set on fire in towns across Indonesia. In the first week of May, the Indonesian army was mobilised and began shooting demonstrators, killing over 1,200 people. (Unofficial estimates put the figure at about 3,000.) As a precautionary measure, the US sent 'more than 10,000 troops and a flotilla steaming through the South China sea', ostensibly 'to help evacuate U.S. citizens from Indonesia', but more probably to be on hand lest Indonesia's own forces were unable to suppress popular discontent.²¹

In 1999 Pakistan owed its international creditors \$32 billion. It was reliant on loans from the IMF and the WB, although the IMF had only promised it a total of \$3.3 billion, which still left Pakistan with a debt of almost \$30 billion. (The terms of this loan are pending.) The IMF requires recipient countries to impose an austerity programme so as to re-channel public spending (health, education, welfare, and so on) on debt servicing. However, the corruption of the then government of prime minister Nawaz Sharif would have made it impossible for it to impose such an austerity programme successfully. In June/July 1999 the IMF stopped paying out on its loan to Pakistan after deciding that the government was not fulfilling conditions to which it had agreed.²² By staging a bloodless coup, General Musharraf took charge, assuming the power to impose any measure that he deemed necessary for stability. Any future 'constitutional' government will have to remain subordinate to the military so as to carry out the IMF's austerity programme.²³

Resistance to WB/IMF policies

In 1999–2000, the Bolivian government had acceded to privatisation under WB/IMF pressure. The water supply was privatised and water rates were raised. For days, Bolivian people demonstrated in tens of thousands against water privatisation, demanding lower rates. Between 24 September and 2 October, the Bolivian army shot ten people dead and injured one hundred.²⁴ The government suspended the privatisation. But soon afterwards, Bolivia was brought within the framework of Plan Colombia (also called Plan Andes) which earmarks Andean countries for military intervention under the aegis of the US.

In Ecuador, in January 2000, a popular rebellion led by Indians, peasants and junior military officers resulted in the rebels occupying the parliament and judiciary, and also surrounding the parliament. A three-person junta was established to govern the country, with an economic programme aimed at reversing WB/IMF control of Ecuador's economy (conceded by the previous president, Mahuad). President Clinton threatened an economic boycott of Ecuador and ordered the US embassy in Quito to pressure conservative generals to act. They overthrew the junta and set up a discredited conservative as president. Hundreds of activists were arrested. The US intervention, carried out through the agency of the local military, quashed the popular rebellion and restored a client regime.²⁵

Socialist or semi-socialist and state controlled economies

By far the most violent, brutal and swift armed interventions have been directed against semi-socialist or socialist forms of government that reject participation in imperialism's global economy. They are likely to provide a different model for economic development for other underdeveloped countries, a model other than the market-oriented, free enterprise, capitalist one. The histories of Chile and Nicaragua are well known, and the ousting there of popular regimes, carried out by the US and its local proxies, occurred before globalisation had taken so many Third World countries into its hold. Yet it is a history that is not over.

Venezuela is the latest example. Hugo Chavez, an ex-paratroop colonel, won two presidential elections, in 1998 and 2000. He also helped to win six elections between 1998 and 2000, those for the constituent assembly, legislative and municipal elections, among others. He then began to reform the existing, unjust economic system and began shifting the revenue from the country's oil wealth into helping those living in poverty. But the oil industry and its workers had become a 'state within a state': oil workers were a privileged group and later showed themselves willing to join an attempted coup against Chavez. He expropriated unutilised farmland and distributed it among peasant co-operatives; opposed the Free Trade Area of the Americas; called for an end to the Cuban embargo and sold oil to Cuba on favourable terms, generally in exchange for medical services. He refused permission for US flights over Venezuelan airspace that were supplying arms to the Colombian military; he ejected the US Military Group delegation from its rent-free accommodation in the Venezuelan army's main headquarters at Fuerte Tiuna and he sidelined some of the intelligence people who were close to – or members of – the Cuban exile community.²⁶ His government guaranteed indigenous and women's rights, free health care and education. A Venezuelan, Ali Rodriguez, was elected secretary general of OPEC (Organisation of Petroleum

Exporting Countries) in 2001. Chavez visited Libya and Iraq, the two OPEC members against whom the US has instituted armed attacks and trade embargoes. Venezuela began to push OPEC to reduce oil production to force oil prices up. Imperialist countries, led by the US, saw his regime as a serious threat to their interests, control and extraction of profit in much of Latin America.

From 5 November 2001, the State Department, the Pentagon, and the National Security Agency held a two-day meeting to deal with 'the problem of Venezuela'. High-level US officials, including the secretary of state and the head of the CIA, expressed concern about the social and political direction that Chavez's policy had taken. They criticised his position on the fight against terrorism and accused Venezuela of supporting terrorism in Colombia, Bolivia and Ecuador. The US threatened Venezuela with 'diplomatic isolation'. The IMF also supported the imposition of a 'transitional government'. The Venezuelan media (owned by big business) vociferously opposed Chavez's policies. Trade unions, especially the Venezuelan Labour Federation (CTV), affiliated with the former ruling party, were given money by the NED. As more protests were staged in Venezuela, the NED budget for the country was raised to \$877,000, of which \$154,377 was earmarked for the labour unions. This was funnelled through International Labor Solidarity, an arm of the AFL-CIO (American Federation of Labor and Council of Industrial Organization).²⁷ Some of the senior army generals who later participated in the coup were SOA graduates and, a US defense department spokesman admitted, when the coup occurred, US military personnel (the military attaché in Caracas and his second in command) were with the coup leaders.²⁸

Weeks before the coup was actually staged, officials from the White House, State Department and Pentagon hosted many of Chavez's opponents – both civil and military, including the CTV – to help in removing Chavez.²⁹ Washington took over the 'stage management' of the coup. On 11 and 12 April 2002, a huge anti-Chavez demonstration of some 200,000 people, orchestrated, funded and supported by the local upper classes, a section of the armed forces, and the US (CIA), took place. Chavez was imprisoned on an army base. Protests and demonstrations over the next few days left fifty-seven dead and hundreds wounded; most of the dead were Chavez supporters.³⁰ The city police in Caracas were under the control of Alfredo Pena, a right-wing Chavez opponent. A new government, under Pedro Carmona head of Venezuela's largest business association, was installed. During its two-day regime (12–13 April), the new government followed a grim course: it suspended the Constitution; dissolved the legislature and the Supreme Court; broke off trade agreements and diplomatic relations with Cuba; moved to break relations with OPEC

and began to round up Chavez supporters. On 13 April, tens of thousands of people – mostly poor and working class and supported by a section of the army – marched on the capital from different parts of the country. Pro-Chavez protests also broke out in other cities. The army loyal to Chavez joined with the protesters demanding Chavez's return and took over the presidential palace in Caracas. The one-and-a-half-day-old government of Carmona resigned and Chavez resumed the presidency on 14 April. Carmona was placed under house arrest.³¹

Regional alliances and threats to MNCs

Another group of countries that are marked out for military intervention are those that oppose the exploitative operations and intrusion of MNCs. Sometimes they attempt to forge regional alliances for mutual defence, fair trade and the fair exchange of goods or to reduce the exploitation and poverty of their people. Such policies undermine or undercut the interests of finance imperialism and its agencies. In such countries, military and other interventions can be swift and brutal. Colombia has assumed a pivotal place in the working out of imperialist policy towards Latin America and provides a dramatic and tragic example of its effects.

Like other Latin and Central American countries, Colombia has borrowed billions of dollars from the WB/IMF and other financial institutions and has to adhere to a Structural Adjustment Programme in which free access to Colombian resources is given to MNCs. For example, in January 2001, the Colombian government announced that it would close many state agencies, laying off 42,000 workers, and use the money saved to service its debt.³² Colombia is an increasingly important part of the global economic order because of its oil and minerals, pristine forests, gold and other natural resources. A large number of MNCs have billions invested in Colombia: major oil companies such as Occidental, BP and Exxon; there are coalmines, operated by Drummond (headquarters in Birmingham, Alabama) and many others. Occidental Petroleum, which operates the Cano-Limon pipelines in northeastern Colombia lobbied hard for the US to supply arms to Colombia. Currently, Colombia is the seventh largest supplier of oil to the US and is considered to have the largest untapped pool of petroleum in the western hemisphere. Other major multinationals have a presence there; Coca Cola, for example, runs seventeen plants employing 10,000 workers. Banana exporting companies such as Chiquita, Dole and Delmonte export in significant quantities from Colombia. Dole bought up 20 per cent of Colombia's flower industry and is now the largest single exporter of fresh-cut Colombian flowers. Nearly half the fresh-cut flowers sold in the US come from Colombia.³³

In Washington's strategy, Colombian armed resistance is a major threat to its dominance in Latin America, particularly in the Andean region comprising Peru, Ecuador, Bolivia, northern Argentina (Salta province) and northern Brazil. A victory for the popular forces in Colombia would establish an alternative socio-economic system to the imperial model. If the Colombian rebels were to succeed, this would encourage other peasants, now in revolt in the Andean region, to do the same. If this tide were not reversed, much of the wealth of the Andean region currently being exploited at the behest of globalism would no longer be available to it. The development of a Colombian-Venezuelan-Cuban alliance might then become probable, forming a strong ideological force capable of resisting the aggression of imperialism. Such an alliance would be capable of helping other Caribbean and Latin American countries to undermine US economic and military power, and could assist in their socio-political development.³⁴

To destroy the possibility of such an alliance, just about every device to subvert and control the region is being brought into play. US instructors are sent to train the local military; arms, including attack helicopters to transport troops and shoot from the air, are supplied; ideological propaganda, money and technical assistance are given; chemical warfare is used; paramilitary forces have been created; cluster bombs and aerial sprays to destroy crops, in the name of fighting cocaine traders, are deployed, and so on. If that does not defeat the revolutionaries, then US and allied troops in various guises are sent in. By early 2002, 400 US military trainers and 400 civilian contractors (private mercenaries recruited by private corporations that train troops outside the jurisdiction of the US military) had been stationed in support of 'Plan Colombia'.³⁵ Most of the multinationals have recruited their own private paramilitary forces to work in conjunction with the Colombian army and its paramilitary forces alongside the US military, CIA, Drug Enforcement Agency and other advisors stationed in different parts of Colombia. Today, the Colombian armed forces officially include about 145,000 soldiers, mostly draftees. In addition, 105,000 police engage in combat against the insurgents.³⁶ In May 2002, the new president-elect of Colombia, Alvaro Uribe pledged to double the defence budget to enlist 15,000 extra troops and police officers and mobilise 30,000 reservists, mobilise one million civilians and open the door to deeper US involvement in the country's 38-year civil war.³⁷

Throughout Colombia, indigenous tribes, peasants, small cultivators and small miners stand in the way of oil drilling, agribusiness and large-scale mining which cause dispossession and severe environmental damage. For decades, there has been considerable resistance from labour unions and peasant organisations to privatisation and the semi-compulsory selling of small privately owned farms to agribusiness; to the exploitation of gold and oil and the laying of oil pipe-

lines through their lands. Guerrillas have attacked the pipelines: there were more than 600 attacks from 1982–1999, leading to the loss of 1.6 billion barrels of oil. In 2001, the pipeline was bombed 170 times and was out of commission for 266 days, cutting heavily into the company's (Occidental's) profits.³⁸

For the past three decades, peasants and *campesinos* have demanded their right to land and have staged armed uprisings against the landlords, warlords and encroachments on their lands. Many of the landlords and warlords are involved in the cocaine trade. Thirty-five years ago, two major *campesino* guerrilla groups were formed: the Revolutionary Armed Forces of Colombia (FARC) and the National Liberation Army (ELN). They train their own armed forces and have become major political opposition forces; between them, they administer about 50 per cent of Colombian national territory.³⁹ Military and paramilitary forces, in close collaboration with landlords and the Colombian military, supported and armed by the US, are used to suppress and murder the peasants and the trade unionists. Since 1986, over 3,800 Colombian trade unionists have been assassinated; three out of every five murders of labour activists happen in Colombia, and, since 1995, over 1,500 community leaders and activists have been assassinated.⁴⁰ The armed forces and paramilitary death squads are responsible for at least 80 per cent of the killings, according to the Colombian Commission of Jurists.⁴¹ Figures on the numbers of those killed vary, from around 3,000 according to mainstream press reports to anything between 6,000 and 30,000 according to others. The Colombian Commission of Jurists puts the figure at 6,000.⁴² For the World Bank, this appears to be a price that has to be paid. Its report *Violence in Colombia: building sustainable peace and social capital* concludes that 'for Colombia getting any future large infusions of international financial aid will depend on their successful suppression of the FARC and other rebel groups'.⁴³

To fight FARC and to protect the investments of the MNCs, US military aid to Colombia has increased ten-fold since 1995. In June 2000, a \$1.3 billion aid bill (covering three years) was voted for by the US Senate, 'of which almost 90% goes toward military support for the army, in other words, to escalate the war against peasants, and 10% to promote human rights and justice'.⁴⁴ This package was part of the much bigger \$7.5 billion Plan Colombia (covering five years), orchestrated by the US government (funding has also been sought and promised from a number of European nations, including Britain, Ireland, Norway and Spain).⁴⁵ Six weeks later, it was announced by the US that the \$7.5 billion dollar plan was for fighting the drug scourge, helping refugees and strengthening government institutions. Of course, it is well understood by the commanders of the revolutionary forces (FARC) that increased militarisation of the

anti-narcotics operation is a pretext for stepped up counter-insurgency actions and for extending the war against them by the US.⁴⁶ The US administration has already increased the \$1.3 billion aid; in 2002, a further \$98 million was granted to the Colombian military to protect a pipeline owned by Occidental in Aracua.⁴⁷

To escalate war in the Andes under Plan Colombia, the US military is building an intelligence centre in the country that takes information from US spy satellites and it has set up Forward Operating Locations (FOLs) in already existing Latin American and Caribbean airfields. In Peru, the US spent \$61.3 million on building and upgrading runways so that AWACS (stealth) planes can take off and land and up to 250 US military personnel can be stationed there. Other FOLs are in the Dutch dependencies of Aruba and Curacao, off the coast of Venezuela and in El Salvador.⁴⁸

A fleet of sixty US-made Huey II and Blackhawk attack helicopters are the main means of rapid deployment of government troops in FARC-controlled southern Colombia; helicopters also accompany the planes spraying drug crops, should these come under attack from the ground. In one incident in December 1998, Colombian air force helicopters used machine-gun fire, air-to-surface rockets and cluster bombs against residents of the village of Santo Domingo de Tame, near the Venezuelan border, killing nineteen civilians, including nine children, and injuring more than thirty. It has been alleged that the attack was coordinated with a US spy-plane equipped with radar, infrared and video-recording equipment which passes on information to the Colombian air force.⁴⁹ Lockheed Martin has a \$15 billion contract to install airport surveillance radar where the helicopters are stationed.⁵⁰

As for the biological-chemical-bacteriological warfare against the *campesinos*, its stated purpose is to eradicate the coca crop, but fundamentally it is directed against Colombian revolutionaries and the peasants who support them. According to Klaus Nydholm of the UN Drug Control Program, the drugs trade is more closely linked to the paramilitary forces 'to such an extent that there are regions in the country where it is hard to tell who are drugs traffickers and who are paramilitary'. Although the rebels are known to tax the drug trade along with other goods, Nydholm stated, 'we do not consider the FARC drug traffickers. We believe that it is still a matter of a guerrilla organisation with political objectives.'⁵¹ DynCorp, a defence contractor and a *Fortune 500* company, has a \$600 million contract to carry out aerial spraying to eliminate coca crops. The aerial spraying dumped an estimated 85,000 gallons of the herbicide glyphosate on to Putumayo's coca fields. Glyphosate, more commonly known as Roundup, is manufactured by Monsanto. Widely used, it is believed to destroy legal crops, not just coca; in Colombia, maize, yucca, and

plantain were contaminated: children and adults developed skin rashes, stomach aches and diarrhoea.⁵² And now there is Ag/Bio Con (Agricultural Biological Control), a US firm that produces E-4, a strain of fusarium oxysporum, a mycoherbicide that kills coca plants and is set to be tested in Colombia.⁵³ Chemical spraying carried out on the Colombian coast in Narino polluted the Mataje river, causing epidemics of dysentery, while children suffered from eye irritation.⁵⁴ On 27 July 2001, a Bogotá civil circuit judge ordered a temporary halt to the spraying of poppy and coca crops in response to a complaint filed by the Organization of Indigenous People. However, he suspended the ban on 6 August 2001. His decision came after the US ambassador to Colombia 'warned that the suspension would jeopardize US aid'.⁵⁵ Fumigation, along with machine-gun fire and a heavy military and paramilitary presence linked to low-intensity warfare, has taken the lives of more than 1,300 villagers in various municipalities in Putumayo.⁵⁶

Rewards for submission

For those countries that are in debt to the WB/IMF and international finance institutions, there are, however, handsome rewards, provided that they are willing to submit to the political, economic and military requirements of the imperialist countries. Below are a few typical examples.

In the late 1980s, as the socialist bloc began to crack, creditor countries cancelled about 50 per cent of Poland's debt when it was attempting to break away from the Soviet sphere.

In 1990–91, the US and its allies launched a military attack on Iraq (the Gulf war), following Iraq's incursion into Kuwait. Egypt also furnished a military contingent to join the attack force. Egypt's reward for its participation was the writing off of \$14 billion in debt by the US and Saudi Arabia, along with other assorted bonuses.⁵⁷ Egypt's economic decline was interrupted by the cancellation of this multibillion-dollar debt, but it had re-surfaced by the year 2001 and today Egypt owes more than \$30 billion to international creditors.⁵⁸ It is doubtful, though, that Egypt will receive a similar bounty for helping the US to attack Afghanistan.

In May 1999, Jordan's King Abdullah asked the US and other G7 countries to cancel nearly half of Jordan's \$7 billion debt to the West. To justify his request, Abdullah invoked Jordan's peace treaty with Israel and its role in promoting US policy in the region. The US wrote off more than \$700 million of Jordan's debt after Jordan signed a peace treaty with Israel in 1994.⁵⁹ In February 2002, the US decided to increase significantly financial aid to Jordan because of King Abdullah's support for the 'war on terrorism'. Furthermore, as

the US set in motion its plans to attack Iraq, it needed Muslim allies in the region. Jordan received \$198 million in civilian aid and \$250 million in military aid.⁶⁰

A week after the September 11 terrorist attacks on New York and the Pentagon, the US began planning a huge aerial bombing operation and ground attack against the Taliban in Afghanistan and needed air bases around Afghanistan. Both India and Pakistan agreed to let the US airforce use their bases. The US and Japan subsequently announced that they would lift trade sanctions against the two countries, formerly imposed by the US after both exploded nuclear devices in 1998.

As US air attacks on Afghanistan (which began on 7 October 2001) intensified and the need to send in ground troops became pressing, it also became important that, alongside US and British ground troops, others be sent. Pakistan, Uzbekistan, Tajikistan, Kyrgyzstan and Turkey among others were asked to send troops. On 17 October 2001, the US secretary of state, Colin Powell, told Pakistan's president Musharraf that \$500 million in aid for 'poverty alleviation, including health and social services [would] be granted'.⁶¹ In the first week of December 2001, the IMF approved a \$1.3 billion loan for Pakistan to fight poverty. General Musharraf asked for a further reward for his assistance: debt write-off of \$12 billion owed to five countries and the waiving of debts to international financial institutions such as the WB and IMF.⁶²

Three other Central Asian countries (Uzbekistan, Tajikistan and Kyrgyzstan) offered air bases to the US and allied forces; in January 2001, it was announced that Uzbekistan could expect a threefold increase in foreign aid for the coming year.⁶³ On 1 November 2001, Turkey announced that ninety members of its special forces would join the forces of the US, UK and Northern Alliance in Afghanistan. Turkey's special forces were to provide training to the troops of the Northern Alliance. Soon after, in early November, an IMF team arrived in Ankara to discuss the release of a \$3 billion instalment of the \$15.7 billion package pledged earlier in the year.⁶⁴ On 3 April 2002, Turkey announced that it would add some 1,000 men to the 261 troops it has already sent to Afghanistan and assume command of the International Security Assistance Force (ISAF). The US Congress granted Turkey \$228 million to help it meet the cost; it was seen as having played an important role in securing an additional \$16 billion loan from the IMF in February 2002.⁶⁵

The design of the imperialist countries – some of them old, some of them new, and some striving to join their ranks – is to extract the highest returns from underdeveloped countries all over the globe. Touted as globalisation, this process is by no means an inevitable unfolding of economic law, as generally held, but is based upon the military power of imperialism, in co-operation with the local ruling

classes, bolstered by their military, paramilitary and police forces. Without military force as its backbone, the process of globalisation is not viable. Those who may try to resist it, whoever they may be, are to be co-opted, suppressed and, in the last resort, attacked by direct military power. The costs of the establishment and maintenance of such forces and their infrastructure are almost incalculable, in every sense.

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American cataclysm

Small rural towns in the United States are falling apart because agribusiness has been sucking the life out of them. Consider, for example, Arvin, a small rural town in southeastern Kern County in the fertile Central Valley of California. In 1940, factory-like farms surrounded Arvin. Arvin, however, did not share in the prosperity of those farms. The average farm size of Arvin was 500 acres. Only 35 per cent of Arvin farmers owned their land. Only 4 per cent of Arvin's people were native Californians. Sixty-three per cent were Dust Bowl migrants, with less than five years' residence in the town. They earned little and did not have much interest in their community. Even the managers of the large farms were absentees. If any businessmen lived in Arvin, they went to Bakersfield and Los Angeles for recreation. Arvin's school teachers found the town so distressing that most of them lived in Bakersfield, commuting twenty-two miles daily. The elementary schools, churches and economy of Arvin were impoverished. The town had no high school, no elected political leadership of its own. It was unincorporated. Its large farms converted it into a slum and a colony.

We know these things about Arvin because Walter Goldschmidt, an anthropologist with the US Department of Agriculture (USDA) in the

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Race & Class

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early 1940s studied Arvin.¹ He compared his findings with what he discovered in another rural town, dominated in this case by small farms. This was Dinuba in northern Tulare County in California's Central Valley.

In 1940, the average farm in Dinuba was fifty-seven acres. More than three-quarters of the farmers of Dinuba owned their land. Dinuba's economy and culture were vigorous and democratic. Its elementary and high schools were good. The teachers lived in the town and made outstanding contributions to the culture of the community. Dinuba's residents were middle-class persons with good incomes and a strong interest in their town. Nineteen per cent of the people of Dinuba were native Californians and 22 per cent Dust Bowl migrants. The median length of residence at Dinuba was between fifteen and twenty years. Dinuba's prosperity was the prosperity of its small farms.

Yet Dinuba and Arvin were similar rural towns. They enjoyed the same climate and fertile land. They were equidistant from small and large cities and had access to highways and railroads. They had the same industrialised farming, relying on labourers to do the hard and dangerous work. They specialised in single crops, produced exclusively for cash sales. Dinuba raised fruits, especially raisin grapes, some cotton and vegetables. Arvin produced largely cotton, potatoes, fruits and vegetables, grapes and grain. The sole factor that made Arvin and Dinuba different was the size of the farms – Arvin had large farms and Dinuba had small farms. Farms over 160 acres covered 91 per cent of Arvin's land, but only 25 per cent of Dinuba's land.

The economic, social and democratic consequences of the difference in farm size between Dinuba and Arvin were dramatic. Dinuba's small-farm economy supported sixty-two businesses, Arvin's large-farm economy, thirty-five. The annual volume of retail trade in Dinuba amounted to \$4,383,000 but, in Arvin, to \$2,535,000. The small-farm community spent more than three times as much money on household supplies and building equipment as the large-farm community. More than half the breadwinners in Dinuba, but less than one-fifth of those in Arvin, were independent businessmen, white-collar workers or farmers. Less than one-third of the breadwinners in the small-farm community were agricultural workers, while nearly two-thirds of those employed in the large-farm community were agricultural workers. Dinuba had three parks and two newspapers. The town had paved streets, sewage facilities and streetlights. Arvin had but a single playground loaned by a corporation and one newspaper. Arvin had practically no paving, streetlights or sidewalks. It had inadequate water and sewage facilities. For these reasons, said Goldschmidt, Arvin was 'less a community than an agglomeration of houses'.

Goldschmidt believed the family farm to be 'the classic example' of

American small business. He was convinced that its spread over the land 'has laid the economic base for the liberties and the democratic institutions which this Nation counts as its greatest asset'. The USDA, however, did not see the family farm as a national asset. It fired Goldschmidt and tried, unsuccessfully, to suppress his work. There's no mistake, however, Goldschmidt was right. Arvin was not merely a dis-integrating rural community in California's Central Valley, but the nightmare of rural America. Agribusiness was killing family farming and industrialising the countryside. Even the government's own department of agriculture was becoming a subsidiary of agribusiness.

This was bad enough, and not merely because of the concentration of land and power in the hands of a few men. Goldschmidt accused agribusiness of destroying the 'American character' which, he said, 'was forged in its rural hinterland: the frontiersman melding into the freeholding farmer created a pattern consisting of egalitarianism, personal independence, the demand for hard work and ingenuity, self-discipline, with the ultimate reward in a personal success'. Despite the national importance of the free-holding farmers, however, the US abandoned them to agribusiness, which either kicked them off the land or, says Goldschmidt, remade them into 'organization men in overalls'.

I met Goldschmidt in 1987 in Florida at an academic conference. I asked him if the country had a chance of breaking up agribusiness and distributing its lands to small family farmers; in other words, doing to America's large farmers what General MacArthur did to the large farmers of defeated Japan. He answered that my proposal was not feasible without a willing dictator-president. I rejected his argument but, deep inside, knew he was probably right.

I was in Washington, DC in the mid-1970s, when the Small Business Committee of the Senate held extensive hearings into the fate of the family farmer. Senator Gaylord Nelson of Wisconsin was one of the few voices behind Congress's belated interest in family agriculture. Witness after witness described the crimes of agribusiness against family farmers and rural America. Yet, listening to the testimony of the defenders of family agriculture, I felt I was at a funeral. It made no difference how passionate the testimony was: the victim was already dead and no one was there to listen. Congress and the USDA pretended the tragedy of family farming did not exist. That tragedy affected me profoundly. I spent the best years of my life studying agrarian issues. Moreover, I paid a heavy price for defending the idea of family farming in my work at agencies of the federal government. It was not merely the USDA that sided with giant agriculture throughout the twentieth century. The entire government of the United States was afflicted by the agribusiness disease.

America's agricultural tragedy also brought me back to my own

Greek upbringing – entirely agrarian and almost ancient – and I felt the pain of witnessing the undoing of America’s rural culture.

Something sweet in the bitterness of farming

The Greeks anchored their civilisation in the values of the land and of very small farms. Plato and Aristotle considered small farmers the best citizens of the Greek republics. Xenophon (430–354 BCE), a student of Socrates, a historian and a general described agriculture as the mother and nurse of Greek civilisation. He was also convinced that farmers were generous people. Small family farmers, not philosophers, put together the democratic foundations of the Hellenic *polis* (state). From that agricultural beginning, the Greeks crafted the values and political institutions that suited their temperament and ethos – piety towards the gods, citizen armies, civilian control of the military, private property, as well as art, theatre, philosophy, science and literature. These were the ideas that made Greek civilisation so powerful and lasting.

Agriculture was hard work, however. The overwhelming reality behind everything that the Greeks did was their precarious agrarian life, making a living on tiny strips of land at the feet of hills and mountains, rarely in the valleys. Menander (c. 341–291 BCE), a comic poet, captured the Greeks’ agrarian struggle. He described the Athenian farmer, the Attic man of the land, ‘working with stony soil, full of thyme and sage, but getting a good deal of pain and no profit’. Yet Menander also saw sweetness in the ‘bitterness of farming’. That sweetness was the democratic liberties that farmers enjoyed – and the harvest. All agricultural festivals were propitiations to the gods for the blessings of freedom, for increasing the fertility of the land, for a good harvest.

In the month Skirophorion (June), Athenian women celebrated Skirophoria, a festival honouring Demeter, the Greeks’ greatest agrarian goddess. The women threw various offerings, including piglets, into pits. During the Thesmophoria agricultural celebration in Pyanepsion (October–November), those same women collected the bones of the pigs from the pits and mixed them with their cereal seed sown at this time of the year. The women prayed to Demeter for the fertility of their crops. In the month Anthesterion (February–March), the Athenians broke the isolation and anxiety of winter and prepared themselves for the coming spring with a spectacular three-day wine festival which they called Anthesteria, the feast of flowers, in honour of the god Dionysos.

Summer was harvest time. Hesiod, a shepherd and an epic poet from Boeotia who thrived 2,700 years ago, tells how the countryside resounded with feasting, singing, playing the flute and having fun,

men riding on horseback, others hunting hares with sharp-toothed dogs and family farmers furrowing the divine earth. The crops stood tall, the reapers mowing them down, the stalks grain-heavy at the top, this being Demeter's gift of food to the Greeks. Men would toss the grain sheaves on the threshing floor; others, sickles in hand, would harvest the vines. Workers carried baskets for the white and black grapes picked from the rows of vines, full of lush grape clusters. Men trod grapes; others drew the liquid wine, while still others had wrestling matches. Summer was also time for leisure in the countryside, a season, Aristotle says, of thanksgiving for a good harvest. Greeks gathered for sacrifices to honour the gods, offering them the first fruits of their hard labour.

Only when Greece lost its freedom to Rome did large farms begin to undermine local democratic institutions and the independence of the small family farmers. For the Romans, large farms and the slavery of the small farmer brought down their republic. Pliny the Elder (23–79), a Roman natural history writer, complained that large estates had ruined Italy and the provinces. Yet imperial Rome made large farms the icon of its aggressive policy in the Mediterranean.

It was Christianity more than Rome, however, that wrecked the agrarian and religious foundations of Greek culture. It took Christianity and Rome about 800 years of warfare against the Greeks to force them to delete Dionysos from their vine-farming and culture. This ethnocide came to an end during the twelfth century. More than 200 years later, George Gemistos Plethon (1355–1452), a Platonic philosopher in Mistras, the provincial capital of Peloponnesos, urged the Eastern Roman Emperor to abandon large farms and return the Greeks to small family farming. In fact Plethon's agrarian proposal – probably the most radical agrarian reform idea in the western world – would have abolished not merely plantations, but farm workers and the private ownership of land. Modest-sized farms would be available to families to earn a good living, as long as the members of the family did all the work. Once a person or a family stopped working the land, it reverted to the state.

Plethon wanted to bring the Greeks to their senses and back to their Hellenic culture. He urged the Emperor to discard Christianity and return to Greek gods. That way, Greeks rather than mercenaries would fight the Turks who were threatening the empire and Greece with extinction. The Roman Emperor did nothing and the Turks swallowed the empire in 1453, a year after Plethon's death.

Despite the harrowing vicissitudes of the Greeks at the hands of the Romans, the Christians and other barbarians, including the Turks, they never lost their agrarian character and virtues. I will never forget my pleasure as a teenager in treading the grapes in the stone *linos*, a small enclosure built against one of the walls of my house in

the mountainous village of Valsamata on the Ionian island of Kephallonia. Linos was the son of Apollo and taught the great musician Orpheus. Linos was intimately related to the music and enjoyment bound up in the making of Dionysos's sacred wine. It was that essential celebration of life and agrarian culture that Dionysos brought to the Greeks which the Christians suppressed. In fact, Christianity was so brutal towards the gods-venerating Greeks that, after it made them Christians, it imposed on them so many saints' days when they were forbidden to work that they barely had time to raise their food. Yet the *linos* and the happiness of wine-making survived.

The *linos* in my house was like a small swimming pool with a well sunk in front of it for the grape juice. My cousins and I (and sometimes one or two other men) would get in the midst of those small hills of golden and black grapes and, with bare, clean feet, start our labour of love. We would march in that mass of soft fruit until all of it was pulp. The feel of the grapes was heaven. The sweet aroma of the flowing juice hung in the air like millions of drops of ambrosia. And, for me, the experience was the closest I could come to worshipping Dionysos. The laughter, the games, the food and the wine made for exquisite labour that connected us intimately to our Greek culture. In the sweet heat of late August, the entire village and island echoed this ancient tradition, celebrating the harvesting of grapes and the making of wine.

Treading on my father's grapes was my way of tasting the sweetness of my father's farming, a way of life for most Greeks until the early 1960s. My father's farming was the ancient Greeks' farming – the same humility before the benevolence and wisdom of nature, the same ten hours a day of work on strips of land that together made up no more than nine acres, the same love for donkeys, mules and horses, the same tools. For wheat, we used a wooden plough and hoes for cultivation, sickles for harvesting, a circular stone floor for threshing, pitchforks and wooden shovels for winnowing. The sacred olive tree was a symbol of peace for the ancient Greeks. They used small cuttings from it to award the Olympic champions. The olive tree was food, oil, wood and fuel for light to us and our ancestors. We had a wooden press, similar to the winepress, for the extraction of oil from the crushed olives. However, by the time of my father's most successful period of farming, the 1950s and 1960s, a mechanical olive press had replaced the traditional methods of extracting the oil from the olives. A mechanical wheat harvester also roamed the village.

My father's farming had sustained us during the German and Italian occupation of the second world war. It was defiance, self-reliance and equality. We raised wheat, barley, lentils, wine and olive oil. We had small flocks of goats and sheep. We followed Aristotle on self-reliance. The main reason that my father's agriculture was the farming of the ancient Greeks was that Greece remained a nation of smallholders,

farming all over the country. The few millions of very small farmers were arteries for the distribution of economic power and democratic institutions. And my father remained faithful to the agrarian nature of Greek civilisation. The Greeks built their civilisation on agrarian values. Uppermost in their development of democratic states, the Greeks insisted that the size of the average farm be modest (about nine to thirteen acres) and that the largest farm be only five times the size of the smallest. Such farming is now on the verge of extinction. The Americans successfully converted the Greeks to agribusiness. The second Christianisation of the country took the form of agronomy and tractors.

I visit Kephallonia almost every year. With the exception of the local olive oil, wine, fruits and vegetables, the rest of the food comes from other regions of Greece. Villages are nearly empty of small farmers. The island lives or dies by tourism. It has been nearly impossible for me to find someone from the village to work my land. I visit my empty house next to other empty houses and there's no dog, Argos, waiting for me, not even a dying Argos wagging his tail to tell he recognises me. My childhood neighbourhood is becoming a ghost village. My beloved donkeys and mules and horses don't exist any more. Unforgettable images from my teenage years are primarily agrarian; following a loaded donkey in the heat of August to water the young olive trees; bringing food to my father, sisters and cousins at harvest time; and, at other joyful occasions, riding fast on horseback in the small, beautiful village valley next to the water wells and the huge, ancient plane trees.

Now the few family farmers in Kephallonia drive small trucks. They work on larger pieces of land with machines, fertilisers and pesticides. They complain of the scarcity of traditional seeds. Hundreds of Greek varieties of life-giving wheat, rye and barley are lost. Rodakina (peaches) like the breasts of Aphrodite are gone. The bees of Crete will never make their fragrant honey again. And the Thessalian war-horses that led Alexander in his global conquest and spreading of Greek culture are becoming extinct.

There's discontent across Kephallonia and Greece. Rural towns are not yet like Arvin, but they are marching that way. The country is losing its ancient agrarian culture – the sole unbroken root to ancient Greece – for the temporary seductiveness and profit of alien ideas from America and western Europe. These half-baked doctrines urge the Greeks to convert themselves and their agriculture to genetic engineering and factory-like farms.

Giant agriculture – America's most violent impulse

Thomas Jefferson respected the ancient Greeks. His affection for Greek

culture found expression in the agrarian model of democracy he designed for the United States. Jefferson's yeoman farmer was the Greek farmer. Yet, by the twentieth century, the US had dismissed the Greek agrarian example and followed the imperial Roman model. Its agriculture became its most violent impulse. Henry A. Wallace, secretary of agriculture during the 1930s, said that while the Indian 'did little to change the character of the land', the white man came with 'ax and plow and livestock', pushing the frontier westward, clearing the land of forests, turning the prairie sod and overstocking the range.

The white man also came with science. He sowed the prairies with hybrid corn and the consequences were just as dramatic as those of the plough, axe and livestock. First of all, the yield of this hybrid corn increased so spectacularly that, between 1930 and 1965, the United States produced an additional 2.3 billion bushels of corn on an acreage that had been reduced by more than 30 million acres. Hybrid corn replaced open-pollinated corn very fast. In 1933, 1 per cent of the Corn Belt was sown with hybrids. In little more than ten years, by 1944, 88 per cent of the Corn Belt was growing hybrid corn. And, because farmers cannot replace hybrid corn without considerable yield loss, a new hybrid seed corn industry came into being. In 1934, it made about \$70 million in sales. By 1981, the hybrid seed corn companies were earning about \$2 billion.

The choice of hybrid corn over open-pollinated varieties also meant that the farmer could mechanise because the hybrid corn plants were essentially identical and so ideal for machine harvesting. Iowa corn farmers, for example, mechanised as rapidly as they could. In 1935, 15 per cent of them had mechanical pickers. By 1945, 70 per cent were using harvesting machines. In addition, hybrid corn farmers planted their hybrids closer to each other and fertilised them more heavily. Between 1950 and 1980, the amount of hybrid corn used as seed nearly doubled for each acre. Despite the fact that the total area of land for growing corn increased by only 2 per cent in those same thirty years, the volume of hybrid seed corn sales increased by 60 per cent and the tonnage of nitrogen fertiliser increased by a factor of 17. Of course, growing corn plants very close to each other with abundant fertiliser contributed not merely to larger harvests of corn, but also to significantly larger harvests of weeds, insects and disease. This, inevitably, made growing corn dependent on pesticides, particularly weed killers.

All these changes were taking place in the early 1940s, a period of war that had a powerful impact on the growth of the chemical industry and industrialised agriculture. By then, the Germans had discovered nerve gases, chemical weapons lethal to people. After the war, the nerve gas weapons moved into the armoury of large farms all over

the world. Nerve gases kill men and insects in the same manner, by suffocation. The gases were recycled in the form of an insidious killer, parathion, belonging to a class of poisons known as organophosphates. Parathion and dozens of other nerve gas agricultural sprays reveal the often intimate relationship between war and industrialised agriculture. The one is the conquest of a society through the killing of men; the other is the conquest of nature through the extermination of insects, unwanted plants (deceptively called weeds), birds and other forms of wildlife that farmers find troublesome.

DDT was the granddaddy of agrottoxins. It came into being in 1939 when Paul Herman Mueller, a chemist working for the Swiss company J. R. Geigy, discovered DDT's killing power over insects. The military did not use nerve gases during the war, but did use DDT to control a typhus epidemic in Italy in 1943 and 1944. Soon after, DDT became western man's golden bullet for the control of nature. Industrialised farmers and malaria workers turned DDT into a global spray, praising its nearly miraculous effects. In 1948, Mueller received the Nobel Prize in Physiology and Medicine for his research on DDT. But, in fact, it was not Mueller who was honoured by the Nobel committee; it was DDT. In 1970, the Nobel committee awarded its prestigious prize to an American, Norman Borlaug, a wheat and insecticide man at the Rockefeller Foundation who sparked Mexico's destructive conversion to the agribusiness farming of the United States. The post-second world war antagonists, fighting warm and cold wars, have been in love with poisons. Those agricultural weapons embody the hatred and the bullets of war. They offer simple solutions to complicated biological and social problems.

The appearance of another DDT-like weed killer, 2,4-D, increased public confidence, especially that of farmers, that pests would not have a chance against the new weapons of chemistry. Such confidence, of course, was misplaced. Agricultural pests adjusted to the farmers' toxic barrage and evolved into super bugs. There are more than 540 such super bugs in the world in 2002. They eat huge amounts of crops, but are nearly indestructible. Despite the billions of pounds of poisons American farmers spray yearly on their crops, despite genetic engineering to make the crops deleterious to insects, they lose one-third of what they produce. In the Third World, farmers hooked on pesticides lose as much as half the food they produce to pests. American farmers lost \$4 billion in 1904 from pests eating their crops, \$6 billion every year from 1910–1935, \$27 billion every year from 1942–1951, \$30 billion from 1951–1960 and \$77 billion during 1974.

The near simultaneous emergence of nerve gases for raising food, the planting of hybrid corn and the use of DDT had much to do with shaping the science-based agriculture of today. This is a huge industrial enterprise supported by relatively few crops, a handful of corn-fed

meat animals, an ever smaller number of mechanised farmers cultivating larger and larger pieces of land, and chemicals. If we don't count the food the US imports and the fish from rivers and oceans, Americans spent \$661.1 billion on food in 2000. Eighty-one per cent of that money, \$537.8 billion, went on marketing the food. The remaining 19 per cent, \$123.3 billion, went to the US farmers who produced it. The owners of America's large farms earn most of that money. They arm themselves with tractors and other powerful technologies so as to control nature itself. Their hubris knows no bounds. In 1953, they commanded tractors of 115 million horsepower. By 1983, that enormous mechanical power had more than doubled to 278 million horsepower. From the 1960s to the 1990s, the value of machinery and chemicals increased from 25 to 50 per cent of the cost of farming in the US.

The costs of this farm industrialisation have been high. Powerful machines make farmers powerful and large, capable of exploiting enormous territories. They colonise rural towns and empty the countryside of small farmers – which is to say that large farmers, with their ownership of most of the land and with their excessive power, cripple political democracy. For political democracy relies on economic democracy; in this context, many small family farmers doing well, having a stake in both the land and constitutional government.

In the Westlands of California, for example, ten farmers own about 260,000 acres of irrigated land. It costs the federal government \$2,200 per year to deliver enough water to irrigate an acre in the Westlands. Every year, each Westlands farmer with 960 acres of irrigated land receives subsidised federal water worth more than \$2 million. Giving these large farmers such undemocratic, princely privileges and, in addition, allowing them to throw small family farmers out of agriculture is a tragedy and a failure of democracy.

In the 1920s, about 600,000 farmers per year were forced to abandon farming. From 1940 to 1960, that violent rural exodus became a stampede; about 1 million farmers per year said goodbye to rural America and their dreams of a good life from raising food. America's farm population in 1940 was 30.5 million people. By 1960, the farm population had declined to 15.6 million and, by the early 1970s, the number of farmers in rural America had dropped to less than one-third of what it had been merely thirty years earlier. By the early 1970s, there were less than 10 million farmers and their families in the US. Racism drove black farmers out of agriculture. Out of 926,000 black farmers in the 1920s, only about 46,000 were left in 1974. The loss of 95 per cent of black farmers in fifty-four years was a calamity that undid all that the former slaves had gained after centuries of servitude.

By 1979, the farm population had sunk to about 6 million. The 1980s dealt another violent blow against rural America. Rapid and

unprecedented disintegration struck hundreds of farm towns and communities throughout the contiguous Farm Belt States. So devastating was this that, in a huge swathe of countryside, society, social services and institutions nearly collapsed. In the 1980s, about 200,000 family farmers per year were thrown out of agriculture. In the 1990s, this cruel and violent exodus claimed some 100,000 family farmers per year. Rural America is falling apart. In the place of flourishing rural communities, one sees poor people and decaying social organisations, rural ghettos with farmers on public assistance, main streets of dealers, brokers and agents. The farmers don't so much raise food as *produce* commodities for a handful of agribusiness corporations with enormous power. Now, more than ever, they are 'organization men in overalls'.

Among the farmers themselves, there are great inequalities at work, shifting land, food, wealth and power to a tiny agribusiness class. By the late 1970s, 3.6 million farms of less than fifty acres represented 57 per cent of all farms, but only 6 per cent of all farmland. However, 1.6 per cent of farms larger than 1,000 acres accounted for 34 per cent of farmland. Farms larger than 5,000 acres, a mere 0.2 per cent of the total number, controlled 14 per cent of the farmland. Five per cent of landlords owned just over half of the farmland. The largest 5 per cent of landlords owned 70 per cent of farmland in the Pacific states and 66 per cent in the mountain states. In the late 1980s, about 1.4 per cent of the large agribusinessmen produced more than 30 per cent of our food. It is these large 'growers' who benefit most from billions a year in federal agricultural subsidies.

By the late 1980s, the beneficiaries of federal and state government favours and subsidies (giant agricultural companies and very large farmers) had forced 70 per cent of 2 million farmers into an obscurity that verged on extinction. These are America's 'family farmers', who produce less than 10 per cent of our food on their so-called 'hobby farms'. At the dawn of the twenty-first century, the subsidies to giant agriculture were hurting the already moribund family farms even more. Direct government payments to America's farmers in the 1990s were of the following magnitude: (1991) \$8.2 billion, (1992) \$9.2 billion, (1993) \$13.4 billion, (1994) \$7.9 billion, (1995) \$7.3 billion, (1996) \$7.3 billion, (1997) \$7.5 billion, (1998) \$12.2 billion, (1999) \$20.6 billion, (2000) \$23.3 billion. This national policy, says the Center for Rural Affairs (a farm organisation in Nebraska), of paying giant agricultural companies billions so that they drive 'family farms out of business represents a failure of democracy'. Even Chuck Hagel, a Republican senator from Nebraska, complained in November 2001 that it was wrong for the federal government to send 64 per cent of the farm checks to 10 per cent of the farmers. Senator Hagel knows: Nebraska is at the very bottom of what agribusiness has done to rural America.

Forty-nine of America's fifty poorest counties are rural. Agribusiness is using this vast impoverished rural estate – emptied largely of people – to produce wealth from factories of wheat, corn, soybeans, cattle, poultry and pigs, while it colonises and obliterates small family farmers and their communities. California was the first victim of this aggressive policy. Agribusiness then turned to the rest of the country. It turned the Great Plains of the Midwest (Minnesota, Iowa, North Dakota, South Dakota, Kansas and Nebraska) into the nation's poorest region. Nebraska has six of the poorest twenty counties in the US. Two of them, Loop and McPherson, are the poorest in the country, with a per capita income of between \$4,896 and \$6,940.

Industrialised agriculture also strikes nature repeatedly with near ecological paralysis and sporadic death. In 1958, Carl Buckingham Koford, an American ecologist, decried the use by ranchers, farmers and government agencies of powerful toxins like sodium fluoroacetate, known largely as 1080, to exterminate wildlife. 'Aside from killing prairie dogs', Koford says, 'continuous distribution of compound 1080 has had other effects on animal communities. The chemical is extremely toxic and kills other grain-eating mammals, such as cottontails. The poison is stable, even in animal tissue, so that carnivores which feed on poisoned rodents are often killed. Coyotes have nearly disappeared from the plains because of secondary poisoning. In addition, application of poison brings about a cataclysmic alteration in the relative populations of different mammals, followed by various co-actions between species and changes in their effects on plants and soils.'²

A cataclysm is a destructive upheaval, a blotting out of culture and life; it is an exact metaphor for what industrialised agriculture has been doing to nature and rural society alike. To spread poison in dog towns was to annihilate more than the dogs that ate the poison. Just as rural towns fall apart when their family farmers go under, so does the community of wild animals around a prairie dog town when the prairie dogs get into trouble. Koford's affection for prairie dogs was the affection of a biologist who understood nature. Rodents, he said, were beneficial species to man. They improved the soil and checked unwanted plants and shrubs. They were food to other animals and enlivened the scenery. What more could we expect of any animal?

The United Nations Environment Programme described the dust bowls of the Great Plains as 'the worst environmental disaster in the history of the USA'. Yet sodbusting – blasting the fragile prairies of the Great Plains with giant agricultural machinery – drawing ground water from the Ogallala aquifer, pesticides and cattle factories all continue, as if the dust bowls of the 1930s, 1950s and 1970s never happened. Now 'mad cow disease' (bovine spongiform encephalopathy) and bio-engineered crops are shattering all the remaining myths of

American farming. Conventional American agriculture is no longer family farming but a factory. BSE or mad cow disease was the result of factory greed. Cattlemen – eager to earn more money from the meat they ‘produced’ – started adding animal flesh to animal fodder, with the result that normally grass-eating animals were struck by this horrible ailment, almost a divine curse. The brain of the afflicted animal becomes like a sponge. The indestructible agent of death drills tunnels in the brain until the animal dies. Humans eating infected material from such ‘mad’ animals may also die from the same excruciating malady.

Mad cow disease is a symptom of a systemic sickness in industrialised agriculture. This is a global farming system out of control. It denounces autarky, the self-reliance of my father’s farming, and eulogises trade – converting the most productive land of the poor countries of the tropics to gardens for the rich people of the West. For example, western ‘consumers’ can eat fresh beans from Kenya and Gambia in the middle of winter. Trade also means that subsidised western farmers can go on dumping their excess grains and factory food products all over the tropics. Such dumping benefits the few urban people with cash, but does irreparable damage to the peasants trying to make a living from their cultivation of traditional crops.

Global industrialised agriculture grows soybeans primarily for animals. Fish are turned into powder for pigs. California farmers use more than 5,000 gallons of water to ‘produce’ a pound of edible beef. Livestock farmers in the United States use more than half of the country’s water. Every year, the US imports some 300 million pounds of meat from Central and South America. Yet more than 75 per cent of children under 5 in Central America go hungry. They are undernourished because their parents are poor and have little, if any, food. Bill Mollison, an Australian defender of family farming, is correct in saying that industrialised agriculture is no longer agriculture but a death system. It uses agrottoxins and giant machinery to maintain its dominion and is becoming the conduit for the dumping of America’s toxic waste on farmers’ land. By means of dubious, if legal, practices, chemical manufacturers and fertiliser companies are selling farmers fertilisers which are mixed with toxic waste laced with arsenic, cadmium, lead and dioxins. Quite clearly, these toxins and the countless legal sprays that farmers use on their crops are not the ingredients we want to have in the food we eat.

Industrialised agriculture also uses genetic engineering to postpone the end of agrottoxins and, finally, to annex all family farmland. Genetic engineering, however, unsettles life at its most primordial origins – in the cell. Moving genes in and out of that enclosure wrecks normal development. Taking genes from a flounder and putting them into a

tomato is teratogenesis, the birth of a monstrosity; the gene transfer tampers with the organisation and workings of life itself.

Organic agriculture and family farming

It is because of the political failure of the United States to protect its greatest ecological and democratic pillar, family farming, that organic agriculture takes on so much meaning and significance. More and more Americans eat organic food because they crave wholesome food uncontaminated by toxins, sludge, waste and genetically-modified organisms. Eating organic food can also be a political statement. Many of those who eat organic food see the organic farmer as the 'other' family farmer who could, possibly, re-establish the American rural character so intimately connected with democratic farming. Organic farming is as ancient as Greek agriculture. Hesiod and my father were organic farmers. But for the purposes of the US, which passed laws in 1990 to bring some order to the growing and certifying of organic food, organic farming is still a teenager, barely 12 years old. Its farmers do not rely on pesticides in growing their crops.

In 1994, organic farmers used 1,127,000 acres of land for raising vegetables, fruit, herbs, nuts, mushrooms, food crops, livestock feed, cotton, tobacco, nursery plants and flowers. The amount of land for organic crops doubled between 1992 and 1997. Organic dairy produce and eggs grew even faster. By 1997, organic cropland and pasture covered 1,350,000 acres in forty-nine states. 1997 was a good year for organic agriculture, with more than 49,000 acres of organic fruit and 48,227 acres of organic vegetables across forty-three states. About 2 per cent of top speciality crops, like lettuce, carrots, grapes and apples, were grown under certified organic farming standards in that year. Yet no more than 0.1 per cent of corn and soybeans moved into organic production. There were 600 very small (five acres or less) organic vegetable farms. America's certified organic land is minuscule in comparison to the acres used for conventional food production, little more than one-tenth of 1 per cent of total agricultural land; it is a small amount, but of huge significance.

In 1998, organic agriculture made \$4 billion; it grew at 20 per cent per year throughout the 1990s. In 2000, about 18,000 organic farmers all over America sold organic food valued at \$7.8 billion, accounting for about 1 to 2 per cent of food sales in the United States and other countries with a commitment to organic farming – Japan, England, Sweden, Denmark, Netherlands, Switzerland and Germany.

As in conventional agriculture, California has a place of primacy in the emergence and evolution, or extinction, of organic farming in the United States. Between 1992 and 1995, the number of registered and certified organic farmers in California dropped from 527 to 517.

In 1992, these few organic farmers cultivated 34,679 acres from which they raised food worth \$65.9 million. By 1995, California's 517 registered and certified organic farmers were using 37,110 acres of land for the production of food that earned them \$85.6 million, an increase in sales from 1992 of 30 per cent. Less than half the organic farmers of California – those *certified* to sell organic food – cultivated more than 80 per cent of the land registered for organic production. They also reaped 90 per cent of the profits. Millionaire organic farmers in 1997–1998 represented 2 per cent of organic farmers but accounted for over half the total sales of organic food. In 1998 the number of organic farmers in California (registered, but not certified, for which a three-year transition is required) increased to 1,533 from the 1995 total of 1,427. As of 2002, there were about 2,000 organic farmers in California, half of whom, however, owned small, five-acre farms, earning about \$8,000 a year. In 2000, the value of California's organic food was more than \$250 million.

In late January 2001, I went to the twenty-first annual Ecological Farming Conference in Asilomar, California. The most attractive part of this huge gathering was the farm tour. Our first choice was the Sandpiper Farms near Watsonville. What struck me immediately in this operation – I hesitate to call it a farm – were the several trucks, tractors, sprayers and other machinery. This is the armament of giant agriculture, not of family or organic farming. At least, I wanted to believe that was the case. In addition, there were two huge greenhouses. A manager named Dan Schmida spoke to us about the strawberry, raspberry and blackberry varieties he and his staff develop for his company's clients. He said his was not a research station but a *land for designer berries for rent*. Yes, his company 'rented' varieties of strawberries, raspberries, and blackberries and other plants to 'farmers' who grew these crops for his company. Not one of the 300 or so organic farmers and others listening asked how it was possible for a farmer to be a farmer and 'rent' his crops. Dan Schmida also spoke of his 'organic' strawberries and the beneficial insects his company reared for selling to farmers. The two large greenhouses served that purpose. I took some pictures of the machinery and the exquisite land around Sandpiper Farms. I asked Schmida if he used genetic engineering and he said no. If farmers rent their livelihoods and receive orders on what to produce and how to produce it, how different are these farmers from the slaves of a plantation, tenant farmers and America's migrant farm workers? I had not expected – at an ecological farming conference – to come so close to raw power so soon.

Our next stop was at the Lakeside Organic Gardens of Dick and Bill Peixoto, two brothers farming hundreds of acres in the Pajaro Valley and Hollister. The farm was in the grounds of a school almost next to the Pacific Ocean. The brothers explained that they grew vegetables

with and without agrotoxins. They pointed to fields of organic celery and conventional beans and cabbage close to each other. Like the Sandpiper Farms, this operation was loaded with heavy machinery. Indeed, from the number of men dressed in boots and blue jeans and carrying cell-phones watching us and waiting for orders, it was obvious that this was a highly mechanised agricultural production factory, with subsidiaries in the US and abroad. We could see trucks leaving the property full of the harvested vegetables sold under the owners' brands. The 'organic' part of this business was tiny, perhaps 5 per cent. It served to create a good reputation – hence the tempting name, Lakeside Organic Gardens – as well as earning higher prices for its boutique organic vegetables.

In the afternoon, we visited two organic farms, only a few acres in size, which had the appearance of being family farms and of raising food without poisons. The first, Thomas Farm, is on the hilly edge of a wonderful small valley on the Central Coast of California not far from Santa Cruz. The owner of this nine-acre family farm, Jerry Thomas, explained that he has been making a living in the same place since 1971 growing cut flowers, fruits and vegetables which he sells at farmers' markets in Santa Cruz and the affluent towns of the Monterey Peninsula. At the busiest season, he employs nine workers. The gravest threat to him and other small family farmers is the computer wealth of the region that has raised the price of land to extraordinary levels. Computer businessmen pay millions of dollars for converting tiny farms into vacation mansions.

What we know about organic farming in California is not very much or very reliable. The trend towards mechanisation is nearly identical to conventional agriculture, though the machines of organic farmers are often smaller than those of conventional agribusinessmen. Organic farmers also avoid using machines for the harvest of valuable fruit or vegetables. A very few large organic farmers make most of the money on farms that are as mechanised as those of their conventional peers. They are large farmers who are replacing pesticides with workers; the danger is that they may become so much like conventional large farmers that they bring down the entire organic movement. They are already responsible for the precarious condition of the very small organic farmers earning \$8,000 or less who, like the impoverished small family farmers in the conventional sector, have become 'hobby farmers'.

Among the organic farmers of California, there are also large agribusinessmen who grow some organic food in the midst of their plantations, for money or to test the waters for larger-scale production. There are, in addition, people who raise organic food in their gardens for pleasure. And there are those five-acre organic farmers, the hard-scrabble folks at the Berkeley Farmers' Market, for example, who

are genuinely trying to make it from their hard work. Sometimes they earn a good living, but often they struggle between being hobby farmers and going under. The successful small or median organic family farmers sell their food through subscriptions to city people. In this way, they have money coming to them throughout the growing season or year while they advance the ecological and democratic purposes of Community-Supported Agriculture (CSA) and educate the consumer on a viable alternative to the agribusiness and fast food model. These farmers also sell food to restaurants, wholesalers and at farmers' markets. It is there, at the farmers' markets, that the two divided societies, urban and rural, can come together. Food can begin to open the dialogue necessary if the country is to be healed of the wounds of agribusiness.

Despite the dangers posed by the presence of the few large organic farmers, organic farming is a movement and CSA is its political message. Food is too important to be 'produced' by giant corporations. City people must, once again, be part of that sacred process of raising food. Organic farmers are our family farmers. They are fighting to re-establish the tattered democratic links in rural America. They are protecting nature. Some of them are the sons and daughters of conventional farmers who are trying to go back to traditional values and sustainable agriculture. Above all, they don't want anything to do with pesticides. They are just a hope away from the nightmare of giant agriculture. But, to achieve success in the long run, millions of city people need to join forces with CSA and help to increase the number of organic farmers on the land from thousands to millions. Without enough small family farmers in rural America, all power is in the wrong hands. Without enough smallholders on the land, discussion about democracy becomes academic.

Senator Wayne Morse of Oregon put it best in 1959. 'We talk about political democracy,' he said, 'but we cannot have it without economic democracy.'

We cannot have political freedom of choice for the individual without economic freedom of choice for the individual. Therefore, I say again today on the floor of the Senate, if I were to be asked to name one thing – if I were limited to the naming of one thing only – which I think is the greatest guarantee of the perpetuity of our democratic form of government, what I would name would be private home ownership in the city and family-farm ownership in the country. On that type of ownership, I think, is dependent, more than we sometimes fully realize, our whole system of political and economic freedom of choice for the individual.³

We can support democracy by accelerating the settling of rural America with small organic family farmers. We could use the \$20 billion

or so of annual agricultural subsidies that now go to large farmers to assist the family farmers who agree to abide by the terms of a social and an ecological contract negotiated by their representatives, the civil society and the government. Family farmers – with farms which should probably be between five and forty acres and which they work themselves – will agree to raise the country's food and in return the country will guarantee them a middle-class income. Most of the food dollars will go to them and not to intermediaries for 'marketing'. CSA provides the path. The tiny number of organic farmers shows the way. The purpose of the acreage limitation is to increase substantially the number of family farmers in the United States and settle rural America once again. The social contract will define agriculture as food, democracy, culture and environmental protection. This means that these family farmers, with the effective implementation of agroecological principles, will be able to increase and protect biodiversity, cease water pollution and produce sufficient food. The food they raise, however, will be produced without violence to domesticated animals, toxins or genetic manipulation and with minimum hazardous inputs.

For me, as for Walter Goldschmidt with whose work I began this essay, there's no separating agriculture from democracy. He who controls the land influences the way that a society's character is formed. That's why the Greeks insisted that small pieces of land be distributed to the largest number of free citizens in their states, so democracy was the rule, not the exception. According to Goldschmidt, the framers of the American constitution incorporated the Greek model of agrarian democracy into the founding of their republic. That was the philosophy behind the Jeffersonian democracy of the 1800s, the Homestead Act of the 1860s and the development of irrigation under the Reclamation Act in the 1900s. Shifting power in rural America to favour small farmers would accord with these fundamental constitutional principles.

The influence of the new Rome, the United States, was so powerful in the twentieth century that it made the Americas, western Europe and much of the rest of the world in its own agribusiness image. My father's farming went under because American-educated Greek agricultural policy makers, funded by American cold war money, dubbed it backward. If the United States were, at last, to side with its family farmers, my father's farming will have proven its resilience.

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Multiculturalism in Singapore: an instrument of social control

In recent years, the concept of multiculturalism has been generalised beyond ethnic cultural differences to signify 'difference' in cultural practices among identifiable cultural groups including, for example, different consumption preferences, and the term 'race' has been displaced in multicultural discourse. Yet, undoubtedly, 'race' continues to have consequential effects in most societies, figuring centrally in routine social practices and political administrations. For example, the multiracial composition of populations, a legacy of migration during the colonial period, constitutes the empirical reality of everyday life in many postcolonial states.

For reasons of colonial history, Singapore uses the term 'multi-racialism' instead of 'multiculturalism' to signify its multicultural policies and administrative practices. My interest in this essay is to show how the Singapore government turned the concept into part of the arsenal of government, while sidestepping and rationalising, within the local context, some *in principle* issues in multiculturalism.

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Race & Class

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These issues of principle in multiculturalism can be teased out from practices elsewhere, such as Canada and Australia, which have officially declared themselves multicultural nations.

Indeed, as Australia becomes more and more conscious of its geographical proximity to and, thus, economic interest in Asia, comparison between Australia and Singapore has attracted some analytic attention. On the practice of multiculturalism, the focus has been on the issue of national identities;¹ there are no comparative analyses of Singapore and Canada. However, in spite of apparent differences in size, geography and racial or ethnic composition, placing these three countries together is apt with regards to multiculturalism. All three are ex-British colonies, although on account of the relatively peaceful withdrawal of colonial administrative regimes in Canada and Australia, they have come to be seen conventionally as 'settler' countries, while Singapore is seen as a 'postcolonial' one. Yet, strictly speaking, Singapore is even more a settler country than the other two for two obvious reasons. First, descendants of the original British colonisers continue to constitute the dominant group in virtually every aspect of the social, cultural, political and economic lives of both Australia and Canada; whereas, in Singapore, the dominant group is the Chinese who are descendants of migrants to the then British colony. Second, the presence of aboriginal peoples in both Canada and Australia serves as a constant reminder to the Anglo population of their historical role and status as colonisers while, in Singapore, the local Malay population is overwhelmingly descended from migrants from the region itself rather than indigenous to the small island that is Singapore; hence, the constitutional recognition of the Singapore Malay population as indigenous is more a regional reference than specific to the location of Singapore. In sum, the present population of Singapore, regardless of race, is all descended from migrants, bestowing on the city-state the facticity of a 'settler' country.

However, regardless of the degree of fit between the concept and the reality, all three countries have taken determined steps to face up to the issues of multiculturalism thrown up by the multiethnic or multiracial composition of their current populations of both descendants of past immigrants and waves of new arrivals.

From examining academic and public discussions in Canada and Australia, three major issues of multiculturalism can be identified: first, the question of the indigenous populations who have, in both instances, insisted on their 'first nation' status and elected to be placed outside official multiculturalism, which they see as constituted by peoples of immigrant stock; second, the rights of new immigrants, particularly regarding issues of equal economic opportunity and language use; and, third, the domination and self-perceived decline of their positions on the part of the 'English-Canadians' and the 'Anglo-

Celtic' Australians, whose ancestors, hailing from Britain, constituted the first migrant settlers of the two countries. To examine how Singapore, an ex-British colony which espouses multiculturalism as official policy, deals with such issues, I will first delineate the contours of its multiculturalism.

On political independence (1965), Singapore, given the presence of different Asian communities within it and its geopolitical situation as the only Chinese-dominated country in the Malay 'sea',² declared itself a constitutionally multiracial state – possibly the first such state in the world. Rather than resisting or denying the pressures generated by a multiracial society, the Singapore government's adoption of multi-racialism as self-definition enabled it to incorporate the concept as a tool for governance. In contrast, Canada and, particularly, Australia adopted multiculturalism reluctantly, under changing political and social pressures; consequently, the concept remains a site of intellectual, cultural and political contestation.

Of the residential population in Singapore, 75 per cent are ethnic Chinese, 17 per cent ethnic Malays, 7 per cent ethnic Indians and a small category of 'Others'. Under the CMIO (Chinese Malay, Indian, Others) scheme, every Singaporean is officially racially typed at birth. A child is automatically assigned the father's 'race' and all possible ambiguities of racial identities are summarily dismissed. The state thus insists that everyone be a hyphenated citizen. Each hyphenated Singaporean is supposedly embedded in his/her race-culture. For example, if one is Chinese, one is supposed to be a Confucianist; never mind that few, if any, Singapore-born Chinese under 35 or younger have ever read a Confucian text, and that their knowledge of Confucianism is almost non-existent. Correspondingly, all Malays are supposed to be steeped in Islamic knowledge and cultural practices and every Indian in his/her religious, linguistic and regional cultural traditions. By the logic of this racialisation, there is, ironically, no culturally defined 'Singaporean' way of life in Singapore. Hence, to claim a Singaporean identity without racial boundaries, as liberal Singaporeans often do, is immediately to take a political position against the state.

Under the CMIO scheme, the languages, religions and festivals of the three major groups receive formal equal treatment. For example, all the major religious festivals are national holidays: two Islamic holidays, two Indian-related religious holidays and, as the Chinese are religiously syncretic, the first two days of the Chinese New Year. Two Christian holidays, Good Friday and Christmas Day, are also included. Racial or ethnic festival cultures and food cultures are supported directly by the state with funds, venues and other administrative resources. In education, every student must learn, in addition to English, his or her so-called 'mother tongue': Mandarin for the

Chinese, Malay or different Indian languages for the respective racial groups. As English increasingly becomes the language spoken at home by many families and most on the streets, the learning of the 'mother tongues' of Mandarin, Malay and Tamil has to be boosted annually by one-month public campaigns dedicated to the use of each of the languages.

The irony of language choice should not be lost here: while a child is assigned the race of the father, his/her racial language is to be that of the 'mother tongue', which, with few exceptions, he/she learns as a second language in school. In this practice, the term 'mother tongue' implicitly assumes that both parents are of the same racial group (as is predominantly the case). In instances of interracial marriage, children are assigned, by law, the father's race and may take the mother's language as their second language in school. In such situations, the choice of language can be a serious source of parental disagreement and/or economically determined strategic decisions.³ For example, the child of an Indian father and Chinese mother may opt either for an Indian language or Mandarin in school. The latter is perceived as economically advantageous as, demographically, Singapore is predominantly Chinese, although formally the Chinese are 'just' another racial group.

Thus, through all the multiracial practices of official and unofficial public institutions, 'race' is highly visible in the public sphere in Singapore. The high visibility of racial cultures, signifying the 'divisions' within the nation, is used to contribute directly to the formation of the Singapore state. The racial divisions enable, indeed require, the state to set itself structurally above race, as the neutral umpire that oversees and maintains racial peace and racial equality. This position enables the state to avoid being captured by the numerically dominant Chinese majority and becoming 'synonymous' with Chinese interests. The state thus achieves and retains a high level of autonomy in respect of the racial groups.

The ideological success of this strategy is reflected in the ease with which Singaporeans readily describe the nation as multiracial, as evidenced by religious, cultural and linguistic guarantees and practices. The government consistently describes its policies as multiracial, multi-lingual and multi-faith. Indeed, from the outside, the term multiracialism sits comfortably – disconcertingly so – with both the Singaporean government and the people. There is an apparent absence of anxiety about being multiracial, about differences and potential conflicts that are presumed to be well policed and kept in check by legislation and by government agencies. On the other hand, there are constant worries about the 'disappearance' of these racially defined 'cultures' by the respective groups, not at each other's hands but through 'westernisation'. This sentiment is encouraged by the state itself.⁴

How, then, are the three issues identified in the Australian and Canadian cases managed in Singapore?

Malays as indigenous population

In regard to indigenous populations in both Canada and Australia, the question of claims to land predominate, followed by poverty and other issues of mistreatment and past injustices under colonising Anglo regimes. Colonisation involved, first, the usurpation of land by the large-scale destruction of indigenous populations and, subsequently, the confinement of those remaining in isolated areas. Past brutalities and exclusions have left a legacy of deprivation: material poverty, mental and physical ill health, lack of formal education and general marginalisation from the wealth of developed national economies. Against this bleak history, the indigenous peoples have sought to obtain restitution for past injustices through land claims and other compensations. To date, in Canada, ownership of the eastern half of the Northern Territories has been transferred to the Inuit and renamed Nunavut, as a self-governing territory.⁵ In Australia, the Mabo ruling empowered Aboriginals to make claims to state lands that have not already been allocated individual freehold titles; such claims may be contested in court. Yet such land claim issues do not emerge in Singapore – the question is why?

In 1819, when Raffles was trying to set up a trading post in Singapore so that the Anglo East India Company could compete with the Dutch for the Southeast Asian and East Asian trades, a dispute of succession to the throne of the Johore-Riau sultanate arose upon the death of the incumbent. Before the new Sultan was declared, Raffles installed one of the contenders as the Sultan of Singapore, Sultan Hussein. In so doing, Raffles created a ‘Singapore sultanate’ where there had been none. Sultan Hussein was thus ‘empowered’ to rent and, subsequently, cede the island to the Company, so eliminating the possible establishment of a permanent sultanate of Singapore beyond Hussein himself.⁶ The throne of the Johore-Riau sultanate eventually went to a half-brother of Hussein, technically rendering Hussein an impostor and the treaties he negotiated null and void, or at least legally dubious. In this, it may have allowed grounds for land claims to be made by Malays. The absence of such claims requires explanation.

Part of the explanation lies with the historical conditions under which Singapore emerged as a nation. Although Singapore is geographically contiguous with peninsular Malaya, the British Colonial Office administered it as a separate entity after the second world war. Peninsular Malaya became independent in 1957 while, in 1959, Singapore was granted self-government, by a fully elected assembly, in domestic affairs. The early 1960s saw tumultuous political mobilisation

in Singapore by parties representing the entire spectrum of political sentiment, from left-leaning socialists and pro-communists to pro-British conservatives. It was during this period that the People's Action Party (PAP), which has governed Singapore since 1959 and continues to do so, came into power.

In those days, when import substitution strategy was the shibboleth of development economics, it was inconceivable to all – leaders and led – that Singapore could become an independent city-state. Merger with Malaya was seen as economically necessary. However, Malaya was reluctant to bring Singapore, an island with an overwhelmingly Chinese population, into its fold. The rise of the Left in Singapore, allegedly linked to the Malayan Communist Party, finally convinced the then Malayan prime minister, Tengku Abdul Rahman, to propose the formation of Malaysia. This was to include peninsular Malaya, Singapore and the British holdings of Sarawak and Sabah in the north of Borneo. Malaysia was thus formed in 1963. Singapore's membership proved difficult for the political leaders of both Singapore and peninsular Malaya. After two years, Singapore separated from Malaysia, without violence.

This history of separation is popularly rendered as Singapore being 'kicked out' of Malaysia, an interpretation that has serious ideological consequences. Having 'kicked out' Singapore, Malaysia ceded its right to claim Singapore for itself, in the eyes of both the international community and of Malaysians themselves, particularly now that Singapore is economically successful. Hence, this history makes it difficult for Malays in Singapore to appeal to their Malaysian counterparts for support over any suggestion of reunification in the name of ethnic solidarity. A shared Malay identity has been displaced and replaced by the primacy of postcolonial national identities.⁷

In independent Singapore, the Malays, instead of being deprived of participation (as are the Canadian and Australian aboriginal populations), are directly incorporated into the emergent nation and exhorted to participate in the nation-building project. This incorporation is substantiated in policies that recognise their status as indigenous and their relatively deprived economic situation (itself a legacy of colonial divide-and-rule practices). Certain privileges are thus accorded Singaporean Malays in redress for their economic condition, rather than their being privileged politically, as in Malaysia. The most immediate substantive recognition was to make Malay the 'national' language, along with three other 'official' languages: Mandarin, Tamil and English. What were the other substantive 'concessions' to the indigenous status of Malays?

First, since independence, education for Malays, from primary to tertiary levels, was free while Chinese and Indians paid fees. In the early 1990s, segments of the Chinese population complained that,

given the visible emergence of a Malay middle class, it was inequitable that the latter's children got free tertiary education while students from poor Chinese families continued to pay fees. The government agreed, in principle, that the children of Malay middle-class parents should pay tuition fees at tertiary level. However, it pays the fees on behalf of the students, while the fees paid by the parents are channelled into a Malay community fund. Thus, tertiary education is no longer free for the individual student from a middle-class Malay family but remains, in substance, free for the community as a whole. The issue signals that the question of Malay privilege remains a potential area of disagreement, if not conflict.

Second, the Malay presence in political and parliamentary representation has, in practice, been as part of the PAP government since 1959. In the early 1990s, the introduction of the Greater Representative Constituency (GRC) scheme legally guaranteed ethnic minority representation, including that of Malays, in general elections. Under the GRC scheme, several electoral constituencies are grouped together to form the greater constituency. Each contesting political party has to field a team of candidates, of whom at least one must be from an ethnic minority group. The team that garners the highest aggregated votes from the constituencies wins all the seats in the GRC. In this manner, the PAP government has been able to preserve up to 25 per cent of parliamentary seats for non-Chinese MPs, approximating their proportion in the total population. Malay and Indian parliamentary representation is thus guaranteed; so, too, ironically, is the dominance of the Chinese.

Third, Islam, the religion of the Malays, receives special administrative attention. It comes under the purview of a minister for Muslim affairs; no other religions have their own cabinet representation. On every public housing estate, a location is reserved for construction of a mosque. Working with the Central Muslim Religious Council, government agencies undertake to collect funds from the community, design the mosques and see to their successful completion. Not so for the other major religions on the island – Buddhism, Hinduism, Christianity and Taoism. Indeed, many neighbourhood ethnic Chinese Taoist temples have been demolished, their land compulsorily acquired by the state, with financial compensation that is insufficient to lease state land for rebuilding. Often, such temples had to merge in order to rebuild; in doing so, all sense of their previous existence as 'local' temples in specific locations, from whence their respective devotees were drawn, has been erased.

Nevertheless, past ties with Malaysia continue to haunt Singapore. Often, Malay citizens and/or politicians in Malaysia will comment on the condition of the Malays (their 'ethnic brethren') in Singapore, invoking an ethnic identity. In such instances, the Singaporean

Malay leadership, either officially, as PAP MPs or as 'ordinary' Malay citizens, will rebut these comments. Similar reactions are shown by Malaysia when the Singapore government comments on the conditions of Malays there. For example, in January 2001, the Singapore prime minister publicly compared the academic achievements of Malays in Singapore with those in Malaysia, 'showing' that those in Singapore did better.⁸ Singapore's ambassador to Malaysia was reprimanded by the Malaysian minister for foreign affairs. Understandably, individuals and politicians will always exploit such opportunities for building political capital, yet what is more significant in these instances is the suppression, in both countries, of ethnic identity by national identity.

Malay ethnicity still haunts domestic race relations, most notably in relation to Malay participation in Singapore's armed forces. Singapore has a conscript army in which every young man has to do at least two years of military service after high school. Yet Malay youth were not conscripted for at least the first decade after the establishment of the defence force. Now, Malays are not found among the top ranks. The government has not denied the discrimination but points to the alleged potential 'moral' conflict that might face a Malay soldier if Singapore were at war with Malaysia or Indonesia. He could be placed in a situation of either having to shoot his own 'ethnic brethren' or fellow Singaporeans. According to Lee Kuan Yew, prime minister from 1959–90, 'it would be a very tricky business for the SAF [Singapore Armed Forces] to put a Malay officer who was very religious and who had family ties in Malaysia, in charge of a machine-gun unit'.⁹ Apparently, after forty years of 'nationhood', the loyalty of Malays remains a political issue.

Malays' relatively weak economic position is also a persistent source of friction between them and the government.¹⁰ For example, the government has expressed concern that Muslim religious schools, the *madrasahs*, will produce adults who may not be able to gain higher-paying jobs in the new knowledge-based economy because of their lack of technical proficiency. In Singapore's political culture, such a public airing of government concern was tantamount to a warning of potential intervention if the *madrasahs* did not make curriculum adjustments. While it could have been argued that the government had missed the point of a 'religious' education, which might well be motivated by a renunciation of materialism, such a response was not made, although the government's pronouncements did make Malays unhappy. In the end, the *madrasahs* agreed to integrate the curriculum of the state schools into their own. This may reflect the ways in which the managers of the *madrasahs* shared the national preoccupation with economic success or it may reflect their political defeat. For those not privy to the deliberations between the two parties, it is impossible to know.

The accumulation of such issues does not, of course, sit well with the Malay population and has led to questioning whether the Malay MPs in the PAP government are the best representatives of the Malay community's interests. At its 2001 national conference, the Association of Muslim Professionals (AMP) proposed the establishment of a 'collective leadership' of non-partisan Malay-Muslim organisations, an idea summarily dismissed by the government as potentially racially divisive. The AMP was further charged with 'straying' into politics, something civil society organisations are not supposed to do under the Societies Act. The Act threatens an organisation with deregistration, rendering it illegal, if it engages in activities beyond its declared purposes.

Obviously, negotiated adjustments are necessary to deal with the issues between Malays and the government. Meanwhile, Malay youth are now being conscripted. Some have joined, and been promoted, as career officers. Malays are making progress educationally and, with sustained national economic growth, have improved economically, along with the rest of society, though they still lag behind the Chinese and Indians. The political position of Malays is always likely to be tempered by geopolitical considerations, inducing a certain caution within the PAP government about its nationalism.

The 'cost' of citizenship

The displacement of an ethnic identity by a nationalist one applies to all in Singapore and may be viewed as the 'cost' of citizenship. As the descendants of immigrants, people's ethnic, religious and kin ties with their 'ancestral' lands have been severed for a new definition as 'Singaporeans'; for Singapore as a 'nation'. However, the cost is distributed unevenly among the three major groups. Arguably, the highest cost is paid by the Malays, given Singapore's geographical proximity to Malaysia and Indonesia, the contiguous ancestral homeland of all Malays. The ancestral homelands of ethnic Chinese and Indians are much further away; so, too, are China's and India's geopolitical influence on Singapore's domestic politics. Nevertheless, cut off from the cultures of contemporary China and India, where profound changes have been taking place since the end of the second world war, the Chinese and Indian communities in Singapore appear stuck in increasingly narrow and conservative definitions of their respective 'cultures', limited often to festivals, foods and the preservation of family traditions.

Ironically, this new boundedness – defined in terms of success in economic competitiveness at both individual and state levels and resulting in a highly nationalist attitude towards neighbouring countries – is often ideologically mistaken as an absence. Consequently, the question, 'What is Singaporean identity?' continues to be asked, fifty years after

independence. The logic behind seeing this as an 'absence' is not the presumed lack of the materials of cultural identity. Rather, it results from the presumed fullness of, respectively, the Sinic, Indic and Islamic civilisations that are seen as the bedrock of each officially registered, racialised Singaporean. These civilisational resources enable the government to claim that Singaporeans are the embodiment of 'Asian values',¹¹ seen both as significant ingredients in the country's successful capitalist development and, as well, important 'cultural ballast' against the 'corruption' of western, liberal individualism.

The insistence on racialisation intentionally misrecognises the massive cultural transformation that had to take place among Singaporeans, such as the inculcation of intense individualistic competition in both production and consumption and, in the case of religious education discussed above, the valuing of secular, technological knowledge over the sacred and religious. These are what have enabled Singapore to be so successfully integrated into global capitalism. Racialisation strategically blocks out the everyday practices that are part and parcel of modern capitalism as not integral to the cultures of racialised Singaporeans. Capitalist cultural practices are viewed as 'necessities', the 'dull compulsions of everyday life' with which Singaporeans have 'no choice' but to burden themselves.

Racialised cultures work ideologically to displace and suppress any public discourse that foregrounds the human costs of a capitalist culture. The contradictions that inhere in such an ideological stance are reflected in the re-elevation of a discourse centred on 'Asian values' that functions as a critique of the very attitudes that have accounted for Singapore's capitalist economic success. It can be seen, for example, in the tendency of the older generation, including members of the ruling party, to condemn younger Singaporeans for their excessive individualism, their consumption of globally imported goods and their spendthrift lifestyles. In other words, this is a government that ideologically denies the significance of capitalism as culture and its manifest material effects, while aggressively encouraging it substantively in education and production.

However, this intentional misrecognition of what 'Singaporeanness' is has political costs, for its logical 'conclusion' for the government is that Singapore, as the prime minister lamented in his 1998 National Day speech, is a 'state without a nation'. Ironically, in spite of its anti-liberal political disposition, the Singapore government is forced into a post-nationalist logic by its own multiracial policies.

New immigration

During the 1960s and 1970s, for the first time in their respective histories, Canada and Australia accepted significant numbers of immigrants

from Asia. Much of the subsequent debate on multiculturalism in these two countries has followed from this. In contrast, there has been no significant wave of 'immigration' to Singapore since the end of the second world war in spite of significant numbers of new arrivals of workers to the country. Industrialisation, initiated in the early 1960s and led by foreign capital investment and major state-owned enterprises, was so successful that, within a decade, the island went from high levels of unemployment to a labour shortage. Since then, Singapore has been a net importer of foreign labour: in 2000, there were 750,000 foreign workers (almost one in four people on the island). These are formally divided into two categories: professionals and 'guest workers'.

Guest workers are unskilled workers drawn from the neighbouring countries: Malaysian female factory workers, Filipino and Indonesian domestic workers and Thai and South Asian male construction and heavy industry workers. They are given two-year, renewable, employment permits, without any security or permanency of either employment or residence. They are not covered by national labour legislation and hold only individualised contracts with their respective employers, often mediated by employment agencies. While employed, they are not allowed to marry locals; if they do, they are deported, nor are the children of such marriages granted Singaporean citizenship. As the prospect of moving to a developing country is unlikely to be attractive to a Singaporean, the chance of guest workers marrying locals is minimal. If a female guest worker becomes pregnant, her employer is responsible for sending her home before the child is born; hence they are subject to regular medical checks for pregnancy. If a guest worker fails to leave the country on expiry of his/her contract, the employer is legally bound to track the individual down and have him/her apprehended as an 'overstayer', subject to criminal proceedings. Failure to report a missing guest worker is a criminal offence for the employer, as is employing illegal guest workers.

Obviously, the surplus labour force in neighbouring countries constitutes a reserve army of labour for Singapore. This reserve army is not only low-paid at home but could potentially depress the wages of Singaporeans if their importation is not controlled. To maintain the wages of the Singaporean workforce and keep the cost of employing guest workers comparable to that of employing local labour, a head-tax, in the form of a monthly levy for every guest worker employed, is imposed on employers. The head tax varies, according to the skill levels of workers, from as little as \$50 for heavy industry workers to \$350 for domestic workers. Wage levels for guest workers can be as high as those of locals working in similar jobs or as low as \$200 a month for domestic maids. Many employers of domestic workers would rather transfer the monthly head tax, in whole or in part, to the guest workers themselves, as the government bears no responsibility at all

for the welfare of guest workers. However, such suggestions, among other calls by liberal Singaporeans for legislation to regularise the conditions of guest workers, have fallen on deaf ears, including those of the National Trades Union Congress.

Significantly, with the exception of the Thais, the national origins and ethnicities of guest workers are the same as those of the Singaporeans: South Asians (generalised locally as 'Indians'), Malays and Indonesians, (generalised as 'Malays') and ethnic Chinese from neighbouring countries. As such, they can be absorbed with relative ease, both racially and culturally, into local ethnic communities without intensifying existing ethnic differences; yet they will remain temporary and marginal. Both the state and, often, their Singaporean racial counterparts treat them as 'outsiders' – as 'others', as 'essentially' different – their presumed 'cultural' inferiority stemming from their economic underdevelopment. In this can be detected the sense of the nation, of 'Singapore' and 'Singaporean-ness': Singaporean citizenship and status are privileged over any possible racial connections, affinities and identities. Economic development and the consumerist culture it entails have positioned 'Singaporeans' as 'superior' to those Malays, 'Indians' and Chinese from 'underdeveloped' Indonesia, South Asia and the People's Republic of China (PRC).

An exception for ethnic Chinese should be noted. Given geopolitical conditions, the government has made a fetish out of changing demographics and has decided that the Chinese population should constitute approximately three-quarters of the total population at all times. In view of the declining birth rate among Chinese Singaporeans, Chinese from elsewhere are given preferential treatment as 'immigrants'; for example, in the early 1990s, 25,000 immigration permits were issued to Hong Kong Chinese. All the permits were taken up, but it is not known how many finally arrived, as they had until 1997, when Hong Kong was handed over to the PRC, to exercise their choice. Such blatant preferential treatment created unavoidable tension and dissatisfaction among Malays and Indians.

In contrast to guest workers, professionals with tertiary education are welcomed as permanent residents and, eventually, citizens. Pressure to import professional workers has intensified since Singapore decided to locate itself in new industrial niches, such as life sciences, computer-related industries and high-end business and financial services. Since the mid-1990s, much has been done to make Singapore an attractive place of employment for 'foreign talents'. Government-owned or government-linked companies have made highly publicised, high-profile appointments to their top management ranks, a process rationalised in terms of global competition and the ability of these high-priced individuals to take home-grown companies into the global market. Singapore has always imported professionals to fuel its economy.

Nevertheless, the publicity given to the present drive to attract 'foreign talents' has unsettled the local population. They fear being edged out of employment by foreigners in spite of the government's unceasing effort to convince them that foreign professionals are absolutely essential and, in the long run, create new jobs, increasing employment opportunities for all.

In contrast to unskilled guest workers, the government desires professionals to take up Singapore citizenship. However, it is doubtful that the size of the Singapore economy will provide sufficient scope for the long-term ambitions of globally marketable foreigners. Also, despite the political and social stability of Singapore, Asia as a whole remains a location of instability and underdevelopment, particularly after the 1997 regional financial crisis. Thus, while professionals may be driven to seek employment in Singapore, either because of attractive salaries or economic downturns at home, few are likely to take up Singaporean citizenship. For Asian professionals, Australia, Canada and the US continue to be the locations of choice for emigration. Thus, a high-end professional labour force is expected to constitute a 'flow through' population, staying long enough to add value to existing research and development efforts and enterprises.

The presence of foreign professionals as a 'flow through' population is not without local effects. Ironically, it has increased the potential emigration of tertiary-educated Singaporeans. According to the mid-decadal census of the 1990s, almost one in four marriages was between a Singaporean and a foreigner. Where a female Singaporean marries a foreigner, there is a strong likelihood of her emigrating with her husband. This has caused the government to modify its immigration policy. The previous refusal automatically to grant permanent residency to the male spouses of tertiary-educated Singaporean women has been relaxed, if not entirely abolished. To paraphrase the prime minister, Singapore should not 'lose' its daughters to foreign lands, rather it should 'gain' sons.¹²

The split labour-immigration policy arguably keeps Singapore globally competitive at both ends of the labour and wages spectrum: high-end, globally marketable workers are paid globally comparable wages and low-end, unskilled workers are paid wages relative to the regional labour market. Obviously, there are human rights issues embedded in the split policy, especially in terms of the exploitation of guest workers in Singapore. However, from a regional viewpoint, the importation of short-term labour may be preferred over a 'tough' immigration policy that prevents low-end labour from entering Singapore altogether. Temporary employment in Singapore provides remittances to maintain families back home and, at the same time, alleviates the pressure of unemployment in the labour exporting countries. The rotation of workers through short-term contracts arguably expands employment

opportunities for the labour exporting countries.¹³ In contrast, a tough policy against so-called ‘economic migrants’, as in western developed countries (including Australia and Canada) cannot but contribute to creating numbers of illegal migrants who are exploited even before earning a single dollar. If they survive the journey to the intended host country, they continue to be exploited as fugitives/workers.

The politics of English

As suggested, the Singapore state ‘racialises’ everyone, including the Chinese demographic majority. The English language, a colonial inheritance, plays a large part in this. English has been retained for public administration and commerce since independence and was introduced as the primary language for education at all levels since 1974 under a consolidated national education system. This national system obliterated all the schools financed by different racial communities teaching in their respective Asian languages. Embedded in economic life as it is, inevitably English became the *lingua franca* of the majority, particularly those born after independence and educated in the national school system. As weaknesses in English language skills are not only detrimental to educational achievements, but also incur serious economic disadvantages, English has also become the first language in an increasing number of Singapore families, whatever their racial background. While constitutionally Malay remains the ‘national’ language, it is hardly spoken, let alone studied, by anyone other than Malays.¹⁴ A non-English speaking Singaporean is a figure that will have passed into history within the next two decades.

It might not have been intended or anticipated that the adoption of English would play such an important ideological role in the management of race in Singapore. As a ‘non-Asian’ language, English is ‘neutral’ to every racialised Singaporean.¹⁵ As it has to be learned as a ‘foreign’ tongue by all, everyone supposedly competes, at school or work, on an equal footing, through their acquired skill in the English language.

That English is a ‘neutral’ language is, of course, an ideological illusion. Since Singapore was a British colony for 150 years, English was already a common language among the privileged local population who worked for the colonial administration and whose children had access to the limited opportunities of learning the language. This included the first generation of political leaders who, as English speakers, had access to British university education immediately after the second world war. The ideological promotion of English as a ‘neutral’ language to all ethnic Asian children has suppressed this class dimension. The political utility of this illusory ‘neutrality’ is that it enables the state to articulate, in English, its own interests distinctly,

apart from the interests of all racial groups. It also effects a separation of state/national interests from those of the racial majority, and prevents state/national interests from being captured by the racial majority. The position of monolingual Chinese speakers illustrates this.

As national mass education did not expand until the early 1970s, there remains in Singapore a sizeable population of individuals, generally over 40, who have either never been formally educated or have been educated in their respective languages in community schools. Among these are individuals who had attended Chinese language schools up to secondary school level and some had tertiary education in Mandarin, either in Taiwan or at the Nanyang University in Singapore. The latter was the only Chinese university in Southeast Asia, established in the late 1950s with funds contributed by the global Chinese 'diaspora', particularly the Chinese community in Singapore, from business tycoons to the proverbial 'trishaw' riders.¹⁶ This segment of the Chinese community thus ranges from Chinese-dialect speakers who cannot read or write Chinese or speak Mandarin to those who are well-educated and highly knowledgeable in things Chinese. Regardless of their education level, all non-English speaking Chinese individuals are highly disadvantaged in the political economy of contemporary Singapore. In this sense, a segment of the demographic majority of Chinese has been 'minoritised'.

If the adoption of English minoritises non-English speaking Chinese, it has also simultaneously eliminated the privileges of Indians prevalent during colonial days. Historically, Indians were the first non-white population in Singapore to acquire a high standard of English. Many Indian families have used English exclusively as the home language for more than a generation. In the top ranks of the civil service and the professions (doctors, schoolteachers and principals), in the years immediately after independence, Indians were over-represented. During the colonial period, most Chinese children went to Mandarin-language schools, which were financed by local communities. Therefore, they could not compete for jobs in the civil service or the professions. However, once English-language education was available to all through the national education system, the over-representation of Indians in the civil service and professions disappeared. By the sheer statistical weight of making up over 75 per cent of the population, top civil servants were almost all ethnic Chinese within twenty years.

The erasure of the over-representation of Indians in the civil service and professions provides support for another ideological consequence of adopting English as a 'neutral' language; it 'demonstrates' that Singapore is a 'meritocracy', as English language learning is part of 'open' competition. 'Racially neutral' English both contributes to and shores up the government's insistence that Singapore is a 'meritocracy'.

However, whereas English may be constructed as racially neutral, it has certainly never been 'class neutral'. Children with tertiary educated, English-speaking parents of upper-middle-class background are advantaged in the use of English as the primary language of instruction, giving them a headstart and undermining claims to meritocracy. In contrast, children from non-English speaking families are disadvantaged. This is most apparent in the politics of 'Singlish'.

English is now the language of everyday life for the majority of Singaporeans below fifty years of age. While those who are tertiary educated generally use English grammar properly, if not perfectly, there has emerged a patois of English, locally known as 'Singlish'. In addition to containing many exclamation sounds such as 'lah', 'mea' and 'loh' when spoken, Singlish can be described as Chinese dialect sentences, particularly Hokkien, with English words. Singlish has been defended by middle-class, proficient English speakers as a marker of Singaporean identity. For them, Singlish is just another code in and out of which they can easily slip, reverting, as necessary, to grammatically proper English. However, for Singaporeans who are Chinese educated or primary or secondary school dropouts and who, consequently, know no other English except Singlish, the economic disadvantages are obvious. Hence, the government has recently criticised the use of Singlish and those who support its popularity. It has instructed state-owned television to cease using Singlish in its popular entertainment programmes and has begun to promote 'good English' campaigns.

Within Singapore's multiracialism/multiculturalism, the English language has become an important element in supporting the relative autonomy of the state *vis-à-vis* the three major Singaporean groups. A similar language strategy is, of course, unavailable to the Canadian or Australian states. There, 'English' is tied, in an essentialising manner, to its ethnic constituencies, the demographic majorities and politically dominant populations, who, as first settlers, claim the right to define the 'Canadian' or 'Australian' way of life and require later immigrant groups to 'assimilate'.

Multiculturalism as a mechanism of discipline

Given the entrenchment of multiracialism in the Constitution, it has long been used as the core concept of public policy by the single-party-dominant government of Singapore. In broad, abstract terms, racial equality is maintained. However, government pragmatism has led to inequalities. These may result either from explicit discrimination, such as the intentional exclusion of Malays from the armed forces, or from the unequal effects of government policies, such as the economic disadvantage suffered by non-English speakers of all three ethnic

groups. In each instance, inequalities are rationalised and justified by the government on grounds of contextual contingencies. Such pragmatic and contextual decisions produce a complex configuration of 'multiculturalism in practice'. One can examine any sphere of cultural endeavour, from theatre to television drama to everyday handling of items like food and clothes, and discover the encoding of the CMIO scheme.

This complexity is underwritten by a single injunction, the logic of 'harmony'. 'Harmony' is a public good that few can deny. The issues that arise are to do with its substance and how it is achieved. Here the illiberality of a single-party-dominant state shows its administrative, repressive hand. In a relatively democratic space, harmony is, in principle, to be achieved by unhindered and undistorted public debates, discussions and negotiations of the differences and different perspectives among the different races. Along the way, the risks that these differences may lead to conflicts and disruptions have to be assumed and, hopefully, avoided by encouraging public confidence in the reasonableness of the negotiating parties. However, a state long dominated by a single party, such as the PAP, is not a fully democratic state.

The politically hegemonic position of PAP has an effect on the mode of governance, which can best be described generously (this is the government's preferred self-characterisation) as 'paternalistic', or critically as 'authoritarian'. With no risk of being displaced from parliamentary power, the government is wont to make unilateral decisions, believing that it 'knows' what is best for the governed. Denied the ability to vote PAP out, because other political parties have been weakened to the point of non-existence, the governed are reduced to petitioning the government, either through the media or by direct appeal up to and including cabinet ministers, so as to voice their grievances which perhaps may be redressed by the relevant authorities. The 'paternalistic/authoritarian' mode of governance is defined by, amongst other features, a tendency to foreclose public discussion as a pre-emptive move against the possible disruption of public order.

With reference to race relations, the 'paternalistic/authoritarian' mode of governance has a set of interwoven implications and behaviours. Drawing on the instances of race riots of the past, the government constantly warns the population of the 'tenuousness' of racial harmony, thus justifying a need for the constant policing of racial boundaries. There is a string of policing authorities that serve this function, including the Internal Security Department which has the power to detain without trial any individuals deemed to be 'subverting' national interests, of which racial harmony is one, culminating in the Presidential Council on Racial Harmony. As the 'risk' of disrupting racial harmony inheres logically within every discussion of race relations and as no one can guarantee that disruption will not occur, the

entire domain of ‘race’ is considered ‘sensitive’ and best not raised publicly. Public voicing of grievances within a discourse of race is quickly suppressed and the parties voicing the grievances publicly chastised – if not criminalised – on grounds of being ‘racial chauvinists’ disrupting racial harmony.¹⁷

That there has been an absence of racial violence in Singapore since 1969 suggests that the ‘danger’ of riots might have been exaggerated by mythologising the past. Could it be that the absence of racial violence is precisely the result of the suppression of any discussion of race and not the progressive enlightenment of a population with increasingly higher levels of education and that, therefore, suppression was not only necessary, but should continue? This is a typical instance of the Catch-22 logic of ‘deterrence’: it is because of deterrence that misdeeds are kept low, if not entirely erased – thus, deterrence must continue; however, since deterrence is never lifted, the validity of the assumption that, if lifted, misdeeds will indeed break out is never tested – thus deterrence continues.

The logic of deterrence continues to govern discourse on race in Singapore. ‘Harmony’ is used as the repressive device for pre-empting public debate and negotiation of issues and difficulties that face all multiracial societies – racial discrimination in the job market, structural inequalities inherited from the past and the sentiments felt towards each other by the different groups – all issues that concretise multiculturalism in practice in most places. The result is a ‘racial harmony’ that is minimalist, never going beyond visual familiarity and overtly recognisable differences, one maintained by tolerance of difference without any substantive cultural exchange, deep understanding and even less cultural crossing of boundaries. The government and the population readily admit to this minimalist understanding of tolerance.

It is here that one begins to see that Singaporeans, both in the government and a large segment of the population, are ‘too comfortable’, even self-congratulatory, about Singapore as a multiracial and multicultural society. It is a comfort derived from an absence of knowledge and understanding of each other’s cultures and practices, which are, at best, mutually tolerated. In contrast, the liberal democratic political space of Canada and Australia prevents the term ‘multiculturalism’ from settling into a fixed ideological space once and for all; instead, it continuously agitates old issues and throws up new ones for continuous discussion and negotiation.

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In Singapore, multiculturalism was adopted constitutionally at its founding. This has enabled the government to use ‘multiculturalism’ as an ideological basis for the rationalisation of policies and administrative practices on issues of race, ranging from macro-national

language policies to micro-processes of allocation and the use of public spaces. The result is a series of ad hoc decisions that discriminate against different racial groups at different social structural and political junctures and historical times, that lack ethical/political consistency and that are rationalised under a substantively empty notion of 'racial harmony'.

The spectre of 'race riots', which is central to the use and ideological efficacy of 'racial harmony' as a device for repressing discourse on race, is receding on two fronts. First, more and more Singaporeans, particularly those under thirty years of age, see themselves in 'nationalist' rather than racial terms; survey after survey has found that young Singaporeans identify themselves as Singaporeans first, not by race. Second, the Malay community, with rising education levels and expectations, has objected publicly to instances and areas of actual and perceived inequality and has, in the past decade, publicly voiced its dissatisfaction with the government and its Malay politicians.

The emerging situation is not lost on the government; there are signs that the current prime minister has also begun to change his tune on the racial divisions of society. While attending an event organised by the Singapore Indian Development Agency (SINDA), an Indian organisation that provides educational assistance to children from poor Indian households, he admitted to being 'a little apprehensive' at being there because, by attending events organised by each racial group, 'he might send the wrong message that the Government now favoured a race-based approach to politics'. Indeed! He continued, 'I want to reiterate that our national objective remains the integration of the different ethnic communities'.¹⁸ Is the time now ripe, as the columnists followed up this theme, for a 'Singaporean Singapore'?¹⁹

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- 1 See Ien Ang and John Stratton, 'The Singapore way of multiculturalism: western concepts/Asian cultures', *Sojourn* (No. 10, 1995), pp. 65-89.
- 2 As of 2001, there are 55 million Malays in Malaysia and Sumatra; furthermore, it is claimed that most of the 300 ethnic groups in Indonesia (population 211 million) are of Malay origin (*Straits Times*, 26 May 2001).
- 3 See Nirmala Purushotam, *Negotiating Language, Constructing Race: disciplining difference in Singapore* (Berlin and New York, Mouton de Gruyter, 1997).
- 4 There is by now an extensive literature on multiracialism in Singapore by local academics, including Geoffrey Benjamin, 'The cultural logic of Singapore's "multi-racialism"' in Riaz Hasan (ed.), *Singapore: society in transition* (Kuala Lumpur, Oxford University Press, 1976); Sharon Siddique, 'The phenomenology of ethnicity: a Singapore case study', *Sojourn* (No. 5, 1990), pp. 35-62; Nirmala Purushotam, *Negotiating Language, Constructing Race: disciplining difference in Singapore* (Berlin and New York, Mouton de Gruyter, 1997); Chua Beng Huat, 'Racial Singaporeans: absence after the hyphen' in J. S. Kahn (ed.), *Southeast Asian Identities: cultures and the politics of representation in Indonesia, Malaysia, Singapore and Thailand* (Singapore, Institute of Southeast Asian Studies, 1998), pp. 28-50 and 'Culture, multi-

- racialism and national identity in Singapore' in Kuan-Hsing Chen (ed.), *Trajectories: inter-Asia cultural studies* (London, Routledge, 1998), pp. 186–205.
- 5 See Will Kymlicka, *Multicultural Citizenship* (Oxford, OUP, 1995), p. 29.
 - 6 The palace grounds of Sultan Hussein were ceded, by treaty, to his descendants in perpetuity at the time the island was sold to Raffles. In 1999, the current government appropriated the land and palace and designated it all a Malay Heritage Centre. In compensation, Sultan Hussein's descendants (who were still living in the palace in the 1980s) will be paid an annual sum of \$100,000 for a specified number of years. The acquisition was discussed in the Malaysian press as the crasure of the last evidence of Malay land rights in Singapore.
 - 7 The 'Malay' identity 'shared' by some peoples of Southeast Asian origin – Malaysia, Singapore and Sumatra – has also been fragmented by theological differences within Islam. And, regionally, potential ethnic and religious solidarity is further fragmented by differences in material wellbeing among the different national Malay communities. Singaporean Malays are materially better off compared to those in Malaysia and Indonesia.
 - 8 This was done after the Malaysian press had argued, following the Singaporean-Australian academic Lily Ibrahim, that Malays in Singapore had been 'marginalised' by the meritocratic policies of the Singapore government.
 - 9 *Straits Times* (8 February 2001).
 - 10 For an 'official' conceptualisation of the economic 'backwardness' of Malays in Singapore, see Tania Li, *Malays in Singapore: culture, economy and ideology* (Singapore, Oxford University Press, 1989).
 - 11 There is an extensive literature on the 'Asian Values' debate by international and local writers, including Kishore Mahbubani, *Can Asians Think?* (Singapore, Times Books International, 1998); C. J. Wan-ling Wee, "'Asian values'", Singapore and the Third Way', *Sojourn* (No. 14, 1999), pp. 332–48); and Chua Beng Huat, 'Describing a national crisis: an exploration in textual analysis', *Human Studies* (Vol. 2, 1979), pp. 47–61).
 - 12 The ideological and policy features have coalesced nicely in an advertisement which features life in an extended three-generation ethnic Chinese family, with a Caucasian as the son-in-law.
 - 13 I owe this point to Daniel A. Bell.
 - 14 Until the late 1970s, prior to the widespread use of English as the 'street' language, the common interracial language was Malay; Indians and Chinese would converse using Malay.
 - 15 The idea that a language belongs to a particular race or ethnic group is, of course, problematic as it denies that language acquisition is a learned process rather than an intrinsic biological inheritance. English has, contrary to the Singaporean leadership's mistaken belief, been adopted by many middle-class individuals in ex-British colonies as their own language.
 - 16 Nanyang University was closed down and its student and staff merged with the then University of Singapore to form the National University of Singapore in 1981. The Nanyang Technological University has no academic affiliation at all with the latter.
 - 17 In the 1997 general election, one of the candidates from the Workers' Party was publicly labelled as a 'Chinese chauvinist' by the ruling party on account of his expressed sentiments regarding the social and economic disadvantages suffered by monolingual Mandarin speakers in the face of the ascendancy of English as the lingua franca. He is now a fugitive from the law for his failure to pay indemnity, which results from a series of libel suites brought against him by several members of the ruling party, including cabinet ministers.
 - 18 Quoted in *Straits Times* (26 February 2001).
 - 19 *Straits Times* (28 February 2001).

Commentary

Peoples' security versus national security*

By *Liz Fekete*

At a conference, hosted by the Asian Human Rights Commission, Forum Asia, the Transnational Institute and Suara Rakyat Malaysia (SUARAM), more than fifty representatives from NGOs from seventeen countries across Asia and western Europe, and including Australia, met in Thailand to discuss issues of democracy and peoples' security throughout Asia, in the context of the new world order that is emerging post-September 11.

For the people of Asia, anti-terrorism laws have traditionally been used by the state to suppress pro-democracy movements. Thus, in a part of the world where every dictator uses the term 'national security' to justify repression, the effect of the US 'war against terrorism' has been to set back the progress made over the last two decades in a democratising effort that has caused the downfall of authoritarian dictatorships in the Philippines (1986), South Korea (1987), Thailand (1992) Indonesia (1996 and 1997), and, most recently, in East Timor (2001). Today, the formation of the 'International Coalition Against Terrorism', which embraces anti-democratic governments throughout the world, serves as a pretext for the governments of Asia to extend and intensify the use of national security laws to suppress movements for democracy and human rights. Hence, the vital importance of this regional conference in assessing the impact of September 11 on democracy movements and in developing solidarity and co-operation among the people of Asia to fight back against mutually-reinforcing national security regimes.

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Protection of 'national security' has, at various times, taken the form of martial law, the imposition of states of emergency and draconian national security measures. What this meant for pro-democracy movements and activists on the ground was the focus of much discussion and intense study during the conference. Among the questions asked were why anti-terrorism laws and national security measures have become so deeply ingrained in the political culture of the region.

While delegates from Southeast Asia (Malaysia, Singapore, Thailand, Burma, Cambodia, Indonesia, Philippines), East Asia (South Korea, Japan, Hong Kong), South Asia (India, Pakistan, Nepal, Bangladesh, Sri Lanka) had specific histories to recount, the general picture was one in which national security regimes had emerged either in the colonial era or the cold war period. As Somchai Homloar, the secretary general of Forum Asia put it, 'Internal security laws and anti-terrorist laws are a draconian remnant of the laws employed during the colonial era'. Homloar himself is a veteran of the Thai democracy movement of the 1980s in which students were gunned down by the military. Abul Hasnat Monjurul Kabir, director of the Dhaka-based centre Law Watch, agreed: while 'national security laws have their origins in colonial emergency powers and traditional autocracies, they have continued to evolve and have been adapted by local elites to perpetuate their rule'. A concrete example was evidenced by Babloo Loitongbam, executive director of Human Rights Alert in Manipur, India. The Prevention of Seditious Meetings Act (1911) was originally brought in by the British, but has recently been revived by the Indian government to crack down on separatists in Manipur; Manipur is now subject to intensive military control as it is listed as a Disturbed Area under the Armed Forces Special Powers Act (1958). However, in countries like Thailand (which never came under colonial rule), South Korea and Japan, national security laws came to the fore during the cold war period and were anti-communist in origin. National security laws in Japan were, historically, an essential component of Japanese imperialism. Never fully dismantled at the end of the second world war, they were simply reorganised to meet the purposes of the United States Asia Pacific military strategy.

Despite the difference in origins of national security measures across the region, the conference identified the following as common features:

- arbitrary detention without charge or trial
- criminalisation of communities and organisations by labelling them as terrorist
- undermining of the due process of law
- reinforcement of repressive practices, including torture, by state authorities

- restrictions on freedom of movement and right to asylum
- intensification of all forms of racism and discrimination, including those based on gender, caste and religion, against migrants, refugees and minorities
- erosion of privacy and increased surveillance.

September 11 – reinforcing repression

Prior to September 11, some Asian countries were already feeling the full force of national security measures, particularly Malaysia. In the latter, the Internal Security Act (1960) has been used to crack down on the pro-democracy movement which emerged after the arrest of deputy prime minister Anwar Ibrahim in 1998. But whereas before September 11 the Malaysian government and others like it were under intense international scrutiny, today they are key allies in the 'war against terrorism'. For president Bush has identified Southeast Asia as 'the second front in the war against terrorism'. So the West applauds as Asian governments use September 11 to introduce a raft of internal security measures. (The Australian defence minister was reported, during a recent visit to Malaysia, to have spoken approvingly of the ISA.) However, these measures are not aimed at providing security so much as consolidating state power and intensifying the suppression of pro-democracy and human rights movements. In Nepal, for example, where a state of emergency was declared in November 2001, the Terrorist and Destructive Crime Control and Punishment Ordinance was recently introduced; Thailand has the People's Protection and Internal Security Act; India, the Prevention of Terrorism Ordinance 2001; and South Korea saw the formation of two counter-terrorism centres and the introduction of anti-terrorism legislation. Similar legislation is due to be enacted in Hong Kong and, in Indonesia, anti-terrorism legislation similar to the Malaysian ISA is pending. In the Philippines, the Immigration Act has been used to detain foreigners suspected of terrorist acts indefinitely. Meanwhile Japan's pacifist constitution has been undermined to support the US-led war on terrorism, in that Japan's Self Defence Forces (SDF) can now undertake overseas military action.

But what is of even greater concern is the increasing co-operation between some Asian governments and the United States, as national security regimes become mutually reinforcing. Thus, Chirawatana Charoonpatarapong of Focus on the Global South warned that some members of ASEAN (Association of South East Asian Nations) had signed a counter-terrorism pact with the US at the ASEAN regional forum in Brunei. The Philippines, Malaysia and Indonesia were the first co-signatories, but there is a possibility that Thailand and Burma

may join the pact later. In addition, the US secretary of state, Colin Powell, has proposed that a regional anti-terrorism centre be set up in Malaysia, to be run jointly by the US and Malaysia. All this is having a dramatic impact on the ground, as the representative of Focus on the Global South explained: 'Human rights violations, justified in the name of the war against terror, have increased everywhere since September 11.' Somchai Homloar of Forum Asia concurred: 'If states in this region are allowed to continue to use internal security laws to stifle political opposition and dissent, then human rights standards will break down, and the fragile democracy standards of Asia will break down with them.'

If the fragile standards of democracy in Asia do, indeed, break down, then the US will be culpable for effectively sanctioning widespread human rights abuses. Although US geo-politics was not the major focus of the conference, delegates were well-versed in US strategic plans for the area, identified in background papers prepared by James Reilly, the East Asia representative of the American Friends Service Committee. Prior to September 11, 'Joint Vision 2020', a Pentagon planning document, had already identified Asia as the key focus of military strategy in the early twenty-first century. According to Reilly, the US is using the events of September 11 to remilitarise the region, to secure its strategic interests over the control of an oil pipeline stretching from Central Asia to the Indian Ocean and over territory in the South China Sea with vast potential oil reserves. Such remilitarisation will also help to ensure that US plans to build a missile defence system in and around the Korean peninsula are unaffected by moves towards reconciliation between the South and North. (North Korea is now identified as one of the four countries in the 'axis of evil'.) Moreover, as a representative from South Korea explained to the conference: 'Before September 11, there had been a reconciliation process and dialogue between North and South Korea; now, that dialogue is halting and tension increased.'

Post-September 11, US arms sales to both India and Pakistan have increased, as has economic and military aid to Indonesia, with the promise of regular military contact. A similar military aid package has been promised for the Philippines, where the government has agreed to allow the US use of airspace and access to the former US Subic and Clark air and naval bases. This is in defiance of the wishes of the Philippine pro-democracy movement which fought so valiantly against the American bases, finally shut down in 1991.

New targets in the war on dissent

As the interests of Asian governments and the interests of the US converge, new limits to freedom are set, dissenters are criminalised

and groups fighting for self-determination are recast as international terrorists.

The Muslim insurgency

In the aftermath of September 11, security officials throughout South-east Asia are attempting to pass off local militants, particularly Muslims, as international terrorists. The regional co-operation between the Philippines, Malaysia and Singapore, noted earlier, formalises security co-ordination between three ASEAN states with strong ethnic links, large Muslim populations and porous borders. As the war against terror comes to legitimate legal and military measures to crush Islamic movements, Muslim minorities are increasingly victimised. In Malaysia, where five leaders of the reform movement have already spent one year in detention without trial, many alleged 'Muslim radicals' have been arrested under the Internal Security Act, merely on suspicion of having connections with terrorist groups. China has joined the war against terrorism and used it to crack down on the Uighurs, a Muslim minority in western Xinjiang; Indonesia has intensified its harsh crackdown on separatist movements in Aceh and Irian Jaya, and in the southern Philippine island of Mindanao, where Muslims are waging a separatist struggle, the army has been given new powers of civilian control. In addition, the Philippines president was prepared to violate the Constitution in order to allow US special troops on to Basilan Island, ostensibly to hunt an estimated eighty Abu Sayyaf bandits, linked to Al-Qa'ida.

The war against terror, participants concluded, is being used to launch an outright attack on the right to self-determination, the recognition of which, under the UN Declaration of Human Rights, was a major achievement in the fight against colonialism. In the conference's concluding declaration and 'call to action', participants affirmed the right to self-determination and to peoples' self-defence in the face of tyranny and oppression.

Minorities, migrants and refugees

The worsening plight of ethnic minorities, migrants and refugees across Asia also concerned participants. On the one hand, governments are targeting foreigners as a threat and attacking the concept of pluralism, so fragile across the region. On the other, regional governmental co-operation on national security greatly limits the ability of exiles living in neighbouring Asian states to campaign for democracy in their home countries. Ethnic Koreans have traditionally been demonised in Japan but, since September 11, it has become even more difficult for them to organise in solidarity with the North/South reconciliation process. Malaysia has taken to caning, fining and deporting undocumented migrants from the Philippines and Indonesia. As Thailand

(traditionally a refuge for Burmese dissidents) increasingly links itself economically to Burma, Burmese refugees and migrant workers begin to suffer. In August, Burmese pro-democracy campaigners were rounded up by Thai police and deported back to Burma, following pressure from the Burmese military junta.

While the demonisation of migrants and refugees could only be alluded to at the conference, delegates identified them as one of the core target groups in their plan for further action. There was, as European participants pointed out, a sickening parallel between Asian national security laws and those enacted in the EU post-September 11. The European laws, too, serve to limit the legitimate right of refugees and exiles to campaign for democracy abroad. Such a parallel not only supports the conference's view that, post-September 11, national security regimes reinforce each other but sharpens the conviction that Europe's new security laws were enacted primarily as a gift from European governments to regimes abroad. The intended effect of a measure such as the UK's Crime and Terrorism Act is to stifle criticism of authoritarian regimes by prohibiting freedom of speech among exiles in the UK. In this there is fearful irony. For if, in the colonial era, it was the British who shaped the anti-terrorist laws of countries like India and Malaya and used such measures to suppress the struggle for independence, those same laws are now being enacted domestically. Once again, they function to limit struggle, this time by removing the ability of refugees to act against authoritarian post-colonial regimes that the West helped to install in the first place.

The peoples' security agenda

After three days, the conference ended with participants launching the Asian Peoples' Security Network and identifying four key areas for future work. These were the creation of a documentation centre based on the conference's original website <www.suaram.org/nsl-workshop>; advocacy and campaigning work at major events, including inter-governmental meetings on security measures and meetings of national human rights commissions; and the giving of immediate regional support in emergency situations. (In relation to the latter, organisers are to explore the possibility of sending fact-finding missions to Northeast India, Aceh, Kashmir, Basilan, West Papua, Malaysia, Afghanistan, Nepal and Maluku.) Finally, the conference decided to set up a campaign promoting a *peoples'* security agenda.

The final theme, the promotion of human security as an alternative to militarisation and the war on terrorism, ran through the whole conference. Throughout, participants voiced a belief that the 'basic aspiration of the people of Asia for democracy, an aspiration that is deeper today than ever before' was intimately linked to the desire for human

security. This positive and dynamic concept of peoples' or human security has also to be defined as a negation of national security measures which abrogate the rule of law and violate principles articulated by international human rights instruments, such as the International Covenant on Civil and Political Rights. In their call to action, participants reminded governments that 'all acts of violence perpetrated by them in the name of national security or the "war on terrorism" which violate international human rights law are, in fact, terrorist acts themselves'. In launching a campaign against state torture, delegates promised to 'act together to oppose such acts of state terrorism'.

The concept of peoples' security is, in fact, rooted deep in the anti-colonial struggles of the past and in the constitutions of newly-emerging post-colonial states that established free elections as fundamental to democracy. Participants went on to define peoples' security as the elimination of economic inequities, free and fair elections, civil and political rights (including protection from state interference), support for the Universal Declaration of Human Rights and elimination of the threat of war. In rejecting the reduction of security to governmental obsessions with 'national security', the conference affirmed that 'real security is that which ensures the promotion and realisation of all human rights – political, social, economic and cultural – for all peoples'. Real security and human rights – including political and civil rights – are, therefore, indivisible.

Peoples and movements across the world opposing neoliberal globalisation also articulate the desire for, and possibility of, peoples' security. But the war on terrorism, in labelling any form of dissent as terrorism, is, in part, an attempt to destroy the capacity of peoples' movements to achieve security. Conference participants concluded that 'the war on terrorism threatens the core of democratic nations. The very foundation of the United Nations and the UN instruments and mechanisms of human rights have already been undermined and are moving towards collapse.' Yet, while authoritarian regimes in Asia may have been the immediate beneficiaries of post-September 11 hysteria, the people of Asia could still 'seize this moment' to begin achieving real democracy; in part, through popularising the idea of peoples' security as an alternative to militarisation and the war on terror.

September 2002

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Book reviews

Frantz Fanon: a life

By DAVID MACEY (London, Granta Books, 2000), 640 pp., £25.00.

For far too long, Frantz Fanon, who died over forty years ago, has been a figure of myth rather than reality. He is remembered only to be misremembered. Thus, in some quarters, Fanon has become an avatar of post-colonial studies and his extraordinary book, *Black Skin, White Masks*, has been appropriated as a founding text of identity politics. In this version of the life and the work, not only are Fanon's revolutionary politics ignored, but his work is turned to purposes with which, one imagines, he would have had little patience. On the other hand, those who have taken up Fanon the anti-imperialist, the revolutionary, have too frequently overstated their case, claiming an influence which is highly questionable and portraying a mirror image to that of the post-colonials. This is Fanon the apocalyptic, the 'apostle of violence'.

The facts of Fanon's shockingly brief life are easily summarised. He was born in Martinique, a French 'overseas department', in 1925. He studied medicine in Lyon after the war and specialised in psychiatry. In 1953, he took up a psychiatric post in Algeria and actively supported the FLN in the Algerian war of independence whose final, albeit lengthy, phase began the following year. He later became an FLN emissary, doing invaluable work for the movement throughout black Africa. During his lifetime he published three books, *Peau Noir, Masques Blancs* (*Black Skin, White Masks*) in 1952; *L'an V de la Révolution Africaine* (*Studies in a Dying Colonialism*) in 1959; and

Les Damnés de la Terre (*The Wretched of the Earth*) in 1961. He died from leukaemia on 6 December 1961 in the United States where he had been flown for emergency treatment – before the book became widely available. (On the day that news of Fanon's death became public, French police began to seize copies from bookshops.) His body was flown to Tunis and was smuggled across the border into Algeria for burial.

David Macey clearly has the highest regard for Fanon and he has meticulously researched his subject, but this is emphatically no hagiography. As though following Fanon's own wish to 'make of me always a man who questions', Macey is constantly engaged with Fanon, questioning him, arguing with him, taking him to task. So, too, Macey regains a sense of proportion about Fanon, doing away with some of the hyperbole found among his admirers. The paradox is that, in doing so, he gives the man his rightful stature as an innovative and sensitive psychiatrist who was respectful of the people in his care; a writer who managed to find poetry in the sufferings he sought to combat; a political activist who, in the end, gave his life to the cause of freedom from colonialism.

Peau Noir, Masques Blancs, first published in 1952, is probably Fanon's most read work and has rightly gained the status of a classic. (Those of us who read it in English are, according to Macey, not reading what Fanon wrote but a translation that is, in some respects, quite inadequate.) It is a book, Macey argues, that is really without precedent, which may explain why it was so little reviewed on its appearance. It is not autobiography – the 'I' that appears frequently is a persona, a device; nor is it political analysis as such – although it is politically driven; nor is it a work of psychology as such – although Fanon makes use of his own eclectic reading of psychoanalysis and other psychological theories. One should see it instead, Macey suggests, as an 'extended exercise in *bricolage*', the term used by the anthropologist Lévi-Strauss to describe how myths are made from materials that are to hand. Whatever, it remains a unique account of the experience of being black in a world dominated by white power and privilege. Still it has the power to shock, to unsettle.

So too, with *Les Damnés de la Terre* (*The Wretched of the Earth*), Fanon's most (in)famous book, formed in the crucible of the Algerian liberation struggle. Widely regarded, Macey notes, as one of the classics of decolonisation, the book is no straightforward manifesto, analysis or critique. It includes, of course, the famous first chapter on violence that did so much to give Fanon his reputation, but it also includes a text on 'national culture' and a section on 'colonial war and mental illness', consisting mainly of case-notes made in Blida and Tunis between 1954 and 1959. The project of the Third World, Fanon wrote, was 'to resolve problems to which Europe has found no solutions'. Far

from advocating violence, even less glorifying it, as he is frequently accused of doing, Fanon was describing the reality that he saw before him, that decolonisation was a violent process. 'It is the colonised masses' intuition that their liberation must come about, and can only come about, through force.' (Macey remarks that if Fanon had used the term 'armed struggle' instead of 'violence', the book would have been 'far less contentious'.) One should note, too, that Fanon was far in advance of his time in his concern for, and understanding of, the psychological effects of torture and war, as shown in the case studies published here.

One of the many valuable aspects of the book is the attention Macey gives to Fanon's work as a psychiatrist and his writings on psychiatry, a part of Fanon's life to which few commentators pay much heed. Fanon was no psychiatric revolutionary – stories of him literally unlocking patients from their shackles are yet more mythology – but it is clear that he was a humane and sensitive doctor, both at the therapeutic community of Saint-Alban in the Lozère region of France and at the hospital of Blida, Algeria's 'capital of madness', as it was widely known. Fanon did institute humane changes in the way patients were treated: work, entertainment and eclectic modes of treatment all became part of the treatment programmes, as did patient participation in the running of the wards. (Patients were encouraged not just to consume the films they watched passively but to participate in active discussion of what they had seen.) Fanon initiated the first experiment in social therapy or institutional psychotherapy to have been attempted in North Africa. Most important, perhaps, Fanon sought to combat the impact of the hegemonic 'Algiers school' of psychiatry with its views on the 'primitive psychology' of the 'Algerian native', which both infantilised and criminalised those Algerians unfortunate enough to come into contact with psychiatry. An Algerian who entered the psychiatric hospital, Fanon wrote, did so bearing 'the dead weight of all his compatriots' and was quite spontaneously inserted into a pre-existing framework constructed by Europeans.

And what of the man? Macey gives us a portrait of a rich and complex man, a creative spirit who used his considerable talents in the service of something far larger than himself. Far from being an 'apostle of violence', as many have dubbed him, Fanon's true legacy, he concludes, is the combination of 'anger and generosity of spirit' that marks so much of what he wrote and did. The Fanon that emerges from Macey's account is, in truth, a true humanist. In the introduction to his first book, he writes that 'man is a *yes*' and he later elaborates: 'Yes to life. Yes to love. Yes to generosity'. 'But', he goes on, 'man is also a *no*. No to scorn for man. No to the indignity of man. No to the exploitation of man. To the murder of what is most human about men: freedom.'

This is, in short, a remarkable book about a remarkable man. It is intellectual biography of the highest calibre, utterly compelling. At last, Fanon has the biography he deserves and is restored to his rightful place in the history of the twentieth century.

London

PAUL GORDON

The World of C.L.R. James: the unfragmented vision

By JAMES D. YOUNG (Glasgow, Clydeside Press, 1999), 392 pp.

The past ten or fifteen years have seen a sea-change in the academic reception of C.L.R. James – ironically, since his death in 1989. As Grace Lee Boggs (James's old ally in the Johnson-Forest Tendency during his American sojourn in the 1940s) observes in her 1998 autobiography, *Living for Change*, there has latterly been 'a flood of books and articles . . . about this West Indian Marxist who many regard as one of the most brilliant men of the twentieth century'. For those with a long-standing interest in James, this rise in his prestige must seem a vindication. Or so one might initially assume.

I count myself among those whose interest in James predates his contemporary 'rediscovery'. I first encountered him, initially through *Beyond a Boundary*, in the mid-1970s, and have continued to read him actively and to learn hugely from his work ever since. For the first decade, however, my enthusiasm for James was a distinctly singular pursuit. Prior to 1985, when I moved to Providence, Rhode Island, and met up there with such serious and distinguished James scholars as Paul Buhle and Paget Henry, I don't think I had ever been in a room with more than one other person who knew anything at all about James – not in South Africa, nor in Britain, nor in the United States. Like many of James's admirers, I could not understand why he was not much better known than he was. I remember attending an international conference organised by Selwyn Cudjoe and William Cain at Wellesley College in April 1991 – certainly among the first conferences to be devoted to James's life and work – and relishing the prospect of so many people thinking and speaking about the great Trinidadian politico-intellectual. The conference raised one's hopes that the sphere of James's renown would continue to grow.

It has grown, of course. Today James is among the most celebrated thinkers in the academic fields of cultural studies and postcolonial studies. But here's the rub: the figure that has been consecrated in these fields is a very attenuated and reduced James, shorn of his Marxist and indeed most of his socialist radicalism, stripped of his almost ontological commitment to struggle (including especially class struggle), divested of many of his idiosyncratic, utterly particular but

ultimately constitutive and defining emphases and convictions. The thinker that has been placed before us in the new scholarly literature is very much a James for our times – the post-1989 times of American-centred globalism, neo-liberal hegemony and postmodernism (understood, following Fredric Jameson, as ‘the cultural logic of late capitalism’). As earlier, in the 1980s with Frantz Fanon, so too, in the 1990s with James: the price of celebrity and influence (of a kind that neither thinker would have wanted and that both would have deplored) has been cannibalisation, appropriation, recuperation.

It is against this new and still unfolding backdrop that James Young has written *The World of C.L.R. James: the unfragmented vision*. The term ‘unfragmented’, I take it, refers both to James’s capacious and universalistic thought and to the need to construe him whole, to grasp his ideas in the round, without fragmenting them or hiving some (the more palatable ones) off from others less amenable to a liberal, multiculturalist perspective. As Young writes in his preface, ‘since James was beginning to be deradicalised, fragmented and turned into a “cultural critic” from at least the early 1980s, I have decided to produce a critical interpretation of what James was about, his significance for a genuine grassroots global radicalism in the late 1990s and beyond as well as his still very neglected experience of and response to racism and some intellectuals’ militant ignorance’.

The World of C.L.R. James undertakes to ‘present a new social picture’ of James by situating him firmly in the multiple contexts which formed him, and out of which, or against which, he emerged as a writer and socialist activist. (Young prefers the term ‘revolutionary artist’, which he derives from Buhle’s work on James.) The book thus emphasises the circumstances of James’s early intellectual formation in colonial Trinidad; the absence of any sustained encounter on his part with socialism or class politics prior to his arrival in England in 1932, at the age of 31; the peculiar effect of this ‘gap’ in his political education, which paradoxically rendered him immune to Stalinism and an implacable critic of it; and the emergence in his outlook of a disposition to ‘think in colour’, such that he was rarely inclined in his own work to repeat or give credence to the racist or imperialist arguments and assumptions that flourished elsewhere in metropolitan society and politics, including socialist circles.

Much of what Young says about James is not new, though it is still salutary, and he brings fresh detail to his exposition, including James’s encounter with Scottish socialist politics. In his own attempt to describe anew the paradox that many commentators have previously explored, for example, he writes that James

was influenced to an extraordinary degree by ‘the British [ruling-class] idea of behaviour and principles’. It was at the root of the

remarkable public-schoolboy self-confidence that his critics and enemies would later describe as ‘insufferable arrogance’ . . . James eradicated the class-consciousness surrounding those principles by trying to universalise them.

Young effectively situates ‘the origins of James’s essentially non-Trotskyist belief in the collective ability of the common people everywhere to make their own future’ in colonial Trinidad; and he argues quite compellingly that, however counter-intuitive it might seem, it was precisely James’s nineteenth-century (self-) understanding that enabled him ‘to make such an immense contribution to twentieth-century socialism’. A similar argument has been made (by Michael Löwy, among others) about Georg Lukács; but Young proposes that James was ‘perhaps the only Western socialist whose developing universality of vision and analysis helped to rescue socialism from the deep multi-dimensional crisis of the mid-twentieth century’. Later, he writes that:

although outstanding Marxist critics like Antonio Labriola and Franz Mehring explained the historical process, literature and culture from the standpoint of historical materialism, no one contributed so much to a comprehensive, all-round critique of global capitalism in the twentieth century as C.L.R. James.

Part of what drives Young’s argument here is his conviction that socialist and Marxist thought and practice in the Euro-American tradition are indelibly and irremediably racist in provenance – constitutively racist, we might say, such that James’s bold ‘thinking in colour’ is, for Young, almost axiomatically to be preferred to the thought of European or American socialists. ‘Inside the American labour and socialist movements racism was inescapable’, he writes; while in the British arena, he sees colonial racism to have positively *anchored* socialist theory and working-class struggle from the mid-nineteenth century to at least the 1940s, when, even after the war, ‘Labour was still very much committed to . . . preserving the Anglo-European whites’ dominance, privileges and *imperialist identity*’.

I think this argument is rather overstated by Young. At one point, he cites South African novelist Peter Abrahams to the effect that ‘the European Left, with rare exceptions’ had ‘forfeited its right to the leadership of the struggle against imperialism’. In Young’s exposition, the force of Abrahams’s qualification – ‘with rare exceptions’ – tends to be disregarded. Not only does he fail to register the presence of these ‘exceptions’ and the difference they made in the struggle against imperialism and racism, he also seems not to take into account the fact that, if large numbers in the Euro-American Left have indeed expressed and practised the racism manifest throughout the wider societies of which

they have been part (a truth neither controversial nor remotely surprising), *it is only within the circuits of the Left that it has been possible to forge anti-racist and anti-imperialist practices and alliances* – such as those forged by James throughout his life.

Warwick University

NEIL LAZARUS

The New Intifada: resisting Israel's apartheid

Edited by ROANE CAREY (London, Verso, 2001), 354 pp., £13.00.

'Step by step', writes Noam Chomsky in his introduction, 'the United States and Israel have laboured for thirty years to construct a system of permanent neo-colonial dependency [in Palestine]. The project took new forms as the "peace process" was put in place'. What is particularly good about this book are its analyses of why the Oslo process failed; the structural and procedural flaws of the so-called 'peace process', how the imbalance of power inherent in Oslo guaranteed its 'distorted' outcome, and why current Israeli policies towards Palestinians in the West Bank, Gaza and inside Israel, are part of a wider racist politics of which occupation is just a part.

'Has the world been deluded', asks Edward Said, 'or has the rhetoric of "peace" been in essence a gigantic fraud?' The reality, explains Chomsky, is that 'there is a conventional term for Washington's success in blocking any diplomatic settlement . . . it is "the peace process", a choice of terminology that would not have surprised Orwell'. It is a 'peace process' that has led to the creation of the Bantustan-style arrangements that the US and Israel intended all along.

Not only do the various chapters in this anthology provide the figures, facts, percentages and maps, cataloguing that process's consequences, but also personal testimonies, such as Robert Fisk's account of his return to Sabra and Shatilla, eighteen years after the massacres committed under the responsibility of Sharon, then minister of defence. There are Muna Hamzeh's notes from Dheisheh, the stories of children from Beit Jala who write of living under occupation, and others. All illustrate the human costs and tragedies of the *Nakba*, the Palestinian catastrophe.

Through the Oslo Accords, Israel sought to impose an agreement enabling it to 'end the tactical burden of direct military occupation' and forge a 'functional partnership' with a weakened and exhausted PLO. Israel would retain possession of the West Bank and Gaza's strategic assets (land, water, borders, Jerusalem) and its 'partner', the Palestinian Authority, would assume formal responsibility for day-to-day municipal administration. Deconstructing the patchwork of

agreements that make up the ‘peace process’ of the past eight years, Glenn Robinson discerns ‘a clear pattern in which Israel first refuses to implement its own commitments, seeks and obtains their dilution in a new agreement, subsequently engages in systematic prevarication, and finally demands additional negotiations, leading to a yet further diluted agreement’

As Mouin Rabbani demonstrates, with its focus on security, political and economic concerns, Oslo was fundamentally flawed because it lacked any reference to international law as the basis for a nascent Palestinian state. Thus disputes between the two very unequal sides are resolved on the balance of power, in Israel’s favour. Key to maintaining this hegemony is the ‘control’ of media coverage in the US. Ali Abunimah and Hussein Ibish’s excellent analysis of the exclusions, sophistry and missing or wrong terminology illustrates how ‘the American press’s notorious pro-Israel bias is as pronounced as ever’. Take, for example, the *Washington Post* columnist who demanded to know what reason ‘Palestinians could possibly have . . . to protest in the *intifada* . . . 99% of the Palestinians live under the rule of Arafat’. Or there is the Israeli columnist who called for a PR offensive shifting the moral responsibility for the deaths of so many Palestinian children away from the Israeli army: ‘a planned and creative PR campaign would attack Arafat from an unexpected direction – that he sacrifices children’. Despite the fact that B’Tselem, an Israeli Human Rights Centre, ‘found no evidence of organised exploitation of children’ during the *intifada*, ‘pro-Israeli commentators in the [US] dutifully began to churn out columns designed to absolve Israeli soldiers from responsibility’.

The lack of any reference to international law in the Oslo agreements – including Israel’s continued refusal to accept it is bound by the Geneva Convention’s rules and restrictions – means that all Israel’s violations of human rights, torture, imprisonment and deportation, settlement construction, illegal land confiscation, building of by-pass roads, repeated collective punishment, demolition of homes and villages and pillage of Palestinian natural resources have continued unabated during the eight years of the ‘peace process’. And all the relevant legal documents since 1994 have been signed by the Palestinian Authority. Human rights lawyer Allegra Pacheco believes that the Palestinian Authority made ‘critical legal miscalculations’ under the Oslo agreements. She argues that their ‘total disregard for the very international law that protected its people’s rights was irresponsible and a contributing factor to the continued suffering of 3 million Palestinians remaining under Israeli occupation’. Alarming, her analysis highlights that when strategies and attempts have been made by various Palestinian groupings (including the Madrid negotiators and human rights coalitions) to ensure enforcement – particularly during the

interim period – it was the Palestinian Authority that scuppered these attempts.

On a human level, as Sara Roy explains, the structural imbalances of Oslo have also caused severe economic hardship. Almost 50 per cent of Palestinian households have lost more than half their income during the *intifada* and 11 per cent have lost all of it. The Palestinian Authority is legally prevented from seeking new markets for its exports and new sources of cheap imports, since Israel determines trade policies. The single most damaging factor is closure; imposed in March 1993, it has never once been lifted. Cut off from Israel, the Palestinian economy is losing on average \$19.5 million a day – three times the total aid received from donor sources during the first six months of 2000. For a population that largely depends on the Israeli economy (thanks to the economic agreements signed by the PLO under Oslo), this has created severe hardship.

The chapters on the internal dynamics of the second *intifada* offer excellent and unique analysis. Above all, the Al-Aqsa *intifada* is a rejection of all that has occurred during the previous seven years. ‘The uprising itself’, explains Rabbani,

serves as a poignant daily reminder that irrespective of the odds – and if necessary in direct opposition to political arrangements and commitments endorsed by their own leadership – Palestinians will not abandon their national struggle, and that Israel has yet to decide between a historic compromise with them and irreconcilable conflict with the entire Arab world . . . Israel . . . has unleashed a level of violence unprecedented in the history of the occupation, and has imposed a siege that has stopped normal life dead in its tracks.

In Omar Barghouti’s poignant account, the second *intifada* has exposed Israel’s ‘original sin’: ‘the *Nakba* – catastrophe – of 1948, in which more than 750,000 Palestinians were driven off their native land has come to dominate the political discourse. In response, Israelis from across the political spectrum, stirring up a deep-rooted “victimology” . . . cry “existential threat”!’. Barghouti believes that ‘Israel’s “existential fear” when interpreted as a concern for the continuity, legality and moral foundations of Israel *qua* Jewish state, is quite genuine, though morally deplorable’.

Barghouti reveals three aspects of the current *intifada* that highlight this ‘existential crisis’: first, Israel’s excessive force, brutality and *human rights violations that many, including Amnesty International, believe ‘may well amount to war crimes’*. Second, the participation of the marginalised Palestinians of Israel in the *intifada* that shattered the illusion of coexistence and began a process of ‘relinking them with their Palestinian co-nationals’; and, third, ‘the prominent rebirth

of the Palestinian and Arab near-consensus on the Right of Return for the *Nakba* refugees and their descendants’.

Salman Abu-Sitte’s analysis on the right of return for Palestinian refugees – two-thirds of the Palestinian people – highlights why ‘it is necessary to refute the Israeli taboo that the right of return is not possible’. He argues that while Israel opposes return on the grounds that it will pollute the ‘Jewish character’ of Israel, and that it is impossible as the refugees’ villages have been largely destroyed, none of these claims stand serious scrutiny. He shows that the land in question is now being sold off as prime real-estate to bail out the largely bankrupt *kibbutzniks*; that the number of Russian immigrants is equal to the number of refugees from Lebanon and Gaza combined; and that ‘well over 90% of the refugees could return to empty sites’.

The struggle in Palestine is a struggle for democracy, equality and justice. The final chapters of the book focus on activism and solidarity, both in Israel and internationally, and suggest strategies for activism. In Israel, the shift to the Right has exposed the positions of components of the Israeli peace camp; as Gila Svirsky explains, the reaction to the Al-Aqsa *intifada* falls into two categories: ‘while *Peace Now*, a centrist body close to the Labour and *Meretz* parties, continues its “progressive strategy” more cautiously, the progressive peace camp . . . staunchly demands an end to the occupation . . . and is the only visible movement for peace in Israel since the Al-Aqsa *intifada*’. And on international solidarity and campaigning, Nancy Murray argues that we must learn lessons from the anti-apartheid movement and the American civil rights movement. The ‘behind-the-scenes deal-making initiated at Oslo turned legitimate Palestinian resistance into illegitimate anti-Israeli “incitement” and eviscerated the demands of the first *intifada* – the demand for an end to the occupation and colonization of Palestinian land’. We need to combine solidarity with the struggle against an on-going racist ideology and politics of which occupation is a part. As she explains, ‘it took sustained public education and pressure on government elites to make the international recognition of Bantustans unthinkable. This bears repeating, given the failure to mount a similar campaign of education and agitation against the legitimation of apartheid in Palestine.’

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