

POSIBILIDAD

REFLECTIONS ON CAPITAL AFTER A DEVISIVE ELECTION

BY JIM HARNEY

I've been asked to share some reflections on Capital, the speculative kind that works on a hunch, a scandal, a rumor: it sprints around the world in lightening speed. It stays a short while in a country and in the end makes the world more volatile and comes down hard particularly on the poor as it sucks out money. Capital in the hands of a few leaves behind few jobs. It increases poverty and in the US, a "traumatized worker", to use Alan Greenspan's expression as a prerequisite for wealth accumulation.

We've created a new "financial architecture" that supports what New York Times correspondent Russell Baker calls the "super-duper rich." And they're getting richer. Their wealth premised on an ever-widening gap between those who have and those who don't. Russell called the decade of the nineties the "decadent decade." And it was a decade where prodigious bloodletting was going on in Central America.

During the eighties I visited El Salvador many times and saw the Mass-sized country taking on an economic model that would guarantee increased poverty. Already in hovers around fifty percent of the country and throughout the Isthmus in general.

During the eighties I visited El Salvador many times and saw it taking on an economic model that would guarantee increased poverty, which now hovers around more than fifty percent of the country and the Isthmus in general.

In the middle of the nineties I visited Acteal, in the aftermath of a Mexican meltdown and an Asian economic collapse. In that indigenous community the people lived a life of nonviolence, yet paramilitaries murdered forty-five mostly women and children perished. In that out of the way community forty-four mostly women and children perished at the hands of para militaries.

At the close of the decade the words "globalization," "inequality" and "exclusion" came to characterize the fruits of political and decisions by the IMF, World Bank and the WTO. In Seattle, I saw a movement from the bottom up work: It stopped dead in its tracks a US-agenda meant to spread structural nuts and bolts of empire.

Dealing with this has a three-fold challenge: make capital's violence concrete, not to do so keeps us yawning and

aloof from some of the worst structural violence ever to take place in human history. Secondly, by touching capital we get a chance to look at globalization in its most devastating form, see the horrific effects of a hurricane of globalization from the perspective of social apartheid that grips them by the throat. Thirdly, it gives us an opportunity to explain the lack of job creation in our own society and why it is that only 800



million people on the planet matter for Citigroup and it's Emerging Markets division: the rest of the world is disposable.

Dealing with this enlarges our stories and makes solidarity connections part of our being rather than something here today and gone tomorrow. And I emphasize **being**, for then it's part of our flesh, our story, the way we breath, move and carry ourselves; without it we feel the pain of an alienated world pouncing on us.

As we get to move and think from a critique of this globalization process that pits capital against labor we'd perhaps become far more outraged, not at the natural phenomena that tore countries in the Caribbean apart and the state of Florida as well: and it was devastating. We'd be far more attuned to the hurricane that takes place daily throughout the world that's much more vicious, created in back-room offices at financial centers around the world. Often times we miss it until war breaks out. It's outside our frame of reference until youth come back from Cancun, and Miami

particularly, where intense police repression took place against demonstrators who had a different take on the FTAA than the Bush Administration and most Latin American leaders.

The hurricane becomes concrete for me when I recall my trip to the Dominican Republic-Haiti in May-June where I spent three weeks. And I had a chance to look into the eyes of Victor Geronimo, once a lawyer and journalist, now he works with the people on the bottom in his country. He's kept his site on the hurricane for some time: helped organize the largest demonstration ever in his country against the IMF. Last year police raided his office and ransacked it.

Victor still hangs out with the poor. He took me into sprawling slums to meet some of them: the most vulnerable of his land. As we walked and talked we found a common story that surprised both of us.

It went this way. At the age of five, Victor moved to the largest slum in the country: La Cienega, which means mud hole. At five, Victor told me, he became a revolutionary. While a teen he became the leader in the community.

I was thirty-three when I first entered La Cienega where I saw children dying from hunger, jet-black hair turning red. It was then that the Other truly entered into my life and helped move me toward dealing with transnational corporations that only cared about profit. The conglomerate that ruled the country at the time went by the name of Gulf and Western.

Violence comes down hard on organizers like Victor and thousands of others, who refuse acquiescence to the only solution to the problems of the planet, the market, which is no solution at all. A market logic crushes imagination, love for the earth, for one another, a communal relationship, as it thrives on the premise that the new subjects of the world are not human beings but things; human beings have become objects.

Our means of communication keep us distant from the streets

and tune us into financial commentators who can help us invest our money when the Bush Administration does away with Social Security and allows people to invest their take in the market: we're told we'll all win out. Ultimately investing is the only action that matters in a world where capital has become the new idol.

Imagine a world where those who toil, wage earners, got as much time as those who don't sweat or work to voice their opinions in newspapers, radio and TV. What if we had a society where "the working poor" had their voices heard and we got a chance to hear about stress, family violence, life so bad in the family that a parent spends long hours at work to avoid coming home to a world filled with tension; then possibly having to deal with a child, one of the more than ten million teens on medication that disposes them to suicidal behavior and fights with their peers. Perhaps we'd be in a place where we could deal creatively with the new disease that has owners of the means of production reeling: PRESENTISM. It means workers spend most of their time

spaced out in degrading work, can't focus, which for those who control capital means billions of dollars in lost production. Imagine a world where we began to get the root cause of this human hurt that we all carry around in us one way or another.

In getting to the heart of capital, looking at the viciousness behind it and elucidating how it's ingrained in our lives we're more able to understand hurt throughout the world because we've gotten a better take on our own hurt which has political implications

to it, and spiritual ones. We'd be in a better place to imagine Latin Americans daily, in demonstrations throughout the region because of the adverse consequences as to how capital moves around the world; it avoids most of the people on the planet and it continues to avoid them and the avoidance is structural. That's why some come up with a crisis theory of capitalism.

Hopefully we'll touch on that as the day proceeds. Hopefully we'll bring it home so that it touches our lives as consequences as to how we move or don't move throughout the day.

During this reflection period we'll get a chance to see people in the Dominican Republic and Haiti effected by global capital, some would call it imperialism. It's a world where



currency markets thrive and almost daily wealth accumulators devise new financial instruments to deal with unprecedented wealth creation.

The challenge of producing and marketing in many countries, with many currencies, has fed the creation of modern international money markets and currency trading. These markets, at their current scale would not be feasible without computer technology. In fact, the growth in these markets has paralleled the development of computerized communication technology -- according to the Bank of International Settlements, the amount of currency changing hands doubled between 1986 and 1989, and it grew another 42 percent between 1989 and 1992. Computer power helped create this new financial hubris.

As we move along in the presentation I'll invite all of us to try to get some emotion and feeling around some of the devastating statistics that flow as a result of a globalization process from the top-down, particularly from the financial sector which overpowered industrial sector capital in the seventies when the dollar was taken off of the peg with gold by the Nixon Administration.

The move opened up the most exponential growth in wealth accumulation ever witnessed in human history. But in back of it lies the constant pursuit of capital to dominate labor and it's done it to such an extent that Rick Fantasia and Kim Voss writing on the labor movement in the US say that in Europe health care and education and other benefits come as a result of citizenship. Here in the US they maintain it has to be fought for by unions, economic rights and a taste of economic democracy can't be taken for granted by the US. Unions foreclosed on it during the thirties when they gave into corporations in the separation between struggling for the right to determine a workers salary over controlling the means of production. The separation has had a dramatic effect on those who toil for a living.

One of the principle realities of our time is that there aren't enough people to buy products produced by those with wealth. The way a regime of property rights now in place excludes and violates brings one to the point of indignation and rage. And Regimes of Accumulation like GATT, GATS the FTAA, WTO, World Bank and IMF facilitate a take on the world that leads the poor to talk about an economy built of scarcity rather than on community and sharing. It structures into it the exclusion of almost a fifth of humankind that live on less than a dollar a day, half of the six billion people on the planet make it on two dollars a day.

Meanwhile, this system that we call Capitalism enjoys high ratings as the most efficient economic system ever to come about: meanwhile, reality belies that. Wealth moves North into fewer hands, more corruption, scandals and money put aside by financial giants to deal with a windstorm of litigation: Citigroup has more than \$6 billion cushioned away just to take care of all the legal suits that it's embroiled in.

Flameouts of mega corporations have become the norm: the most recent are Citigroup executives called on the carpet for swindling Japanese investors, and then the world's largest Insurance brokerage firm caught by Elliot Spitzer, the Attorney General in New York with making uncompetitive bids with AIG, the world's largest insurance company.

A twenty-seven year old law student cried "eureka" when he found an email that illustrated evidence of swindling going on between insurance brokers and the big insurers. The insurance industry accounts for the movement of

trillions of dollars around the world, it comprises a big part of what's known as the service sector of the economy and will win out if GATS, the General Agreement on Tariff and Services, goes into play in the upcoming Free Trade Area of the Americas, for it has been dropped right into the middle of the treaty which is unlikely to pass because of strong opposition in Latin America.



GATS and the FTAA agreements like that of GATT (General Agreement on Tariff and Trade) serves the wealthy and impoverishes the already poor; it doesn't create a world of promise for those trying to find work in a world where financial capital has no need for the labor of most on the planet.. Most of the people of the world are expendable, rejects. The wealth has little to do with making this planet a friendlier place; on the contrary it exacerbates conflicts throughout the world.

Most of the money on the planet moves to the global north. The predominance of financial capital makes most people on the planet disposable.

One of the byproducts of it is that the majority of humankind

works in near slavery-like conditions and they can't purchase goods as the economy shifts from a Fordist society to a postFordist one. In other words the example of Ford paying workers enough to buy his cars doesn't make sense for this millennium's wealth accumulators. The economic regime in power, Capitalism, that Henry Ford made possible by paying his workers enough to buy the cars. We're in a crisis of over production or over accumulation as William I Robinson says in his new book "A Theory of Global Capitalism". So we've got a crisis on our hands.

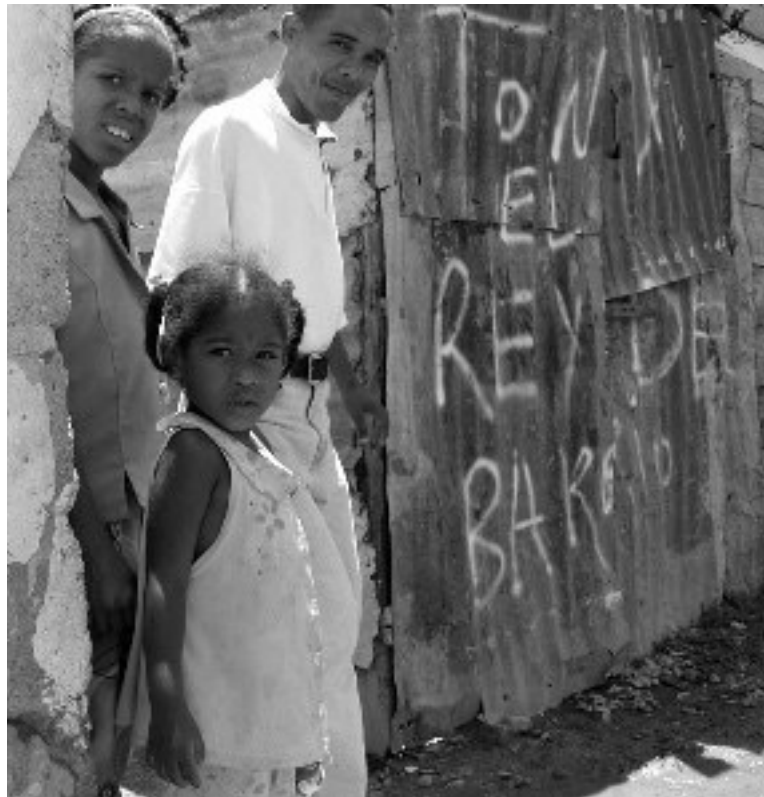
Incomes are shrinking causing global unrest, wars taking place throughout the planet and the US needing to have military forces in dozens of countries. In 1980, 118 million people lived in nine countries where income per capita was declining; in 1998 there were 60 such countries and 1.3 billion people affected.

Many of us have seen the deterioration of life in Central America since the end of the war in the late eighties. Take a look at what Carta a las Iglesias says about El Salvador in a post-war period and then you get a glaring look behind the global shine of the market and begin to see human beings pulverized by it. Yet we hear little about it: just glowing reports about bullish markets around making out big time from investing in emerging markets: "The rate of homicides in El Salvador continues to be the highest in the world. In the last two years 134 women have been murdered at the hands of their partners by beatings, macheted, punched and by firearms. The cases of inter-family violence have increased from 1,753 denunciations in 1995 to more than double, 3,543 in 1998 and five thousand last year. One out of ten children is subject to sexual abuse and 73% of minors are treated abusively. According to the Attorney General of the Republic in the year 2000 the indices of crimes of violence against persons were 49.9 out of every 10,000 in habitants. According to the same office in the year 2000, 315 kidnappings took place. In 1998, of all the deaths in the country 18 percent were caused by violence. There are now 450,000 weapons in circulation (172,678 are illegal that is to say one for every 14 inhabitants). Between 1994 and 1997 more than 6,000 people died in violent deaths yearly and in 2000 between 2,300 and 3,800 approximately."

Yes, I'm challenged this week after the election, to dig in even deeper and not to let the malaise of the times do me

in which means making a commitment to a Sympathetic Mind as Wendell Berry puts it so well and Jon Sobrino follows up with "Intellectus misericordie" an intellect fueled by mercy, Ivan Illich before he died gravitated to an intelligence nourished by friendship. The common denominator: relationship.

Or perhaps I'd explore what John Keats talked about when he came up with the phrase "Negative Capabilities": "When a man (sic) is capable of being in uncertainties, mysteries, doubts, without any irritable reaching after fact and reason." And so much of that is threatened by an economic system that cuts relationship out of the picture and privatizes the individual churning on desire outside of any sense of others; it's consumers and not any sense of the community that drives a market orientated world.



With all of this in mind I try to read the following: "It was under Clinton that the distribution of wealth in the U.S. became more skewed than it had been at any previous time in the previous forty years – with, for example, the ration of wages for the average worker to pay of the average CEO rising astronomically from 113 to 1 in 1991 under Bush-1 to 449 to 1 when Clinton left office in 2001." "What's the center of gravity in policy formation?" is the question Pollin asks us to consider. And here we've asked to try to push imagination so that we get proximate to where the cause of

breathtaking hurt around the planet takes place, and in our own country. And by taking the time to ponder this in community we might even develop discourse, politics and spirituality that enables us to speak to neighbors in Washington County about devastating poverty eruptions that have taken place over the years.

Pollin asks us to "excavate the center of gravity" no easy task, takes work, commitment to one another and a willingness to stick together as folks often tell me after they've seen photos of people from Acteal, demonstrators at the Millenium Round of the WTO, Iraq, Colombia, Argentina, the Dominican Republic and Haiti. And it's precisely one of the reasons that those of us who travel to those parts of the world come back inspired. Now the trick is to do what they've been doing create "democracy on the spot" in our communities and the more we do the "excavating work" the

more democracy, now under threat, has of becoming visceral so that we experience it as it becomes real in our relationships. Few US citizens have experienced democracy. When I asked the question in different parts of the country: few hands go up. It tells me a lot. And the more capital moves unrestrained around the world the less a chance there is that citizens will be raising their hands saying that they know from their heart and soul what democracy is all about because they're not living it. That needs change.

We have astounding challenges before us in a context of a world based on the commodification of all life and an economic system that moves with speculative capital, which means there's little production, little concrete results that the poor of the world can touch and celebrate as fruit of their labor, because speculative capital dismisses them.

Again lets come back to the emerging markets division of Citigroup talking about the 800 million people on this planet, forget about the rest, they don't count and the reason they don't is they don't have a phone according to the largest financial institution on the planet with its more than \$17 billion in profits every year.

An out-sourcing consultant in the Dominican Republic told me that most of the people in the country are off his radar screen because they have no phone. They won't be able to be called up by someone on a computer-run-calling-system who will inquire as to what the person answering the phone financial needs are and how an investment firm can work with them on exciting investment opportunities. Challenging times to come up with a take on the world that reflects the poor pummeled by the market. A premise that works on one end, the exclusion of the poor and our own exclusion. Failure to do means the end of any inclusionary take on the world.

That's what empire means: wealth accumulators winning out as money moves to the North and those in the South, become more impoverished. The South is everywhere as is the North.

Throughout the world there is a market the size of Germany unwilling to buy global brands. We're talking about one out of every ten people. And in the EU right now McDonalds, Coca Cola and multiple other US based transnationals aren't doing well because of US foreign policy, particularly its policy in Iraq. Something is happening, people are willing to take the time and look critically at political economy and get to the cultural fallout of that and how it touches our lives.

It's important to broaden our story so that we see the impact of financial capital on our lives. I scour the **Financial Times** of London which I subscribe to so that I can find out howwealth accumulators think and act about the world, traveling to find the crucified throughout the planet and in my own community and link with them; relate my own hurt to their hurt and there is plenty of it out there. Hurt is one of the common denominators that link us with the hurricane of globalization going on throughout out the world. And making those linkages is perhaps one of the hardest challenges open to us. But we have to do it if we hope to see any change. Thomas Friedman calls it "glocalization" – linking of the global and local into an integrated discourse, where one isn't separated from the other. To separate them means we don't stand a chance of seeing any light at the end of the tunnel.

When separation occurs it's much easier to buy into the dominant discourse and consume and see it as an act of pride defining our new role in the world of being good consumers and thus noble patriots. As the process continues it downplays that act of citizenship, muffles our voice and critical capacities. Perhaps one of the reasons why the Bush Administration in power right now could fool a population as to the priorities and the direction of the nation. A critical look needs to take place that allows us to stand tall, convinced of the importance of jumping into the fray that eats away at the best



throughout the world.

We don't find spaces for that in our churches, and universities, there is very little language creation that helps us get to the core of our problems, some of the structural rot as to why so many poor exist, why there are "working poor", why someone will have on the average six or seven career shifts during their lifetime.

We'll look at the nature of work much better when we have a take on how money moves around the world and why it evades any concrete manifestation in communities but instead flees into fewer hands.

Lets for a moment just reflect on an article in the **Nation** written by Naomi Klein: it deals with James Baker, who used to be Secretary of State under Daddy Bush, and his journey to Iraq to deal with Iraqi debt. The ex diplomat just happens to be a key person in the Carlyle Group which has an interest in his traveling to the war torn country: it will make a fortune off of Kuwait getting paid billions in compensation.

Carlyle, a huge investment firm which takes a liking to G. W. Bush, Tony Blair, George Shultz and Madeleine Albright doesn't want the debt canceled, which goes against US policy which would like to see an odious debt theory imposed which would mean it wouldn't have to pay because the debt was taken on by a dictator. The US won't carry that to other countries like Argentina and Brazil that inherited huge debt from the military that ruled their countries and accumulated billions of dollars of debt that benefits investment firms.

Baker's role in traveling is to insure that Iraq pays Kuwait for the destruction of the country and Carlyle will win out by over a billion dollars if the country gets the money. The conflict of interest appears to be glossed over even though the NYT editorialized against Baker taking on the position as envoy on Iraqi debt. The point I'm getting at here is that there is big money to be made off of debt and Carlyle knows it.

Klein points out the severity of the Iraqi debt: "Iraq continues to make regular reparations payments for Saddam's 1990 invasion of Kuwait. In the eighteen months since the US invasion, Iraq has paid out a staggering \$1.8 billion in reparations – substantially more than the battered country's 2004 health and education budgets combined, and more than the United States has so far managed to spend in Iraq on reconstruction."

In Kuwait, the social commentator says citizens have a purchasing power of \$19,000; Iraqis make it on \$2 a day. The country has to come up with a \$200 million payment by the end of October.

Robert Pollin, in his *Contours of Descent* says that during the Clinton Administration that the economy that everyone praised came about through "a stock market in which prices had exploded beyond any previous historical experience..."

Now there is a shift in explaining the "bubble": it's the move away from equities to derivatives and hedge funds where casino capitalism works at its finest. The shift has brought with it a mountain of scandals: Enron, World Com,

Adelfia, Citigroup, Parmalat, all of them have "cooking the books" as a paste that brings them together and their love for derivatives, the financial instrument that Warren Buffet called an "economy of mass destruction."

The Clinton years was a decade of opening to financial markets in an unprecedented manner. As Pollin says Clinton initiated what impoverished economies were doing around the globe lowering inflation, reducing workers salaries and bringing in big time investors to make a killing in their economies. So most of the money flowed out, not in.

The more capital becomes concentrated into the hands of a few and property life will never be respected. Right now with an intense war has taken the lives of more than a 100,000 Iraqis and more than 8,000 wounded and dead US soldiers; there is no end in sight.

Is it any coincidence as corporations rake in most of the wealth of the world that we have some ten million teens on pharmaceutical drugs that bring them to consider suicide and enter into fights? Our jails are a thriving business for those who see them as a source of cheap labor and a controlled atmosphere

where companies don't have to worry about unions. The LA jail is the largest mental health institution in the country; torture goes on in our prisons and those engaged in it went off to Iraq and now on trial for their participation in Abu Grahib and the chain of command goes up practically to the top of government: it wasn't an aberration.

An ever-smaller community controls the systemic linkages to financial capital and they grow smaller everyday as mergers take place, which make them all the more powerful. It means that they have more access to more than \$1.5 trillion that moves around the world daily, most of it escapes the poor, causing crises in many parts of the world and in our own country going through such difficult economic times as people try to explain meaningless work and not enough job creation.

Much of the attention went to the "back-room offices,"



another way of saying outsourcing, one of the advantages that comes with the IT revolution and indicates one of the reasons why corporations expend so much money in this field. Information technology reduces the need for labor and allows the globalization process to expand a “back-room office” environment in the developing world. A reality which helps explain why Alan Greenspan speaks about “traumatized workers” has a plus for the continuance of a “bubble economy.”

“The financial realm constitutes the commanding citadel of the global system,” says William Greider in a Nation article four years ago. And “it disciplines multinationals as well as nations.” It’s a challenge to deal with the sage economist says because we’re all intimidated by it.

When I use the word hedge funds, derivatives, speculative capital I practically lose friends. Few want to stay with the theme. It’s rarely mentioned in popular economics. All these financial instruments have come along recently. Even Alan Greenspan hadn’t the slightest idea: Frank Partnoy makes the point in his groundbreaking book on what derivatives are entitled “Ferocious Greed.”

The book read like a novel. Once it’s picked up it’s hard to put down. A must read.

A derivative is underlying asset that you derive profit from like interest in currencies, mortgages and debt just to name a few. A derivative would also be an investment someone makes in buy futures such as betting, and it’s all about betting, that the temperature will drop or rise in February or that the price of corn will go up or fall. What allowed the derivative markets to thrive during the eighties was that the dollar had been taken off of it’s peg with gold and allowed to float, in other words determined by the market and not by the state, and at the same time those with money could borrow cheap and invest in bond markets throughout the world, particularly buying up debt in emerging market economies.

Debt derivatives offer high interest rates, which attracted dollars. But those in the derivative market were caught

short by Greenspan’s lack of understanding of them for he had the Federal Reserve raise the prime rate which brought the derivative market into a tail spin and brokerage firms and corporations lost billions of dollars.

As the nineties proceeded, boom years for those with capital and devastating for labor, Subcomandante Marcos, Zapatista intellectual living in the mountains of Chiapas put his finger on the problem when he said that we’re involved in a 4th World War, the first two wars were the first and second one, the third, the Cold War and the Fourth waged by those who control financial capital against most of humanity.

We’re in the middle of this war, which brings us to making decisions that have life and death consequences to it. War



makers celebrate that they’ll probably make over a trillion dollars in the next decade developing weaponry capable of dealing with an ad infinitum war on terrorism that scrapes up scarce resources needed to preserve our planet for future generations and uses them to come up with nuclear weaponry capable of hitting tunnels where the “terrorists” of the world live.

Let me close with a poem by a Nicaraguan poet Mario Benedetti:

You when you love you calculate interest
 And when you fail to love calculate again.
 We when we love is like being reborn,
 If we fail to love things don’t go well.
 You when you love its of another magnitude:
 You have your photos, gadgets, the press and love is a
 boom.
 When we love, love belongs to all,
 So simple and so delicious, like possessing well-being.

Posibilidad presentations have multiple objectives:

- To introduce a sense of justice and peace with structural underpinnings to them.

- To capture an energy and verve from the poor, especially in this hemisphere, who push the margins of debate and action.
- To use an interdisciplinary approach with economics; poetry, politics and spirituality are sign posts that guide us through troubling times to the FACE.
- To show multiple presentations: Faces of Argentina,



Faces of Colombia, and Faces of Acteal, Mexico.

- To uncover behind the Face a spirituality that brings us to address multiple modes of oppression that move in the area of financial capital and trade agreements and treaties like the proposed FTAA.
- To show a creative world behind the Faces of human beings tapping agency and voice that quickens dynamic social movements throughout the Americas.
- To go to the “Majority World” where people struggle, suffer and die. To Colombia in the backwater to find communities addressing life and death issues - there is something to be learnt; to Argentina to walk with Cartoneros and Piqueteros, experience democracy on the spot. Then to Haiti to touch connections with US Empire building and to the Dominican Republic verging on default. Later to Venezuela and Brazil.
- Lastly, to mediate this in creative storytelling in communities throughout the country; updating it with ongoing research and analysis that brings flesh to pungent stories that touch head and heart.

Posibilidad
 85 Wiley Street
 Bangor, ME 04401
 207-942-3501
www.posibilidad.org
jimhartney@posibilida

