

GLOBALIZATION AND THE TECHNOLOGICAL TRANSFORMATION OF CAPITALISM

By Jerry Harris

Lenin, in his 1916 essay on Imperialism argued it was the domination of finance capital over the export of commodities that constituted one of the major features of the new age. Lenin saw imperialism as a new epoch changing the face of the world. A qualitatively different system from the early Dutch and Genoese banking houses which began trading commodity futures in the 1600s.

We are faced with a similar epochal question today. Is globalization a mature capitalism that has outgrown its national adolescence into a unifying world system with universal commodification? Or have we reached a new stage of development where the technological revolution has opened the door to a qualitative leap in the expansion of capital? Does the current “globalization” expansion have fundamental differences with the international markets that characterized imperialism from 1860 to World War II?

As A. Sivanandan has observed: “the qualitative changes brought about at the level of the forces of production have brought about changes in the mode of production which, in turn, have led to changes in social relations . . . If the handmill gives you society with the feudal lord and the steam-mill gives you society with the industrial capitalist, the microchip gives you society with the global capitalist.” (Race & Class, April '96).

Capitalism gave birth to the modern nation state; its economic form is historically bound to its political structure, and the social relations it created. Today globalization functions in a manner which undermines the nation state from which it originates. This is the essential difference between second wave imperialism and third wave globalization. The speed and carrying capacity of digital telecommunications have allowed capital to escape national control. These changes are occurring in the mode of production and the way in which wealth is created; in a new international legal superstructure; in the redefinition of sovereignty and state control of the economy; in the restructuring of the world labor force and its social entitlement; and a new ideology of borderless free markets.

Not only does the information revolution affect the movement of capital, it also affects where production is carried out, and how products are sold. The old slogan, “What's good for General Motors, is good for America” can no longer be applied. That motto, of the most powerful second wave corporation, reflected an economic vision which sought to develop a stable “middle class” as a consumer base for a huge national economy. Corporate strategy was national strategy.

But today's transnationals set their sights on a world market; national strategies are secondary. This is how corporations have responded to the crisis of accumulation. As national markets became saturated and structural limits on real wage increases were reached, the technological revolution allowed capital to build a new global economy to escape its national restrictions. The abilities to instantaneously transfer money worldwide lead to such an explosion of financial speculative markets that a new structure is now being built to facilitate this qualitative change. Meanwhile on the commodity side of the economy, a market that targets the top 15% of the world consumer market is replacing a broad based middle class national strategy.

Wealth and the New Forces of Production

Time has conquered space. The digital and electronic transfer of information via satellite, telecommunications, fax, and modem has created an instantaneous and interconnected world of finance unlike previous times. The ability of these new means of production has propelled money into speculative activities unrelated to the production of useful commodities. Money is now simply in search of itself. Just as industrial technology directed money away from land and into the factory system, information technology has propelled investment away from manufacturing and into global speculation. This is an interconnected process driven by the needs of accumulation combined with the abilities of the new technology.

Perhaps the most important tool for the new economy is what the New York Times called “the computer system that is the heart of global capitalism,” CHIPS. The Clearing House Interbank Payment System ties together 142 banks and does 150,000 transactions a day. The system is owned by 11 large New York banks and transfers \$2 billion a minute, or about a trillion a day. That is half of the electronic transfers in the world. The next largest electronic system is in Belgium, connecting 1,000 banks to SWIFT, the Society of Worldwide Interbank Financial Telecommunications. These are the new tools of production and transportation for international finance.

To get an idea of just how big the financial markets are, we need to review some figures. The total value of financial assets traded in global markets in 1992 was \$35 trillion, twice the GDP of the 23 richest industrial countries. In the January 1997 issue of Monthly Review, Daniel Singer points out that, “daily international transactions now exceed on an average the astronomical figure of one thousand billion dollars, that is to say more than the total gold and foreign currency reserves of all the members of the International Monetary Fund . . . Financial capital now reigns supreme.” These assets have been growing at two-and-a-half times the rate of the GDP since 1980, and estimates have put their value at \$83 trillion by 2000.

The biggest financial market is the exchange of foreign currency, the simple buying and selling of money. Exchange transactions are sixty times larger than world trade in manufactured goods, with some \$1.3 trillion a day rocketing through electronic space. In fact, five of every six dollars that move in the world economy travel via electronic transfer. The currency markets never close. Forty-five percent of the activity occurs in Europe, 30% in Asia, 15% in the U.S., and the remaining 10% spread out in third world markets. This trading revolves through world time zones 24 hours a day where billions of dollars are traded with eighteen cent phone calls. Speed is so essential that software creating a ten-second trading advantage resulted in millions in profits for Bankers Trust.

The growth of stock markets has been worldwide. The \$13 trillion listed in integrated markets circulate the globe in seconds. New markets exist in Brazil, Argentina, Thailand, Taiwan, Russia and 65 other countries. There are now 350 types of future contracts. The 1980s was a period of massive financial innovation. As pointed out by Saskia Sassen, “any concentrated pile of money has become attractive to traders.” (Losing Control? Page 47) Profits can even be made by selling off Third World debt. After collecting years of interest payments but still owning the principal, banks will sell the remaining debt for half price to other banks who will continue to collect interest. Some Third World governments seeking to escape debt will trade equity and stock in state owned corporations. Most coveted by international financiers are assets in communications and financial services.

Information technology has so transformed banking and financial activity that Sassen contends we “lack an analytical vocabulary” (LC, page 21) to properly describe the changes. Economist Felix Rohatyn gives us a picture of this new production of wealth as he describes people who; “...buy and sell blips on an electronic screen. They deal with people they never see, they talk to people on the

phone in rooms that have no windows. They sit and look at screens. It's almost like modern warfare, where people sit in bunkers and look at screens and push buttons and things happen . . .” (Global Dreams, p. 386). This is certainly a new type of worker in a new type of environment, creating a new type of value--value alienated from social production and solely based on information.

As Walter Wriston, past CEO of Citibank points out, “in the age of global banking, selling rapid information about money is the key to making money,” (Global Dreams, p. 381) Paper has no value in itself. In an electronic world the value of money is based on an exchange of information. Information based on an analysis rooted in the political bias and economic philosophy of several thousand transnational capitalists and money managers. Value grows or shrinks based on what governmental policies and economic activity they believe is best for their money--money that increasingly looks for quick results based on the ability to rapidly manipulate it through the new digital technologies.

An example of this activity was the crash of the Mexican economy. The peso became overvalued, driven by financial speculation and the huge investments of international financiers. When these electronic capitalists decided to withdraw their billions, (accomplished in less than three days) it was based on their analysis about Mexico's political stability. Their ideology did not consider alternate solutions, such as the promotion of real value-added activity based in manufacturing, the support of local business', the creation of jobs, and the protection of homeowners. Bankers recovered their profits, but at the expense of millions suffering a depression equal to that of the 1930s.

As Fred Rosen points out in an article titled, “IMF: One Step Closer to a Global State”, Mexico is no longer in control of its national economy. Rosen says; “As the multinationals become proxy governments, and transnational banking institutions become truly global, being the president of Mexico has become much like being mayor of Detroit. And soon being the head of a national bank like Mexico's Banamex, will be like being a branch manager of Fleet Bank in Poughkeepsie, N.Y.” (NACLA, Dec. 1996, p. 5).

Banks are no longer the only players, or even the most important. Trillions of dollars are invested through financial houses, investment firms, and insurance corporations. In 1980 Citibank was the largest in the world, and twice as large as any other U.S. bank. By 1992 it dropped to number 20 among world banks. Of the ten largest banks today, eight are Japanese and two are French. In fact, by 1989 the 13 biggest Japanese banks had five times the capitalized value of the largest 50 U.S. banks. While this is a significant change in the centralization of money, U.S. investment firms have in fact outgrown most U.S. banks.

Another huge pool for international investors is the bond market. Bonds are sold by governments seeking money to run their programs. But bond debt creates political constraints on government policy. Bond ratings are tied to assumptions about what constitutes good economic policy. That translates into narrow market efficiencies in which unemployment become unimportant. This means conservative money managers can manipulate the bond market in order to brake social spending. Since social programs are seen as inflationary, which devalues money, bond holders can dump their holdings, drive-up interest rates and slow economic growth. It's what Wriston likes to call: “asserting control over government, disciplining irresponsible policies and taking away free lunches” (The Twilight of Sovereignty, p. 66). In the U.S. 45% of all bonds are held by 1% of the population, and 17% by foreign interests.

The technological revolution has also deeply affected global manufacturing and commodity production. Anything can be produced anywhere, and sold everywhere. Skills and jobs are transferred

worldwide, with the production process itself fragmented between different countries. Of the 100 largest economies in the world, 50 are transnationals. While centralized control remains in the hands of a few, there has been a deconcentrating of production away from the old industrial urban centers of the north. When new industrial factories are built in Mexico, Thailand, or Indonesia, they don't look like Henry Ford's River Rouge in 1935. Many of these plants use the most up-to-date computerized production methods, increasing their profits through both low wages and technological advances in productivity. If faced with rising labor costs when workers organize, corporations will jump to other countries. Greater flexibility exists not only in moving money, but also in moving manufacturing.

Ford's plant in Hermosillo, Mexico has the best quality and production rates in North America. Hourly labor and benefit costs are \$2, compared to \$30 in Detroit. That translates into a boost of \$672 in profits per car. In Chihuahua, Mexico, Ford has built a state of the art factory with automated capital intensive machinery. Applications run 12 to every available job. Training goes on at a local technical college with graduates going directly to Ford. The plant produces 1,200 cylinder blocks per shift with only 16 workers. Workers paid at half the wages of other Mexican auto workers, and at two-thirds the benefit level.

In the computer industry both high and low end jobs are done worldwide. Data processing centers are spread from Manila, to Ireland, and around the globe to the Bahamas. The time it takes to send work from New York to the Philippines, differs only in seconds from the executive sending work to a secretarial pool downstairs. International data centers are doing everything from credit checks, library catalogs, to patient records and Playboy articles.

At the high end of software writing are new centers such as Bangalore in India, where universities have produced 75,000 programmers. The results have been home-grown computer businesses which receive work from Motorola and IBM. These knowledge workers are as well educated as most American graduates, but are paid about \$4 an hour.

This global production is carried out by 100,000 Transnational Corporations (TNCs). But the largest 350 have sales that equal one-third of the GNP of the industrialized countries. These corporations have more than 25% of the world's stocks and assets. The top 100 TNCs have only half of their assets in their country of origin.

The New Relations of Production

Globalization has been resulting in a changing relationship between labor and capital. The deconcentrating of manufacturing coupled with its flexibility has led to a weakening of unions and the strengthening of capital. The new technology has also been used to develop new forms of control on the shop floor and in the office. But even deeper effects are evident. Significant changes in work categories and labor stratification are occurring along with growing permanent unemployment for masses of people. Within the capitalist class there is a shift in power and wealth away from the national industrial barons to a new global bourgeoisie and information elite. As the economic base shifts, as wealth is created in different ways from second wave industrialism, these changes shape new relationships between classes.

In the U.S. manufacturing jobs have shrunk from 33% of the labor force in the 1950s to about 17% today. The losses began in the 1960s and turned into a flood by the 1980s. Many of these jobs have been exported to a global labor force as technology has made the transfer of skills easier. In 1991 50%

of all U.S. exports and imports were within U.S. corporations. Today there are 175 manufacturing free enterprise zones in the world employing four million workers, 2.6 million of whom are young women. In Indonesia Nike pays 82 cents a day. Their cost per shoe averages \$5.60, for a product selling from between \$75 to \$135 a pair. Michael Jordan makes \$20 million for his contract with Nike. The Nike workforce of 12,000 mostly teenage girls in Indonesia earns a total of \$5 million a year. But the transfer of jobs has not been all one way. BMW went to South Carolina where they pay \$12 an hour, rather than the \$28 per hour they pay in Germany. The flow of jobs and capital is happening everywhere.

Within the U.S. productivity has risen in the industrial sector, with many areas using just half the workforce of the past. The productivity gains of robots and numerical control machines are most clearly seen in industry. For example, Ford in the 1980s cut hours 47%, but gained in productivity by 57%. But new technologies have also been used to control the labor process. Just in time production, work by stress, flexibility, and lean production are all ways management has organized information technology to squeeze workers.

Rise of a New Working Class

The two most important sectors of labor have become knowledge workers and contingent labor. Knowledge workers are the single largest category of U.S. workers nearing 20% of the total. As pointed out by Barnet and Cavanagh, "The production, processing, and selling of information is the number-one growth industry in the world." (Global Dreams, p. 334). But these workers span from high-end designers to low-end data processors, and both are global. Ford Escort designers work from three different countries, linked to computers in Dearborn working with parts from ten different nations. Data processors input information anywhere with work from everywhere.

The fastest growing manner of work is part-time, temporary and homework. This contingent category was half of all new jobs between 1980-87. By 1995, 60% of all new jobs were contingent, 60% of all new jobs earned below \$20,000 a year, and 18% of the workforce employed at 40 hours a week made wages below the family poverty line. This type of labor force is being built to match the new capabilities of technology. As information speeds up, so does production and the market. This calls for greater flexibility in order to exploit the greatest potential presented by the new tools. Thus, the restructuring of the labor force into a more easily disposable pool of workers allows capital to respond more quickly to their own needs. The use of the technology is driven by the needs of accumulation, the technology does not drive the new organization, only makes it possible. But the possibilities are revolutionary, and this is what important sectors of the capitalist class have realized.

As the new work relations become global, new waves of immigrant workers seek jobs across borders. When capital goes global, so does labor. The number one export of Bangladesh and Jordan is labor. Jordan earned more from its citizens sending money back home than its total export of goods. In Los Angeles 40% of the population is foreign born, and New York reflects the same pattern. But not all of this is unskilled labor. Foreign born students in the U.S. account for 50% of all math, computer science, and engineering degrees. About 40% of all new patients in the computer field are from immigrant workers, and in Silicon Valley almost half the workforce for many corporations are foreign born. There is global competition for intellectual capital, and the U.S. is leading the race.

As the world economy changes there are global capitalists pushing and developing the process. This new global bourgeoisie represents two basic economic sectors, finance and the digital economy. The digital economy is in computers, telecommunications, media, phone and the cable industries--those

corporations taking the lead in conceiving, developing, and producing the new tools of production, and its infrastructure. This diverse group of players shaping the new economy includes corporations such as Intel, U.S. Robotics, the Bells, and Motorola. The shift in power is clearly seen in the changing positions of the manufacturing and information sectors. GM is valued at \$35 billion, while Microsoft is worth \$71 billion.

There is a complex struggle shaping up between the new and old centers of capital. Although the second wave military-industrial complex has adopted and depends on new digital technology, the government spending, tax codes, and legislation which protect them are coming under increasing fire. For example, second wave political movements which attack immigrants are hotly opposed by silicon valley executives who want open access to world intellectual capital. Greater spending on education, retraining, and the development of human capital is often counterposed to the huge military budget. Changing the tax codes which protect the markets of industries like auto and steel, to a system which encourages investments in new technology is another point of conflict. All these issues are regularly covered in *Wired* magazine, a major voice for the digital economy.

The other major developing group is a class of the global financial elite. Digital technology has affected international finance more than any other economic sector. While the computer industry is producing value based in physical assets, much of the wealth in finance is alienated from actual physical products or useful social activity. Both sectors are driven by knowledge and information, but their effects on society are very different. This international bourgeoisie is very aware of itself. For example, Citibank made a list of 5,000 individuals whose net worth was \$100 million or more. The bank then proceeded to help the superrich of the Third World get their money into banks in the U.S. Today there are 350 individuals with a worth of a billion dollars or more, their wealth is equal to half the world's population.

The financial strategy of Citibank is worth some attention. This bank under the leadership of Walter Wriston and then John Reed has innovated some of the most important changes in world financial markets. Corporations now focus on the top 15% of the world market, because the bottom 85% of the world's people simply don't have enough money to be considered important. As Reed stated; "There are five billion people living on Earth. Probably 800 million live within societies that are 'bankable'" (*Global Dreams*, p. 383).

Reed's ideas have strong sway. In a knowledge economy, education becomes the key point of access. To use and buy information products and to be part of the new economy depends on your level of education. In most parts of the world, class and access to good education are closely linked. As Reed observed, "We made an important discovery that drove everything we did later...People's attitude about finances are a function of how they're raised, their education, and their values, not of their nationalities", (*Global Dreams*, p. 376). Class, not nationalism is the unifying theme here. A world wide upper middle class ruled and cultivated by an international bourgeoisie is the vision that drives this economy--a world also divided between information rich and information poor.

This understanding drove Citibank's credit card strategy in the Third World. When Citibank looked at Asia they saw 10 million people making \$30,000 or more outside of China and Japan. The best way to find them was simply the phone book. Over 50% of the world's population has never even made a phone call. Only the wealthy have phones, and of course phone lines are a necessary tool of the new economy. So in looking at markets in India, where computer use is growing at 25% a year, Pei-yuan Chia, head of Citibank's global consumer operations was able to say; "Forget about 90% of the people,

and focus on the top 10%. That's 80 million people" (Global Dreams, p. 377). In Indonesia the market become owners of TV. satellite dishes.

While there has been a decentralization of production, the third wave economy is producing greater concentrations of power. Sassen argues this concentration involves; "top level financial, legal, accounting, managerial, executive, and planning functions". (Losing Control? page 10). While many of these services are contracted out, they nevertheless take place in a handful of international cities such as New York, London, and Tokyo. As Sassen points out; "the more globalized firms become, the more their central functions grow: in importance, in complexity, and in number of transactions. The sometimes staggering figures involved in this worldwide dispersal demand extensive coordination and management at parent headquarters." (LC, p. 9). This complex and centralized coordination of global markets is made possible by the speed and reach of information technology.

These centralized functions have a territorial aspect. They take place in enclaves in world cities, both in the developed world and third world. There are wired and affluent blocks in Manila, Mexico City, and Shanghai, as well as Frankfurt, Paris and Los Angeles. Malaysia is planning to build the first fully wired capital city in a 250 square mile area the government is calling the Multimedia Super Corridor. This third wave Brasilia is expected to be finished by 2020. This same global process has brought third world enclaves into the advanced centers. Vast stretches of New York and L.A. look, feel, and live in conditions that parallel the poorer areas of the world.

Ideology and Superstructure

As the digital economy gains strength it changes the relationship of capital to the state, creating a new legal structure and dominant ideology. Second wave imperialism has key differences with third wave globalization. Imperialism was tied to the national sovereignty and development of the state of its' origin. A key aspect was the development of a broad middle class and labor aristocracy. As the famous British imperialist Cecil Rhodes observed; "I was in the east end of London yesterday and attended a meeting of the unemployed. I listened to the wild speeches, which were just a cry for 'Bread, Bread', and on my way home I become more than ever convinced of the importance of imperialism ... If you want to avoid civil war, you must become an imperialist." (Lenin, Imperialism, p. 72) Revolution or imperialism, the choice is clearly stated. The exploited wealth of the third world would make the growth of a middle class possible, and therefore national development could avoid civil war.

In fact, nationalism replaced class struggle as the dominant ideology within the working class and society as a whole. That was starkly evident by the support for World War I in the European socialist movement. As Hilferding pointed out; "For the imperialist this nation is real; it lives in the ever increasing power and greatness of the state, and its enhancement deserves every ounce of his effort...the national idea becomes the driving force of politics. The common action of the nation, united by a common goal of national greatness, has taken the place of class struggle, so dangerous and fruitless for the possessing classes". (Hilferding. Finance Capital, p. 336) Nationalism, not globalization was the ideological context of second wave imperialism. As imperialists countries conquered the world, they made their territorial possessions part of their own nations, and closed international markets for their exclusive exploitation. It was this monopolization that lead to World War I and Germany's attempt to redivide world markets.

Today's ruling ideology sees no national borders, only markets. The creation of jobs and a growing middle class is not an object of globalization. International financiers could care less about an inner city middle class in Detroit or Chicago. The spreading waves of unemployment which helped sparked

the L.A. riots didn't create the same fear of civil war which haunted Rhodes. Today's capitalists just sit down at their computers and transfer their money elsewhere. The political response isn't creating new jobs, but throwing people off of welfare. This growing hostility to and criminalization of the poor is a political reflection of a global bourgeoisie disconnected to national development. When the chairman of Dow, Carl Gerstacher dreamed of buying "an island owned by no nation", he expressed the not so hidden desire of his class. In fact, international finance has made the Cayman Islands the fifth largest economy in the world.

These changes are undercutting the idea of citizenship which arose with the building of second wave nation states. In the French revolution democratic inclusion was born within this philosophy of national citizenship. The mass struggle to expand voting rights created some popular control over the nation's economic and political decisions. Entitlements extended citizenship to welfare, education, and health. All of these rights revolved around state mediation and guarantees.

But globalization is reducing citizenship to an economic status, succinctly articulated by Margaret Thatcher's statement that there is no society, only individual men and women. We are now simply an economic being with no social existence, so the state has no social responsibility. Those with a good job live in a nice community, with excellent schools, safe streets, polite police, and politicians who return your calls. Those without jobs live in projects, with rundown schools, abusive police, and politicians who make you the cause of every problem in society. One is a citizen, the other criminalized. This truncated citizenship fits hand in glove with the marginalized contingent work force, and the changing relationship between capital and labor. But as the specter of unemployment spreads, the legitimacy of government shrinks. If citizenship is only based on economic well-being those outside that constricting circle become political outsiders moving to the right, the left, or into nihilistic rebellion.

Instead of "one man one vote," globalization is based on "one dollar, one vote." The control of massive amounts of money creates an exclusive club that Sassen labels a "cross-border economic electorate". It's a return to property based voting rights, but on an international scale. This electorate has its' own economic policy objectives which undercut social and productive investment. Although cloaking their ideology as economic efficiency their bias effects taxes, public spending, credit control, interest rates, exchange rates, and income.

As a former IMF official stated, "International capital is extremely powerful. Nobody can stand in front of it. The ability of financial markets to impose discipline on government policies ... is nothing less than amazing." (S.F. Chronicle, July 5, 1996) This is no surprise given the amount of money under control of international investment funds. For example, three large firms based in San Francisco have at their disposal \$12 billion. Compare this to the U.S. government's annual foreign aid budget of \$7.3 billion.

Wriston has become a major spokesperson for the global bourgeois giving clear expression to their ideology. He explains electoral democracy as an international system where financiers take "a vote on the soundness of each country's fiscal and monetary policies. This giant vote-counting machine conducts a running tally on what the world thinks of a government's diplomatic, fiscal and monetary policies and this opinion is immediately reflected in the value the market places on a country's currency". (Twilight of Sovereignty, p. 9) "If your currency becomes worthless, the world knows about it very quickly. If your economic policies are lousy, the market will punish you instantly. I'm in favor of this kind of economic democracy." (Wired, p. 202-03).

Here we find a new definition of democracy which excludes 99.9% of the world's people. Of course Wriston likes to pretend this international referendum reflects "the collective wisdom of people all around the world". But who are these people? According to Wriston, "yuppies very interested in their ability to make a buck". (Wired, p. 202). Meet the new citizens of global democracy. As observed by David Korten in the Nation; "A thin segment of the superrich at the very lip of the champagne glass has formed a stateless alliance that defines global interest as synonymous with the personal and corporate interests of its members".

Wriston doesn't limit his thinking to the new economic democracy, he is also an astute observer of technology and its' effects on sovereignty. As he states; "The increased velocity of money gives you a difference in kind - not just degree. It's like a piece of lead: you put it on your desk, it's a paperweight; you put it in a gun, it's a bullet. The huge volume and speed of the international financial markets has put a brake on the ability of sovereign governments to do a lot of things they used to do". (Wired, p. 202) How appropriate to see the global bourgeoisie as armed revolutionaries attacking the state. For Wriston information technology is a weapon aimed at governments and people around the world.

Wriston's book title, *The Twilight of Sovereignty*, underscores a key process of globalization, the weakening of nation-states and the redefining of the role of government. As Sassen points out; "global financial markets represent one of the most astounding aggregation of new rights and legitimacy...powers historically associated with nation-states". (LC, p. 38) It is not only that stateless corporations are escaping taxes and national responsibilities, but that they have used states to create a new international structure of laws and legitimacy. Transnationals can have their cake and eat it too. At the same time they reduce their tax burden and demand cuts in social services, they use government to help penetrate new markets, keep labor and environmental costs low, and subsidize their global activities. We are not looking at the disappearance of states, but the redefinition of their role.

The hegemony of free market ideology has bestowed legitimacy on a whole range of new laws and functions that were previously done by the nation-state. Corporations always played a dominant role in the state apparatus to protect their national economic interests. But globalization has transformed those interests, and so state functions have transformed to structure the new international economy. Sovereignty is being decentered to a transnational legal system and supranational world trade organizations. The state has been the chief tool of implementation, and in the process has altered itself. As Sassen observes; "Over the last twenty years a process has reconfigured the intersection of territoriality and sovereignty as it had been constituted over the last century" (LC, page 30).

The superstructure that regulates the explosion of new financial markets and global corporations consists of a number of important international institutions. These are: the Administration of International Commercial Disputes; Chamber of Commerce in Paris; American Arbitration Association; London Court of International Commercial Arbitration; and bond rating agencies such as Moody's and Standard and Poor's. In addition are the important agreements reached in NAFTA, GATT, and the World Trade Organization, while older institutions such as the World Bank and International Monetary Fund have extended their reach and affluence.

GATT has recently put particular focus on key areas of the third wave economy. The Uruguay Round eliminated barriers to international banking, insurance, information, and media services. At the same time it moved to give greater protection to the intellectual property rights of global corporations, hoping to prevent the development of an independent technological base in the third world. Meanwhile NAFTA and WTO are rapidly constructing a market that prevents national governments from passing any laws that help local companies compete with transnationals. These changes means both financial

and manufacturing sectors will be less response to local needs, and be tied ever closer to global markets. The grinding down of labor and environmental standards are also part of the package.

Globalization has trapped the third world in an intricate web of economic relationships. This is a response to the tide of independence which swept through the developing world after WW II. As the old colonies achieved political freedom from the territorial domination of imperialism they sought to develop independent national economies through import substitution and south to south trade ties. The new era of global capital hegemony has been achieved through the huge influx of money, the threat of its' rapid removal, debt, the flexibility of international production, and the new rules and regulations built to sanction and house these dominate relations. The key to the new system is its' flexibility, mobility, and speed; rather than its' territorial control, stability, and dedicated exploitation of any one particular people.

Conclusion

In the Nation, Jerry Mander opens a series of articles on globalization stating: "Economic globalization involves arguable the most fundamental redesign and centralization of the planet's political and economic arrangements since the Industrial Revolution." (Nation, July 15,1996). This redesign was set in motion by the crisis of accumulation and stagnation in the world capitalist system. Like a man in a sinking ship looking for a way out, information technology provided capitalism a life boat to a new world of profits. It also provided the tools to construct new forms of domination and exploitation, with all the old habits and desires hiding the revolutionary possibilities inherent in the shaping of our future.

Information technology holds the possibilities for greater democracy and participation through the access to information and knowledge. Technological labor may lead to a new type of value which can destroy commodity production. It can develop environmentally safe modes of production, and help equalize relations between the north and south. The potential is there, but this demands a political will and a revolutionary movement which understands its' historic possibilities. Either a mass democratic movement will take hold and direct the use of digital production, or it will be dominated by global capital to extend and strengthen their own rule.

The left is beginning to respond to globalization. A developing agenda is crystallizing and movement has begun. Some of the key points have been: international labor standards at a living wage; international environmental protection and methods of production; sustainable local development using appropriate technology; reducing work-time and spreading work; the control of capital movements; and open borders. Such demands as a 24 hour work week, plus eight hours of education and retraining, with three days off, has become a practical full employment policy which guarantees an educated workforce that keeps in-step with rapidly changing technology.

Lastly, the concept of democracy must be extended to world citizenship. As Malcolm X argued in 1965, civil rights are something that a government gives or takes away, human rights are guarantees that every child in the world is born possessing. The content of these rights is a global struggle over the political, social and economic quality of life. The left needs a vision which sees the future not as a remake of the industrial past, but one which embraces a renewed internationalism. Globalization makes "workers of the world unite" more true and necessary today then when Marx made his famous call in 1848. Globalization or internationalism, which world will we create?

References

Barnet, Richard, Cavanagh, John. 1995. Global Dreams. New York: Touchstone

Collier, Robert. 1996, July 5. San Francisco Chronicle. "Bullish Investors Pouring Billions Back Into Mexico"; "3 Major Players Based in Bay Area".

Lenin, V.I. 1973. Imperialism, The Highest Stage of Capitalism. Peking, Foreign Language Press.

Mander, Jerry. 1996, July 15. The Nation. "The Dark Side of Globalization".

Rosen, Fred. 1996, December. NACLA. "IMF: One Step Closer to a Global State".

Sassen, Saskia. 1995. Losing Control? Sovereignty in An Age of Globalization. New York, Columbia University Press.

Singer, Daniel. 1997, January. Monthly Review. "Requiem for Social Democracy?"

Sivanandan, A. 1996, April\June. Race and Class. "Heresies and Prophecies: the Social and Political Fall-out of the Technological Revolution"

Wriston, Walter. 1992. Twilight of Sovereignty: How the Information Revolution is Transforming Our World.

Wriston, Walter. 1996, October. Wired. "Want to Know About the Future of Money? Talk to Walter Wriston".