

GLOBALIZATION IN CRISIS

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RETHINKING
Globalizations

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Globalization in Crisis

This book analyses the present global financial and economic crisis, the most severe in nearly a century, and a wider set of multiple and converging crises with aspects and repercussions that go well beyond the current economic climate.

Written by some of the world's leading international scholars in the field of Globalization studies and related disciplines, this important collection addresses numerous key aspects of the relationship between Globalization and global crises, past, present, and future. It sheds new light and understanding on the concept and theory of Globalization and of 'crisis'. The authors explore such issues as global finance and financial regulation, neoliberal ideology and policy, the 'crisis of globalization', the decline of Western hegemony, world systemic crisis, the moral crisis of 'Western capitalism', environmental and climate change crises, world order, hyper-violence and the international system, a crisis of the 'global modern' and a global civilisational crisis, the rise of the global South, the historical dialectics of capital and social responses to crisis, the future of capitalism and the prospects for transformative alternatives.

This book was published as a special issue of *Globalizations*.

Barry K. Gills is Professor of Global Politics at Newcastle University, Newcastle-upon-Tyne, UK. He is the founding Editor of *Globalizations* journal and the "Rethinking Globalizations" book series from Routledge. Dr. Gills is also a founding Editor of the *Review of International Political Economy*. A former Fellow of the Transnational Institute, Amsterdam, and present fellow of the World Academy of Art and Science, he has published widely in the fields of critical Globalization Studies, world system theory, global history, and Critical Development Studies. His recent works include *Globalization and Global History* (2006, with William R. Thompson) and *Globalization and the Global Politics of Justice* (2008).

Rethinking Globalizations

Edited by Barry K. Gills, Newcastle University, UK

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Edited by
Barry K. Gills

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Quest for Social Change (2007); and, with James Petras, *Unmasking Globalization* (2001), *System in Crisis* (2003), *Social Movements and the State* (2005), *Empire with Imperialism* (2005), *Multinationals on Trial: Foreign Investment Matters* (2007) and *Multinationals on Trial: Foreign Investment Matters* (2009).

Foreword

A Fair Globalization During Crisis

Addressing the issue of a fair globalization is now more important than ever. Beginning as a financial crisis in 2008, the economic crisis has spread at an alarming speed and depth from country to country. All parts of the world have been severely affected by an economic downturn, but it is clear that poor countries have paid the highest price.

This has not been an ordinary swing of the economic cycle. The world trade has experienced the first drop in its overall volume in decades—it has decreased by 10%. Tens of millions of jobs have been lost, and the recovery of employment may take years, even under favourable circumstances. Unemployment and underemployment have risen to unprecedented levels, especially in developing countries.

The crisis and its consequences will cause human suffering. An increase in poverty and hunger may severely test the cohesion of communities and the stability of some already weak countries. In making and implementing plans for recovery, the role of a strong nation-state has been underlined.

Some countries have weathered the crisis better than others. The tectonic plates of the world economy and politics are in motion. Especially the emerging role of China and Asian countries in general are at the centre of attention. In international cooperation, G-8 has been replaced by G-20, and the Pittsburgh Summit in September 2009 has been seen as a turning point on the way to recovery. However, the involvement of the United Nations and all its member countries is needed.

The two main global challenges at the moment are the current financial and economic crisis and climate change. They must be addressed together. Efforts to overcome the economic crisis should not cause a delay in efforts to curb the climate change and mitigate its consequences. The fact that the well-being of humankind is tied to the well-being of nature should guide our actions.

It is time to recognize that fair globalization and sustainable development are very closely interlinked. International cooperation is essential for both. Also from the economic point of view, it makes good sense to invest in long-term stable, healthy development, and to minimize risks and uncertainties.

The recommendations of the ILO Commission on the Social Dimension of Globalization are as valid now as they were in 2004, when the report was adopted. The weaknesses of the global financial structures were then pointed out, based on the analysis of economists such as Professor Stiglitz. Now the need to reform international financial regulation and to develop sound corporate governance is clearly recognized by the US and other leading economies. Fair play needs to be based on strong, reliable structures.

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Employment issues had not received enough attention, until the ILO Commission raised them to the international agenda. Productive employment and decent work for all, including women and young people, have since become an integral part of achieving the United Nations Millennium Development goals. The ILO Declaration on Social Justice for a Fair Globalization in 2008 is a continuation of the efforts to make decent work a reality for all people.

Addressing the same issue during the present crisis, the ILO unanimously adopted a Global Jobs Pact in June 2009. This was a particularly important step, placing investment, employment and social protection at the heart of recovery measures. The Jobs Pact also calls for a stronger, more consistent, and regulatory framework for the financial sector. Also regional organizations in Europe, Africa, and elsewhere have started to pay particular attention to employment issues.

Another challenge is the movement of people across borders. Climate change will have adverse effects on food production, agriculture in general, and other livelihoods of people in many parts of the world. Migration caused by climate change needs to be analyzed adequately. Adaptation and mitigation efforts are needed to allow people to remain in their home countries. But we should also find political agreement on how we will tackle the issue of refugees and internally displaced persons.

Women make up 70% of the poor in the world, and they will suffer the most in any crisis. When we deal with global issues, women should be involved at all levels of decision-making and in the implementation of decisions. Their full participation will increase the resources that are absolutely necessary to tackle global challenges.

I am writing this just after the Copenhagen Climate Conference. It pointed out the difficulty in making a binding international agreement to tackle a commonly recognized threat. In spite of setbacks, we must continue to show determination to be able cope with and manage climate change and other global challenges.

Tarja Halonen
President of the Republic of Finland

The Return of Crisis in the Era of Globalization: One Crisis, or Many?

BARRY K. GILLS

This special issue of *Globalizations* addresses a real and present global financial and economic crisis, of the greatest severity in nearly a century, but also a much wider set of ‘multiple crises’ (Houtart, this issue), with aspects and repercussions that go well beyond the immediate economic climate. Although there is without question at present a quite serious economic ‘capitalist crisis’, which several of the contributors to this special issue analyze (Sassen, Hoogvelt, Patomäki, Thompson, and Amin) there is also acute awareness of the multidimensional aspects of the global crisis, i.e. an understanding that what is now happening goes beyond the boundaries of ‘global finance’ and economic contraction, and encompasses multiple spheres of society, politics, environment, and world order, all simultaneous and over-lapping. In this regard, we may speak of ‘multiple crises’ (Houtart, this issue), of ‘converging crises’ (George, this issue), of a ‘world systemic crisis’ (Gills, this issue), a crisis of neoliberal ideas and practices of ‘advanced’ global capitalism (Veltmeyer, Amin, Sassen, Bieler et al., this issue), a ‘crisis of globalization’ caused by globalization processes (Hoogvelt, this issue), a crisis of Western and Northern global hegemony (Munck, Murphy, and Pasha, this issue), a moral crisis of ‘Western capitalism’ (Karim, this issue), a comprehensive global environmental and climate change crisis (Falk, Bello, Bone, this issue), a crisis of world order, manifesting engrained hyper-violence and reflecting the failed design of the territorial sovereign states system (Mittelman, Falk, Buxton, this issue), a profound ‘civilizational crisis’ involving the combined imprints of neoliberal capitalism, Western hegemony, and the ‘global modern’ (Pasha, this issue), and a historic crisis, which challenges us to critically reflect on the *longue duree*, the fundamental premises and prevailing conceptual frames (Peterson, this issue), revealing the gender coding and hierarchical relations that both constitute and obstruct our way in this global crisis.

Due to the gravity of the recent global economic situation, it has once again become intellectually respectable within the mainstream to discuss ‘capitalism’, and even to invoke the idea of capitalism’s inherent crisis tendencies, whether from the tradition of Marx or that of Minsky. As James H. Mittelman (this issue) argues ‘Capitalism without crisis is an oxymoron.’ In this environment, it has also become possible to argue that ‘crisis’ and ‘systemic risk’ should be placed at the centre of economics as a social science, rather than relegated to a marginal or

unimportant problem. Going further, the study of ‘crisis’ phenomena, as many of the authors contributing to this special issue demonstrate, may be usefully extended beyond economics and financial or ‘capitalist crisis’, to address a plethora of other ‘crisis’ issues, and thus influence the shape of debate in other social sciences and more broadly inform the public debate on crisis and responses.

This special issue is also an overt attempt to analyze these multiple dimensions and manifestations of ‘crisis’ in relation to ‘globalization’, in both contemporary and historical perspective. Although there are many contending definitions and perspectives on the meaning of ‘globalization’, including as an expression of capitalism or ‘capital logic’, a telos of universal and linear economic liberalization or marketization, an evolutionary stage enabled by the advance of modern high technology and communications, and a historic step towards a new type of ‘global society’ or ‘world polity’ formation, with inherent and possibly defining cosmopolitan attributes (and the list could be continued), some of the contributors interrogate what relation ‘globalization’ has to the causes and eventual consequences of the present crisis (or crises), as both shaper, and that being shaped. Such is the purpose of this collection of essays, to begin to reformulate how ‘crisis’ affects ‘globalization’, and vice versa, both in theory and in practice.

Thus, it is also important that we analytically differentiate the present ‘financial crisis’ of 2007–2010 (and possibly years beyond) (Patomäki, and Gills, this issue) both from the deeper structural currents and causes of cyclical ‘capitalist crisis’ (though the two aspects are obviously inter-related), and from the other multiple ‘crises’ which confront humanity. It is by no means clear that this is a crisis of ‘capitalism’ itself, i.e. a crisis through which capitalism as a historical system would finally collapse and be superseded, though that may be a possibility, e.g. if the global environmental and climate change crisis fulfils the worst case scenarios later in this century (Falk, Patomäki, this issue). Likewise, it is important not to fall into the trap of simply conflating ‘neoliberalism’ (although there are many variants of this concept, they perhaps all share a strong commitment to the principle of the market as the best and most ‘rational’ allocator of resources) with ‘capitalism’ itself, or to assume that to solve the problem of ‘neoliberalism’ is to solve the problem of ‘capitalist crisis’ historically. The ‘problem’ it seems, is far deeper and more comprehensive, though inclusive of neoliberalism and its relation to really existing economic globalization.

Nor should we assume any natural or self-evident definition of ‘crisis’, which like all other useful concepts, demands first a clear formulation (Mittelman, this issue). Again, there are many and contending definitions of crisis, and some alternative concepts, e.g. ‘implosion’, ‘systemic failure’, and ‘dis-equilibrium’, and much depends upon these definitions in terms of our understandings of causes, responses, and consequences. This debate over the nature and causes of crisis is not merely academic, but has far-reaching human and historical consequences. At the most narrowly specific and ‘economic’ focus, many analysts are addressing the on-going global crisis of capital accumulation, in which the volatility engendered in recent global asset price inflation led inexorably to volatility in global asset price deflation, destroying trillions in value in the process. At its broadest level, other analysts (including some in this issue, e.g. Pasha, Peterson, and Gills) deploy the concept of crisis in a more comprehensive, world-historical and civilizational sense, in which, for example, there is a lack of correspondence and coherence between the trans-civilizational material (and economic) processes, and trans-civilizational ideational forms and currents, generating a global historical tension that is destabilizing world civilization as we now know it. That, of course, is the ultimate question posed by this crisis—i.e. what ‘difference’ will the experiences of the crisis make upon the

course of global history, how will the world be different ‘after the crisis’? The answer to that question, remains so far unknown, since the outcomes will depend upon the actions taken, at all levels of human society, to redress the multiple expressions of crisis in our present historical social and world order.

There are many theoretical and analytical controversies that must also be confronted when trying to make sense of the present global crisis. Firstly, there is the question of establishing the causes or ‘origins’ of this crisis, and therefore to understand the difference, and the relation, between long term historically embedded structural causes of the deeper malaise, and the short term (and possibly ‘epiphenomenal’) precipitate or immediate causes of the visible symptoms. These are not identical, despite much moral and political commentary on the outrages of improper, high risk taking behavior that so obviously has played a role and continues to do so also in the unfolding ‘theatre’ of crisis discourse and politics. Again, there is the danger here of permitting an identification of ‘crisis’ with the financial crisis alone, and by doing so, to obscure or omit all the other acute crisis phenomena and their long term historical causes from our perception and analysis.

Even when one allows that we will speak strategically about the ‘economic crisis’, there are in fact many possible ‘inflection points’ in the pre-history of this present global economic crisis that are variously invoked by analysts, including: the whole history of capitalism and capitalist development; the post 1945 reorganization of capitalism after the Great Depression and the Second World War (and, for example, the ‘Fordist’ outcome of that period of capitalist history); the ‘stagflation’ and ‘oil crises’ of the 1970s; the ‘debt crisis’, the North’s defeat of the South’s call for a ‘New International Economic Order’, and the subsequent onset of ‘neoliberal economic globalization’ from the early 1980s onward; the so-called ‘Asian financial crisis’ of 1997–1998 (though in fact this was more global also); the fall out of the dot-com bubble and various de-regulatory measures in capital and commodities markets undertaken by advanced capitalist economies (in particular the US and Britain) from about the year 2000, producing the ‘universal banking’ model and enormous acceleration in global financial asset price inflation and concomitant risk to the financial system; and last but not least, some argue that the ‘rise of China’ or of ‘emerging markets’ (or countries), or of the BRIC nations (Brasil, Russia, India, and China) are both part cause and part consequence of the present global re-ordering and its ‘structural imbalances’ (while the elite of virtually all major countries continue to call for more ‘free trade’).

Perhaps there is no right or wrong inflection point in the history of this economic crisis, but rather a choice of emphasis among a series of crisis manifestations. One thing may be observable in all this however, which is the thesis that, since the end of the great post-war economic boom (at least in the advanced or rich Northern countries) approximately dated circa 1967–1968, there has been a tendency for crises to become more frequent, more systemically and globally endemic, and gradually more severe and damaging, as well as more inter-dependent and synchronized, ultimately culminating in the present level of systemic risk and instability (see Sassen, Hoogvelt, and Patomäki, this issue). This pattern should tell us something about the role of ‘market self-regulation’ versus state intervention, regulation, and planning in the theories and practices of political economy, and about the great capacity capital has for de-stabilizing itself and for undermining the very social and political conditions necessary for its own existence and reproduction (Gills, this issue). This, at very minimum, is a lesson that should never be lost on us again, but always remembered. After all, even Alan Greenspan has admitted that he has ‘seen a flaw’.

The traditions of political economy and of economic thought on capitalism, capitalist development, and the proper political economy of the system (i.e. for its theoretical optimal functioning) is also a subject of central importance and interest in the present context of crisis

(see Solomon, Patomäki, Thompson, Murphy, and Munck, this issue). Mainstream and hitherto dominant 'economic science' has been widely condemned for committing such serious and fundamental errors of methodology and understanding, as to have made itself intellectually and practically discredited, at least for the time being. The tradition of political economy or 'economics' can conventionally be divided into three (heuristically speaking) 'camps': the 'conservative', the 'reformist', and the 'radical' traditions. These three correspond roughly to (in the same order): the classical, neo-classical, Austrian, monetarist and recent neo-liberal traditions, focusing on the subject of capitalist system maintenance and the centrality of the market mechanism; the Keynesian, social democratic, Minskyian, Prebisch, and more recent revisionist views of such leading (American) economists as Joseph Stiglitz or Paul Krugman, wherein the capitalist market is prone to imperfection (and crisis) and therefore requires prudent state interventions and regulation both to 'discipline capital', promote production, and sustain systemic stability; and the Marxist, Gramscian, Polanyian, socialist, radical feminist, and more recent currents, including the transnationalized social movements of 'resistance' to neoliberal and globalized capitalism, who all tend to critique or reject the capitalist system profoundly and demand its fundamental transformation. No easy compromise has ever been nor is now possible between these contending positions, and their practice bears very real and alternative consequences.

Nevertheless, the present crisis has not so far significantly altered this traditional organization of knowledge, debate, and practice, (at least in the mainstream discourse of politics) and it is still to these traditions that we (sometimes) turn for some inspiration and cumulative knowledge. Many may hope that we will find the philosopher's stone, and devise a formula that will finally reconcile market and plan, without succumbing to the extremes or excesses of either. Perhaps they are right to hope. Others insist that we must not look to the past to find the answers for our future, given that what we are experiencing at present may well constitute a new and unprecedented situation of crisis, thus requiring entirely new thinking, new answers.

As this special issue was being prepared, the historic Copenhagen global summit on climate change was opening (it ended in failure to reach a new agreement, and prospects for reaching one in 2010 remain unpromising). It is the view of the vast majority of climate scientists, and even most governments, that the dangers to humanity's future now posed by the man-made patterns of global warming constitute the greatest real historical danger we face, and perhaps have ever faced in the entire history of our species. It is almost impossible to over-state how serious the consequences of failure to act decisively to arrest these trends could actually be, and as early as the latter half of this century. In this global environmental crisis, including its profound relation to the fossil fuel basis of modern industrial and urban global civilization, the enormous and clearly unsustainable pressures this mode of social existence now places upon all ecological systems, including the soils, the forests, and the water of the planet, we see the real historic 'limits to capital' unfolding before our eyes. This unique and comprehensive crisis at planetary level both demands and propels into force a new radical critique of the foundations of our historical social structure and form of world order, including critique of the fundamental organizing principles of capitalism, 'consumerism', 'limitless growth' and all that is related to these values. Indeed, the global environmental and climate crisis calls for nothing less than a revolution, in both human thought and human action.

Finally, there are myriad concrete instances and examples of the present global crisis, and which instance any particular analysts focuses on is, once again, perhaps more a matter of analytical and practical choice, rather than clearly right or wrong. Some focus on the crisis of the paradigmatic 'economic science' which plays a central framework role in modern global capitalism; some see the concrete form of the 'financial architecture' as the central problem

and the cause of this crisis, and therefore focus on 'global financial regulation' as the main solution; others see the endemic internally generated and periodic crisis tendency of the capitalist system itself as the central problem, which requires a broad set of corrective and transformative measures, which must be historically permanent and not temporary if they are to be effective; some analysts emphasize the central role of the United States and US global hegemony in this crisis, focusing attention on the long decline of US power and the problems and perils of the interregnum and the management of US decline; others broaden this to include not merely the US, but Western or Northern hegemony, and see the answer in a recalibration of global power and the reform or reconstruction of the institutions of global governance to reflect the interests of the global majority; still others see a crisis of global modernity and of industrial and urban civilization, which takes expression in a multidimensional historical malaise, including mounting fragmentation, social conflict and violence, the decline of substantive democracy as politics succumbs to instrumental rationality adopted and imposed by the technocratic state, the increasing power concentration by the private corporations and financial classes, while global poverty, inequality and injustice continue to mount, producing an increasingly authoritarian and bureaucratized global (ir)rationality, and intensifying a comprehensive life-threatening environmental breakdown and possible catastrophe.

All of this leaves us with a set of great historical challenges, which is an understatement. Complacency, political immobilism, and passivity are still being engendered by many factors (George, this issue), including the global mass media (e.g. promulgating 'official optimism', see Patomäki, this issue) aligned to the interests of elitist power and wealth concentration and its system-maintainers. These forces share the desire to create a sense of return to 'normality' and 'business as usual', but in a world that is in reality beset by extremely acute multiple crises which require quite 'unusual', indeed extraordinary action. Reflexiveness and praxis are at the very heart of any progressive 'exit' from the global crisis (Peterson, and Amin, this issue). Our only real hope resides in progressive learning and action (Patomäki, this issue), at every level and scale, all over the planet. Time is running out. Quiet acceptance of the status quo is no longer an option. Only the human capacity for critical reflection and positive constructive action, individually and collectively, can help us to resolve these multiple global and civilizational crises. The only way that any society or civilization has ever recovered from a severe crisis is through some form of constructive regeneration, the form of which we cannot really know at the present, but which we know we can expect to make itself known, and about which we all have a real choice, a decision to make on how we each shall understand and act upon the present great and possibly historically unprecedented 'global crisis'. It is to the politics of the crisis that our attention now must turn, with a new sense of purpose and urgency. Thus, this special issue concludes with a set of critical reflections upon the character and direction of politics and especially 'radical politics' (Pugh, this issue).

This can only be a beginning, and indicative of what is already a vast and growing global discussion and debate concerning what 'answers' we give to the questions so profoundly raised by global crisis. Retreat from politics (and from the realities of 'global political economy' or any of the other very real manifestations of crisis phenomena discussed in this essay and special issue) into the individual comfort zones of apolitical isolation, consumerist hedonism, philosophical idealism and pure esthetics (Pugh, this issue), or any other form of present day escapism or a 'state of denial' we could choose to mention, are not really the answer, but in the view of this author at least, more symptomatic of the profound civilizational malaise and world-historical crisis in which humanity now finds itself. Words without action are empty indeed. It is not mere words that we most need now, but radical thought allied to radical

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actions. It is only by such radical and ultimately solidaristic and political means, so I wish to conclude, that we can remake this world, and it is the crisis(es) that compels us to do so.

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The Multiple Crisis and Beyond

FRANÇOIS HOUTART

ABSTRACT *The issue we face today is a crisis with multiple aspects, for which I would first like to offer an analysis. Beyond that, moreover, I would like to look ahead to a utopia, and to the question: how can a solution to this crisis move us beyond the parameters of capitalism?*

El problema que enfrentamos es una crisis de múltiples aspectos, para el cual quisiera primeramente ofrecer un análisis. Además de eso, me gustaría mirar hacia el futuro a una utopía y al interrogante: ¿Cómo puede una solución a esta crisis trasladarnos más allá de los parámetros del capitalismo?

我们今天所面对的问题是具有多面性的危机，我首先想给这个问题提供一个分析。除此之外，我想对这个问题进行展望，往理想主义的方向展望：怎样才能使解决这个危机的办法带领我们超越资本主义的范畴？

The Dimensions of Crisis

The crisis is not only a financial one. Of course, attention today is focused on this aspect, but it is much more than that. It is also an economic crisis, which could lead to a world depression, with all the accompanying social ramifications. In addition moreover, we are also experiencing a food crisis, an energy crisis and a climate crisis. Ultimately, an analysis of the overall situation suggests that we are facing a real crisis of civilisation.

Therefore, the major challenge is precisely how to find new parameters for the collective life of humankind. Financial crises are of course a recurrent phenomenon in the history of capitalism; the present one, however, has some particularities. It is linked, as has been true of past crises, with over-production and under-consumption. In the productive sphere, according to

liberal theory, that is a healthy phenomenon, since it supposedly eliminates the bad elements of the economic system and creates the conditions for a fresh start. Certainly, it is a mechanism for reducing the cost of production, in particular of commodities and labour. Today, thanks to globalisation, the economic system also has a better tool kit available to it to deal with financial crisis than was the case during the 1929–1930 period, including both a new material base, especially new technologies, but also new instruments for operating the system itself. During the 1930s for example, the issue of the quasi-nationalisation of banks did not even arise.

What is, however, specific to the present crisis is the fact that it is a combination of various crises, which are all the fruit of capitalist logic—and that is what needs to be explained. Therefore it is impossible to consider solutions without a vision and an analysis of the whole, without a holistic approach. A simple regulation of the economic system would not be particularly significant if it were simply to involve beginning again anew, from where one had left off before the crisis. What is the use, indeed, of developing and regulating a financial system to finance a productive system which is as destructive of ecological and social realities as the one we now have? We are facing today four main crises: two, the financial crisis and the food crisis, are conjunctural, but are also potentially structural; the energy crisis and the ecological crisis, on the other hand, are fully structural.

The Food Crisis

Let us first address the food crisis. The conjunctural aspect of the problem was seen in the explosion of food prices in 2007 and 2008 at the Chicago commodities exchange. It was conjunctural because financial capital moved out of minerals to invest in food products in order to achieve capital gains in a speculative manner. The structural aspect is the fact that for more than 40 years now, peasant agriculture has been undergoing a transformation to a capitalist type of production, into monoculture agriculture. This has been called the ‘green revolution’, but it has been very destructive of the environment, and has driven millions of peasants off their land. This food crisis has had immense social consequences. According to the UN Food and Agriculture Organisation (FAO), in each of the years 2007 and 2008, more than 50 million people were pushed below the poverty line—which, of course, meant into hunger. This corresponds with the two main aspects of the logic of capitalism: first, the search for new frontiers of accumulation—here, agriculture was discovered as a realm for capitalist investment; and second, the exclusion of externalities from the economic calculation of costs—the devastation of nature, and also social destruction, neither of which is subject to capitalist accountability. The problem is that the food crisis is built precisely on that kind of logic: it is the result of the contradiction between the fact that everyone in the world needs food, and the logic of capitalist accumulation.

The Energy Crisis

Certainly, the energy crisis also has a conjunctural dimension—the enormous increase of the price of oil and gas over a short period—but it is fundamentally structural. Indeed, during the next 50 years, humankind will have to transform its energy cycle, moving out of fossil fuels towards a new cycle of energy production. We have only enough oil for the next 40 years or so, gas for about 60 years, and coal for about 200 years, and if all the energy worldwide were to be supplied by nuclear power, our uranium supplies would last about a year and a half. So even if these time frames may be extended a little by new discoveries or exploitative technologies,

we are now facing the ultimate limits. Since the dawn of capitalism growth has been characterised by hyper-consumption of energy. That has accelerated during the neoliberal period, with the expansion of the global exchange of goods and services. With the global division of labour, 62% of all industrial production is transported across the oceans, which involves an enormous consumption of energy. The individualised modes of transportation and residence, which follow the same economic logic, also involve immense consumption of energy.

Thus, the problem of changing the source of energy really raises enormous questions, the first being the need for a significant contraction of demand. We will have to restrict our use of energy; this is the fundamental solution in the long term. It will be impossible, at least in the short or medium term, to produce as much energy as we are consuming today. Second, major financial investments will be needed to develop new technologies in the field of energy, which necessity of course constitutes a contradiction with the enormous public expenses needed to solve the financial crisis.

One of the solutions the capitalist system has developed to address the need for a change in the energy cycle is the development of agro-industry—the production of bio-fuels. However, in order to constitute a real contribution to a solution, that would entail the shift of hundreds of millions of hectares of land in Asia, Africa and Latin America to monocultures for the production of such fuels, with all the associated ramifications that monoculture has: the destruction of biodiversity, the pollution of the soil and water, and most drastically, given a continuation of this project for a 25 year period, the expulsion of an estimated 60 million or more peasants from their land. The result would be salvage urbanisation and strong migration pressure. Thus, this proposal is neither a solution to the climate crisis nor a long term solution to the energy problem; as a short and medium term measure, however, it is a very good solution to the crisis of the rate of profit and of the accumulation of capital. Again, we have the fruit of the same logic, the speculative character of energy as a commodity, and the exclusion of externalities in the cost of production and the use of energy.

The Climate Crisis

The climate crisis is much more severe than world public opinion is prepared to admit. It has been accelerating since the onset of the neoliberal period. The increase of CO₂ emissions and of global warming since the 1970s, at the time of the Washington Consensus, has taken on new dimensions. All the studies show that, in spite of some progress in diminishing the emission of CO₂ into the atmosphere, the increase in greenhouse gases is considerable. Reports being prepared for the Copenhagen Conference illustrate this dramatically. Such new emerging countries as China and India are contributing—albeit to a relatively modest degree—to this phenomenon. A second aspect is the destruction of carbon sinks, such as forests and oceans, which absorb CO₂ and other greenhouse gases. There are still some 400 million hectares of virgin forest in the world, but every year 15 million hectares are destroyed. Not many years are left before all natural forests in the world will have been destroyed. For many reasons due to global warming, primarily growing acidity, the oceans too, are increasingly and very rapidly losing an important part of their capacity to absorb CO₂. Another effect of global warming is that of rising sea levels, which endangers low-lying countries and coastal cities. Little by little, the capacity of the earth to naturally regenerate the biosphere is diminishing. It has been calculated that this capacity for 2008 had already been exhausted by 23 September—on a global scale; if we take a country like Belgium, however, that date was sometime in March. And every year, these dates are earlier. The problem is that we only have one planet.

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The destruction of nature also means severe effects on the biosphere. Some experts of the Group of International Scientists on the Climate (GIEC) estimate that if global warming exceeds 1°C during this century—during the twentieth century, the increase of the global temperature was 0.75°C —between 20% and 30% of all species on earth will disappear. According to various predictions for this century, if nothing is done, we will have a temperature increase of 2, 3, 4 or even 8°C . The warming of the earth will make it impossible to live in some regions, due to drought or to rising sea levels. It is estimated that an increase by more than 1°C would cause more than 17% of the territory of Bangladesh to disappear. That country now has more than 150 million inhabitants in a territory four times the size of Belgium (whose population is 10 million). India is already building a wall along the border between the two countries, like that between Mexico and the United States, to prevent migration. According to a report prepared for the British Government in 2007 by Nicholas Stern (2006) of the World Bank, we can, if nothing is done, expect between 150 and 200 million climate migrants by mid-century, i.e. people who will no longer be able to live where they live now. That means that, according to international climate experts, unless urgent and costly measures are taken, the situation could become irreversible. This too is the fruit of the same logic: considering nature as a resource for capitalist growth, and refusing to integrate into the balance sheet the externalities of the productive system.

Designing Utopia

Of course, an apocalyptic discourse is useless for action. But awareness of reality is absolutely necessary. What can we do in the face of such challenges? How can we redesign a utopia? There are various responses:

The Various Responses

The neoliberal position in response to the financial crisis is very clear: the other aspects of the global crisis are irrelevant. The solution is to replace the actors, the incompetent or corrupt bankers, and the system will be restored and ready to continue.

A second position advocates re-regulation of the system, after a long period of deregulation. In the view of the G20, the market economy—the capitalist system—needs to be saved, because it has proved to be very efficient in lifting many people out of poverty. This is true; it has taken many millions out of poverty in a very spectacular way. But what is not said is the fact that at the same time, it has forced into poverty—extreme poverty—hundreds of millions of people. The G20 also affirms that the system has been very positive for progress—in response to which the question arises: what kind of progress and for whom? The upshot is that the G20's proposed solution involves only some very soft regulations, which will in fact not solve the long term problems.

Another approach is that adopted by the Commission of the United Nations for the Reforms of the Financial and Monetary System, initiated by UN General Assembly President Miguel d'Escoto Brockman and headed by Joseph Stiglitz, winner of the Nobel Prize of economy. A former vice-president of the World Bank, Stiglitz has taken a very critical position on the present system, and has produced a report for the G-192, i.e. all member nations of the UN, which, in d'Escoto's view, is the venue which will have to discuss and present a solution to the crisis. The G20 by contrast, the self-proclaimed spokesman of the world community, lacks both legal and moral legitimacy.

The Stiglitz Commission advocates such strong regulations as the abolition of fiscal safe-havens, banks secrecy, the 'odious' Third World debt, a regulatory organisation at the international level for the banks, a reform of the World Bank and the IMF, the creation of new international bodies, etc (United Nations, 2009). These are indeed strong measures, but they are no more than regulations. The question is: regulation for what? To continue the exploitation of nature as before, to prolong the inequalities in the world as before, to continue financing the auto industry, the monocultures and agro-fuel? Is that the way to solve the problem? In fact, we need not only regulation, but alternatives, which means new parameters. Thus, the question is: how are these new parameters to be conceived? They will have to meet four major criteria which define the basis for the further existence of humankind.

Four Parameters

The first question is our relationship with nature. We have only one planet. The second is how to produce what is needed for life, for the life of everyone in the world. The third question is how to organise collective life and socio-political institutions. The fourth is what kind of vision, *Weltanschauung*, to adopt and how to construct the ethics necessary to build such a common world. That is culture. To rethink our parameters in terms of those four main aspects of human collective life is the task we now face.

The first issue is how to relate to nature. In this case, the parameter is to affirm that we have to develop a sustainable and responsible mode of using natural resources. And that means a new philosophy of the relationship between human beings and the earth, away from the concept of exploitation of nature as a commodity and towards a respect for nature as the source of life. In this sense, nature is the common heritage of the whole of humankind, which must not be destroyed. This need for respect is well expressed by the indigenous peoples of Latin America when they speak of 'mother earth'. Such a parameter enters into contradiction with the logic of capitalism, for which nature is a commodity at the service of private interests.

The second main parameter involves establishing the priority of use value over exchange value. Capitalism is built on exchange value. It is only possible to make a profit and accumulate capital on the basis of the exchange of merchandise; the result is the mercantilisation of everything. The systems of production, distribution and transportation are built on the foundation of how to increase exchange value. What we need is a new definition of economy, a different philosophy of economic activity: from production of added value for private interest to activity that produces the basis for life—physical, cultural and spiritual—for all human beings in the world. That concept, however, is in contradiction with the basic definition of the capitalist system. The market can no longer be merely a forum for making a profit for the few, but must rather be a place of mediation between supply and demand. Production of goods and services will be completely different when use value is privileged over exchange value.

The third parameter is the generalisation of democracy, not only in the political field through participatory elements, but also in all other societal relationships. In economics nothing could be less democratic than the capitalist system. The democratic logic should also be introduced into all institutions, such as trade unions, churches, educational institutions and also between men and women. Humans will become real actors to a much greater extent. This is why Franz Hinkelamert (2006), a Latin American philosopher of German origin, is calling for 'The Return of the Subject'. It means a new approach of individuals to society, but also a new conception of the state.

The final parameter is multiculturalism, which means that all knowledge, including traditional knowledge, in medicine for example, should really have a role to play. With the Western

Weltanschauung, built since the fifteenth century, we have marginalised all other knowledge and philosophies. Progress has equalled Westernisation. The problem today is to envisage a means to ensure participation in the construction of the future for all knowledge systems and philosophies, of all religions and ethical instances, in order to build not only the vision—the reading of reality—but also the ethics of a new political and economic construct. There is a real possibility for the participation of all cultures in the elaboration of new parameters, of course including a sustainable and responsible relationship with nature, a priority of use value and generalised democracy.

Are those principles utopias? Yes, they are utopias—but necessary ones, for they can be applied. They are not utopias, in the sense of illusions, merely because they do not exist today. But they could exist tomorrow.

Let us see, for example, what a new relationship with nature could mean, concretely and politically. It implies restoring public sovereignty over natural resources. This is what is being done now in Venezuela and Ecuador, for example. Of course, they are doing it step by step. It also means an end to monocultures, the destruction of nature due to the widespread use of fertilisers and pesticides. I have walked kilometres in such areas, in Colombia in particular: there are no birds anymore, no butterflies, and no fish in the rivers. Nature has been destroyed; biodiversity has been devastated, only so as to plant hundreds of hectares with soy, palms, sugarcane, eucalyptus, etc. This also means applying the Kyoto Protocol, and the ‘further commitments’ arrived at in Bali and, shortly, in Copenhagen. Limiting the destruction of nature requires applying measures to ensure that the global warming not increase by more than 1°C during the twenty-first century. That will require far-reaching measures. It will also mean the introduction of ecological externalities into the calculation of the cost of production, for example, those for bio-fuels.

If we give priority to use value, we can no longer accept the mercantilisation of what is indispensable for human life: water, seeds, health and education. In the context of capitalist accumulation, those necessarily became commodities. This is the main reason why the public sectors have been privatised. The official rationale is that it is more efficient. The real reason is that if a sector is not open to the market, it has no exchange value, and no profit can be made from it; it cannot contribute to the accumulation of capital. Such logic implies also the suppression of fiscal havens, of bank secrecy, and of the ‘odious’ debts of the Third World. Giving priority to use value would mean that agro-exports would become secondary to food sovereignty. Brazil is in favour of the Doha Agreement because it is an agro-exporter. But what does that mean, when a significant part of the population is suffering from hunger? Export oriented economics means raising the profit of multinationals and landlords. The solution is to assure, first, food security for each country or region. After that, exchange can be established.

It also means the regionalisation of economies, not only to promote common markets, but also with a new philosophy, like that of ALBA (Alternativa Bolivariana para las Americas) in Latin America. Here, the basis for regionalisation is not competition between markets, but complementarity and solidarity. The priority of use value also means the prohibition of any kind of speculation with food products. It implies restoration of public services, not only in the material, but also in the cultural sphere. Some suggested concrete measures could include:

- A guarantee of at least five years on all industrial products: the logic of capitalism favours a short lifespan for products, so as to promote rapid reproduction of capital; however, this also requires the use of excessive energy and natural resources.
- A tax on any manufactured product which has been transported for a distance of more than 1,000 kilometres: we know that some of the products in our supermarkets have a long trip behind them, sometimes more than 10,000 or even 12,000 km, before they arrive at the

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consumers. This is an irrational use of energy, but, of course, it is logical in the capitalist system, because it is the result of the division of labour which seeks to make use of the ‘comparative advantages’—such as cheap labour, absence of environmental protection, etc.—of certain regions of the world.

The creation of democracy could also involve a number of measures, such as participatory budgets, participatory development, as in Venezuela or in Bolivia, and democratic structures as a condition for state recognition of social and cultural institutions: to be recognised as democratic, they should include equality between men and women. The reform of the United Nations, with the abolition of veto rights in the Security Council, is another example.

Finally, multiculturalism means a new philosophy of life, with the acceptance, for example, of the contributions of the indigenous peoples of Latin America and other parts of the world. In Belem, for instance, during the last World Social Forum, they presented the idea of ‘*bien vivir*’ (living well) rather than having more. It would require a new definition of Gross National Product (GNP), which was instituted after the First World War and reflects the logic of capitalism. Qualitative elements of human progress should be introduced. That would mean, too, an end to the monopoly on information in the hands of big capital, and finally the abolition of the patent system for scientific knowledge.

Clearly, concrete policies can be developed on the basis of these new parameters. Of course, all this may seem utopian. But utopias can take real shape. One utopia in the history of humankind was human rights. True enough, it has taken two centuries to get a Universal Declaration of Human Rights, and it is imperfect—too Western, and also subject to manipulation by political forces seeking to establish their hegemony. But it exists, and it is possible to use it, as a moving force. So why not promote the idea of a Universal Declaration on Humankind’s Common Good, which would be based on the four principles described above: sustainability and responsible use of natural resources, priority of use value over exchange value, generalised democracy, and multiculturalism?

If we could promote this idea of a new parallel declaration, it could be a major step forward. Perhaps this, too, could be a new utopia, but one which could really become a small star in the history of humankind.

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Converging Crises: Reality, Fear and Hope

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Although the G-20 and other official bodies have so far refused to acknowledge the fact, we are not simply living through a financial crisis, however grave the financial aspects of the current upheaval may be, but a multiple crisis whose component elements all strengthen and reinforce each other. For that matter, it's not even a 'crisis', which in uncorrupted language is a relatively brief moment between two possible outcomes—in an illness, for example, between recovery and death. We're in for a much longer period but here we will bow to the now-standard vocabulary.

Beyond finance, one should recognise that inequality within and between countries and citizens has reached unsustainable levels in both developed and developing countries. Poverty is spreading and deepening, food and water scarcities are worsening, conflicts thrive in increasingly stressed societies, and catastrophic climate change—advancing much faster than experts predicted—looms over the whole.

These aspects can no longer be envisaged separately: to provide just a few pump-priming examples of connections, we may note that the rich have huge, dinosaurian ecological footprints and despite their relatively small numbers arguably cause far more damage than hundreds of millions of poor people. As Jared Diamond shows in his book *Collapse*, a major reason for the ruin of past societies under environmental stress was the consumption of the elites who continued massively to use up resources long after their far poorer compatriots had felt the pinch, and thus drove their societies over the brink. Global warming hits the poor harder than the rich as well, simultaneously exacerbating social inequalities and food and water shortages. The financial crisis grinds down the poor: one need only think of the tidal wave of foreclosures in the United States that has thrown millions of families onto the streets, deepening their insecurity and poverty.¹

Prices for the very food staples the poor most depend on for their daily tortillas or chapattis may double overnight when financial speculators move into commodities markets or governments and large landholders place massive land resources under cultivation for agro-fuels. And how can one even imagine fixing the economy when millions have less money in their pockets and have been hard-hit by the financial and job meltdown?

GLOBALIZATION IN CRISIS

This is only a sampling of the myriad interactions between the elements of the plural crisis, yet these impacts remain largely unrecognised. The financial sector, already deeply divorced from the real economy in which real men and women live has moved even further away from it and is once again creating bubbles destined to burst one by one. The moment stock markets show signs of life, we are told that the crisis is over.²

The newly self-appointed global government of the G-20, accompanied by its perennial acolytes the World Bank, International Monetary Fund and World Trade Organization, clearly have not grasped present realities. The remedies they have so far devised are limited to the financial sector—the only aspect of the crisis they perceive—and even there, the remedies are turning out to be worse than the disease. Estimates of the money thrown at the world's financial institutions start at about five trillion dollars (\$5,000,000,000,000); many are much higher than that.³

This money does not come out of the air but is like all value rooted in work and in nature. Governments are betting on future work in the form of taxes, and on nature in the form of cashed-in, non-renewable resources to pay for their largesse to the financial sector. Thus they are also counting on the future *tout court*, which takes on the shape of an ever-growing pyramid of debt.

To finance such debt, the solution chosen by the United States is to sell Treasury bonds (the UK sells its 'gilts') which deepens the deficit and pushes the debt ever further into the future. Nothing, however, guarantees that the US government will not succumb to the temptation of devaluing its currency, overtly or covertly, in order to reduce its debt burden: abundant signs of such a strategy are already visible on the horizon and a bubble in government securities is a distinct danger. They can also, along the same lines, simply print money, conjuring up visions of Weimar and similar horrors that wiped out an entire society and led to history's bloodiest war.

They can also continue to liquidate forests or soils or minerals at fire-sale prices—their own, or other peoples' depending on how far their predatory reach can stretch. And they can of course tax (and tax, and tax) their citizens while simultaneously reducing the entire range of government services. The G-20's preference for such measures is obvious: it has no other policy to offer. Citizens everywhere will pay for it not only in taxes and in reduced public services but also through lower investment and consequently higher unemployment.

Let us further understand that despite the posturing of unity and New World Order rhetoric, when crisis strikes, it's every man for himself. The European 'Union', its European Central Bank (ECB) and its largest and richest state, Germany, graphically demonstrated this truth, avoiding taking any responsibility for anyone else's problems as one would avoid kissing lepers.

Witness the case of Latvia, one of the recently acceded (2004) European member states. Since 2008, this unfortunate Baltic nation has watched 18% of its gross domestic product (GDP) evaporate and is courting collapse. One might think that under the circumstances, in this fine Union, the European Central Bank would take responsibility for lending to Latvia. One would be mistaken: the ECB neither kisses nor lends to lepers. We should not forget that the ECB stands in the shadow of the Bundesbank in Frankfurt and that the latter does not choose to risk any EU member state's default. Thus the IMF will take over the lending functions under its usual conditions of harsh surveillance. The same is true for Romania, for weak Eurozone countries like Greece and, say the more pessimistic among us, possibly even for countries like Spain and Italy at some future date.

Is this a rational policy? Not really. If Latvia or Greece could borrow under softer terms with the ECB's and the Eurozone's backing, they would spend less paying back their creditors and more shoring up their economies; they would therefore recover faster. They might then spend

a good deal purchasing German exports—but this is a prospect too remote for anyone in authority to bother contemplating, including, as far as one can tell, the European Commission or the ECB.

In the United States, as in the EU member States, if citizens called for better funding of schools and health care, more investment in jobs, better public services or infrastructure and the like, they were told that funds were alas unavailable. They should be patient and make do with less. However, when the banks through their own folly risked meltdown, billions of dollars were found within a matter of days. As for the IMF, it received 750 of those billions, conveniently pulling it back from the brink of insolvency where it had languished for several months, relying exclusively on the fragile repayments of loans it had made to places like Turkey or Pakistan, to pay its staff's salaries.

So many outrageous arrangements have been made in total contempt for hapless citizens that one scarcely knows where to begin: better, then, not to try but to note simply that in a normal society operating under normal market or capitalist rules, the banks would belong to the tax-payers who are entirely responsible for their salvation. We have all been raised to believe that when one opens one's pocketbook, it is in the expectation of receiving some good, service or benefit in return. In the case of paying one's taxes, one expects also to benefit from a functioning society.

It is further usually a matter of public morality, if only to save the politicians from opprobrium, to protect the innocent and cause the guilty to be punished. None of these principles holds true any longer. The guilty are rewarded a hundred-fold and the innocent are told to shut up and fork over. They receive absolutely nothing in exchange for their contributions—those of today and of many, many tomorrows. They are given instead unemployment, reduced pensions and public services and lower standards for themselves and their children. Profits are privatised whereas losses are socialised, as is customary in societies based on neoliberal, market fundamentalist ideology.

The extreme events of the past several months, unprecedented since the 1930s, should lead us to examine carefully the place we are living right now and what might happen to alter the landscape—for better or for worse. One might class the possibilities negatively and positively. On the negative side are many fears but on the positive side some hopes, which could ripen into reality if popular forces began to organise into alliances with political weight and clear purpose.

First the fears: in short order, things could easily become far worse. Imagine that a bubble in government paper inflates and, like all bubbles, is punctured. Say this happens in the United States: the US dollar no longer plays its role as universal currency; stopgap measures are put in place to little avail, millions, and not just Americans, lose their savings, pensions, insurance and so on. The climate begins to flip. For Europeans and North Americans, it could go either way—towards ice as a result of melting glaciers pouring billions of tonnes of freezing water into the oceans, creating havoc with the Gulf Stream and other ocean currents; towards fire as CO₂ and methane emissions cause runaway temperature rises accompanied by drought and rapidly rising sea levels.

Millions of climate refugees are on the move and no army on earth can stop them. Diseases are spreading much faster and conflicts aimed at securing such basics as food and water are proliferating. Soon all our fine monuments and trappings of civilisation resemble the statue of Ozymandias in the limitless desert.⁴

Unsurprisingly, humans are loathe to envisage such calamities; preferring to believe that somehow 'they'—those in positions of authority—know what they are doing and will take care of things so that no one need be confronted with such dire scenarios. Facing such a

possibility for the first time in the history of humanity, much less that of Western (or for that matter Eastern) civilisation, is exhausting, scary and gives rise to the Scarlett O'Hara Syndrome: 'I won't think about that today. I'll think about that tomorrow.'

The recent performance 'they' have given with regard to the crisis is hardly encouraging in this regard, nor conducive to confidence. Still one can find room for an alternative scenario and many remedies are staring us in the face. The multiple, converging crises can also be seen positively, as openings towards rational solutions. The hopes might be outlined as follows.

Regulation is an obvious necessity. The private financial sector spent literally billions lobbying to get regulations removed. The resulting unlimited freedom led directly and necessarily to disaster. The removed regulations should be put back in place and left there. It beggars belief that our governments in their wisdom did not immediately insist on such elementary measures. Where are you, spirit of Franklin Delano Roosevelt, when we need you most?

Many people, of whom I am one, would like to see the banks simply socialised and credit made available to deserving borrowers, both firms and households (particularly those with a green project) at cost. All repossessions of dwellings should stop and people should be allowed to stay in their homes at the market rent; with rental payments counting towards ownership. Since the entire US economy was based on debt, families should receive at least the same consideration as large banks when it comes to easy terms. If the far more dire debts of the mega-banks can be rescheduled, so could those of householders and smaller firms.

Redistribution is the remedy for exacerbated inequality; not necessarily, although sometimes, through cash payments; more often through enhanced public services, better quality education, health care, public transport and the like. Progressive taxation is an invention of the early 1900s, perfected in the post-World War II period. Surely we are not so timid that we cannot emulate these prescient pioneers and share with those who have, for whatever reason, less. In order that they have more, wages must reflect productivity gains which in the age of globalisation they no longer do, so long as someone, somewhere, almost as productive as you, is willing to work for five or 10 times less.

'Re-localisation'—which might also be called **'de-globalisation'**—simply means bringing economic activity back closer to the people most concerned by it, particularly for food and other necessities. The concept needs support. As many activities as possible should be kept within local communities; in many places this is already happening spontaneously. 'De-growth' (from the French *décroissance*) is the other aspect of the negative turned positive value: you may reduce economic 'throughput' in the system, but you increase ecological protection and human happiness.

Emergency action on climate must be undertaken at every level, from the personal to the national to the global, with the greatest possible speed. We are not talking about 2050 but about tomorrow. Such action begins by stopping the enormous waste that today dominates energy-use. Everyone knows what needs doing, no elaboration is necessary here.

A new **North/South balance** is urgently called for. The poor of the South have for decades financed the rich of the North whilst the rich of the South find eager cooperation in the North (from tax havens, banks, property developers and so on) to rob their own people. A minimalist morality; the smallest sense of fairness, would be a great help here, beginning with debt cancellation, accorded conditionally on ecological cooperation against climate change and redistribution to the poor and hungry. If we could reduce global warming and thus numbers of climate refugees and unnumbered local conflicts, we could also reduce, in the fullness of time, arms spending—about a trillion dollars a year as things now stand.