

Will Socialism Make a Comeback? Globalization Protests Show New Potential

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Time.com

If socialism signifies a political and economic system in which the government controls a large part of the economy and redistributes wealth to produce social equality, then I think it is safe to say the likelihood of its making a comeback anytime in the next generation is close to zero. But the egalitarian political impulse to constrain the power of the wealthy in the interests of the weak and marginal remains strong and is already making a comeback. There are good reasons for thinking this impulse will not lead to new radical groups' achieving political power and implementing a coherent political agenda. Though, in the process of trying to influence the course of events, the global left may invent an entirely new form of governance that will act as a strong brake on multinational corporations and the governments that serve their interests.



Let's begin with the reasons why the economic system we called socialism back in the 20th century is unlikely ever to return. Today it's a cliché to say that socialism didn't work, that it produced a society in which, as the Soviets used to joke, they pretend to pay us and we pretend to work. In fact, socialism did work at one period in history: during the 1930s, and again in the '50s and '60s, socialist economies like that of the U.S.S.R. grew faster than their capitalist counterparts. But they stopped working sometime during the 1970s and '80s, just as Western capitalist societies were beginning to enter what we now call the information age.

There is one basic explanation for this. As the libertarian economist Friedrich von Hayek once pointed out, the bulk of information generated in any economy is local in nature. If this local information has to be processed through a centralized hierarchy—whether government ministry or even overly large corporate bureaucracy—it will inevitably be delayed, distorted and manipulated in ways that would not happen in a more decentralized economic-decision-making system. The U.S.S.R. used to have an office called the State Committee on Prices, where a few hundred bureaucrats would sit around setting every price in the Soviet economy. Imagine how well the U.S. economy would work if every price for every product had to be determined in Washington—in an economy in which a single Boeing 777 airliner can have as many as 3 million separate parts, each with its own price!

As an information economy becomes more complex, more technology intensive and demanding of ever higher levels of skill, it is no surprise that decentralized decision making—what we otherwise call a market economy—takes over from central planning. But there is another factor at work as well: globalization, along with the information-technology revolution that underpins it. A country that decides to opt for a heavy-handed, government-controlled economy will find itself falling further and further behind countries that are economically freer. Formerly, it was possible for socialist countries to close themselves off from the rest of the world, content that they had achieved social justice even if their economies appeared to be stagnating. But with more information, your citizens simply know too much about the living standards, culture and alternative approaches of other societies. Since the

world is not likely to get less complex and technological in the future, there is no reason to think that top-down, command-and-control methods are going to work any better than in the past.

But the impulse toward social equality has not disappeared. Those who may have been tempted to believe it has disappeared in our Everyman-is-a-stockholder age received a jolt at the Seattle meeting of the World Trade Organization late last year, and at the World Bank-IMF meetings in Washington in April. The left may have gone into momentary hibernation after the fall of the Berlin Wall, but it never disappeared, and it is now re-energized by an enemy called globalization.

There is plenty about our present globalized economic system that should trouble not just aging radicals but ordinary people as well. A financial panic starting in distant money centers can cause you, through no fault of your own, to lose your job, as happened to millions of people during the Asian financial crisis of 1997. Modern capitalists can move their money in and out of different countries around the world at the speed of a mouse click. Democratic countries find that their options for political choice—whether in the realm of social policy, economic regulation or culture—are curtailed by the increased mobility of financial capital and information. Do you want to extend your social safety net a bit further? The faceless bond market will zap your country's interest rates. Do you want to prevent your airwaves from being taken over by Howard Stern or Baywatch? Can't do it, because the world of information is inherently borderless. Do you want to pass a law to protect endangered species in your own country? A group of faceless bureaucrats in the WTO may declare it a barrier to trade. And all this is true in boom times like the present—think of how people will regard global capitalism during the next economic downturn!

So the sources of grievance against the capitalist world order are still there and increasingly powerful. The question is, what form will the backlash against globalization take?

It is clear that socialism cannot be rebuilt in a single country. Workers pushing too hard for higher wages in Michigan will simply see their jobs disappear to Guadalajara or Penang. Only if all workers around the world were unionized, pushing simultaneously for a global rise in wages, would companies be unable to play off one group of workers against another. Karl Marx's exhortation "Workers of the world, unite!" has never seemed more apt.

In theory, then, what the left needs today is a Fourth International uniting the poor and dispossessed around the world in an organization that would be as global as the multinational corporations and financial institutions they face. This Fourth International could push for powerful new institutions to constrain global capitalism. One analogy is the Progressive Era in the early 20th century, when labor unions began to mobilize and the U.S. government developed regulatory powers to catch up with the reach of such powerful corporations as Ford and Standard Oil.

The shortest route to quasi-world government based on socialist principles is for the left to take over the WTO and use it to promote labor rights and the environment rather than free trade. But the left in the developed world finds opposition to this project from poor countries themselves. The WTO is a rather weak organization as it is, dependent upon consensus among its members, and the effort to use it to promote political causes may mark its demise.

Beyond the WTO, it is hard to see how the left will agree on, much less create, new political institutions on a global scale, given the huge differences in interests and culture separating the various groups involved. The coalition represented in Seattle and Washington is very fragile and internally divided—the AFL-CIO will turn on dolphins or sea turtles the moment one of these creatures threatens the job of a unionized worker. While American unions pay lip service to the

interests of workers in China, they actually feel themselves in direct competition with the Chinese for the same low-skill jobs. The inability to organize at an international level leads an important part of the left down the road toward protectionism and the safeguarding of American wages and the environment through actions like opposition to the North American Free Trade Agreement and to China's entry into the WTO.

So where will the socialist impulse lead? Perhaps if it cannot create formal instruments of power, it may invent an entirely new form of governance that might be called government by NGO, or non-governmental organization (contradictory as this may sound). In the recent past, the giant multinational Royal Dutch Shell was forced to back down from important projects in Nigeria and the North Sea as a result of pressure from environmental groups like Greenpeace. NGOs—which are loose affiliations of people based on special interests such as environmentalism—have shown that even if they cannot create institutions that anyone would label socialist, they do have the power to constrain companies and governments from taking actions that harm the interests of the poor and the environment. There is a huge variety and density of such third-sector groups in the world today, benefiting from the same inexpensive information technologies as global corporations.

Government-by-NGO is a long way from anything we recognize as socialism. But the world has changed, and the requirements for effective political action are different today than they were in the 20th century. So while classical socialism may never make a comeback, the impulse underlying it is in the process of leading the world to unfamiliar forms of interaction between left and right. In this respect, Seattle and Washington may be harbingers of things to come.