

stance. They and in particular the most powerful among them will do just what they like in the furtherance of their national policies.

25. Those of us who entertain hopes of democratic reforms in the United Nations should give up our dreams. We are not going to see anything like the reforms we envisage. If there is to be any reform it is only going to strengthen the hands of those who are already strong and who want more power for themselves.

26. The fact is that after fifty years of being free, largely on account of the Eastern and Western blocs confronting each other, our freedom is being eroded and colonialism is coming back. Of course it is not going to take the same form, but it is colonialism all the same. The strong and the mighty will quite literally rule us, determine our fate and our roles in the international scheme of things. Poor as we are, we will be exploited even as in the past they exploited us.

27. Our only hope lies in staying together. The relevance of being non-aligned in a unipolar world may be questioned. But there are any number of reasons for us to stay together. Divided one by one we will succumb. But in unity there is a chance that we will survive and possibly retain our integrity and independence.

28. The Non-Aligned Movement is therefore worth saving and rejuvenating. After our meeting in Belgrade, a small group made up of 15 non-aligned nations was set up to experiment with South-South Cooperation. It is not a resounding success. Not every country is dedicated to South-South Cooperation. But the modus operandi of cooperation between the countries of the South have been devised and tried out quite successfully. It is perhaps time for truly interested members of NAM to be brought into the scheme so that apart from our tri-yearly meet, we can have mutually beneficial interactions. Since the founding of the Group of 15, trade between them has expanded by almost 400%. With greater effort, trade can be really substantial.

29. Clearly NAM is still a useful forum and organization for the countries unwilling to be mere clients of the first world. It was founded in a bipolar world but it is clearly still needed in a unipolar world. The need to defend our rights is greater than ever. None of us can do it alone but together we stand a better chance.

30. We now know that the weapons to be used against us are not just military force but also economic forces. The assaults through economic forces are more subtle but are no less damaging and effective compared with military assaults. We need to know about the economic forces that may be used and how we may defend ourselves. As with the struggle against colonization, the time may come when the good elements among the powerful will see the injustice of their ways and throw their weight behind us. It may take a long time as indeed colonialism took a long time to be condemned. But God willing, the day will come when justice will triumph. Until then let us keep NAM alive and let us do what we can for ourselves.

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## Book Review

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# A useful, but flawed, attack on globalization

by Mark Burdman

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### **False Dawn: The Delusions of Global Capitalism**

by John Gray

London: Granta Publications, 1998

234 pages, hardbound, £17.99

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As the world financial system enters its end-phase of disintegration, it is lawful that the policies of “globalization” and “global free trade” that have brought on this disastrous state of affairs are meeting growing opposition, including from inside that Great Britain that has been the principal sponsor of such policies. During the summer of 1998, John Gray’s *False Dawn* has received kudos from opponents of globalization in various parts of the world. This positive reaction in numerous quarters testifies to a growing backlash against globalization and free trade.

Gray, who recently moved to the London School of Economics from his post at Jesus College in Oxford University, documents the ravages brought about by globalization/free trade policies wherever they have been implemented. Himself formerly an ideologue of the “New Right” in Britain, he is well-informed on the subject. He provides convincing documentation about the devastating effects of Thatcherism on Great Britain; about the highly damaging results in New Zealand, where the most radical “free market” transformations anywhere in the world were implemented over the past decade or so; about the destructive effects of the neo-liberal experiment in Mexico from the mid-1980s into the 1990s; and about a Russia assaulted by a shock therapy policy in 1991-92, immediately after the break-up of a Bolshevik Soviet Union that had already imposed decades of suffering on its population.

For the United States, where “free trade” policies have been implemented with fervor, according to the prescriptions of the “New Right,” the results have been, Gray writes, “social breakdown,” the breakdown of family structure, and the marginalization of large segments of the population. “Social order” in the United States, he emphasizes, is “propped up by a

policy of mass incarceration,” which has led to more people being imprisoned per capita than anywhere in the world outside post-Communist Russia.

The push to impose a global free market has been like a cancer spreading throughout the world, undermining states, spreading conflicts, and impoverishing populations. “The age of globalization will be remembered as another turn in the history of servitude,” he writes.

At the same time, Gray warns that the global free market bears within it the seeds of its own destruction: “Large and widening inequalities threaten the political stability of the free market at both national and global levels. It is not easy to see how the American-led concert of the great powers on which today’s global market relies can withstand a prolonged setback in the world economy. The policies of crisis management that have averted catastrophe in the recent past will not now be adequate. A breakdown of the present global economic regime could well result from current policies.”

In his concluding chapter, he writes: “Global *laissez-faire* may break down in an unmanageable crisis of the world’s stock markets and financial institutions. The enormous, practically unknowable virtual economy of financial derivatives enhances the risks of a systemic crash.” Gray then warns that a crash of significant magnitude “could trigger large-scale economic and social conflict in the U.S.” This would, in turn, bring down “the international regime of free markets.”

Gray is one of a growing chorus of voices calling for a re-regulation of the global economy. He advises that the required solution, is “the rehabilitation of the state,” together with “a framework of global regulation — of currencies, capital movements, trade and environmental conservation.” One proposal that would “render world markets more stable and productive,” in his view, would be an international “tax on currency speculation,” such as that recommended by economist James Tobin.

## Narrow focus on Washington

Gray’s book is certainly a factional document inside the British establishment, from among that minority of individuals who don’t go along with the prevailing consensus of the Tony Blair government and the British Commonwealth structure, according to which, globalization/free trade is the holy-of-holies, to which all policies must be subordinated. At every opportunity, whether in speeches or interviews, Blair hyperventilates about the wonders of globalization, and the benefits that accrue to Britain from it.

However, while Gray occasionally speaks of the “Anglo-Saxon” orientation of globalization, or of the “Anglo-American-style free market,” his enemy image is not the City of London and its Commonwealth offshoots, but, rather, Washington. He repeatedly insists that what drives globalization/free market policies is the “Washington consensus,” brought about by the “neo-conservative ascendancy” in American life over the past 25 or so years and by the realization of “Enlightenment” policies by the United States. A characteristic formu-

lation of his, is that Mexico was the “prime site for the American project of engineering the free market throughout the world,” or the quote above about the “American-led concert of the great powers” behind globalization.

Ultimately, this focus on Washington as the source of the problem brings Gray into a cul-de-sac, undermining his otherwise often-forceful argumentation.

Admittedly, there has been strong advocacy of globalization/free trade policies in the last U.S. administrations, typified by the promulgation of the disastrous North American Free Trade Agreement (NAFTA) and repeated statements of support for International Monetary Fund “structural adjustment”/“reform” policies imposed on various countries. However, by his repeated references to the “Washington consensus,” Gray sidesteps the reality of the *British authorship* of such policies over a period of decades, mediated in the United States through various Anglophile policy structures. Notably, an apparent consensus favoring free trade and globalization has largely resulted from the penetration of American institutions and think-tanks, typified by Washington’s American Enterprise Institute and Heritage Foundation, by British ideology, of the sort that promotes the nonsense that the American Founding Fathers were supporters of the “free trade” doctrine of Adam Smith.

His fixation on the “Washington consensus” also avoids the issue that politics in Washington, including inside the Clinton administration for example, is often highly factionalized, with different approaches on global issues. Besides, whatever “consensus” may exist, is prone to crack up, under conditions of the type of global financial instability we are now witnessing, particularly as mass social ferment spreads in the American population.

Regrettably, Gray fosters a knee-jerk anti-American reflex from the victims of global free trade policies, and ignores the one pathway that can save the world from the horrors of continued adherence to the globalization/free trade package, namely a return by the U.S. administration to those principles of the American System of national economy that are diametrically opposed to the imperial-globalization model.

His view of the basic historical issue involved is odd. He portrays the “Washington consensus” as, in essence, the fulfillment of an historical design, emanating from the Enlightenment. Gray writes, in the introductory passages of the book, that the effort to achieve a “global free market” is a “revolutionary project” in “social engineering” that is being carried out by “transnational organizations such as the World Trade Organization, the International Monetary Fund, and the Organization for Economic Cooperation and Development,” all of which are “following the lead of the world’s last great Enlightenment regime, the United States.” The United States, he writes, is the last great power to base its policies on the Enlightenment thesis of a “new, universal community founded on reason.” This follows from such Enlightenment thinkers as Tom Paine, Thomas Jefferson, and Benjamin Franklin. “A global free market,” he emphasizes, “is the En-

## Likelihood of global crash is growing

The likelihood of a global crash is growing, and its consequences will be worse than 1929-32, because of the vast exposure of tens of millions of Americans on the equity markets, warns London School of Economics Prof. John Gray, in a commentary in the Sept. 8 London *Guardian*.

Gray enumerates the various dangers now imminent, including financial crises in Brazil and Argentina, bank failures in Japan followed by the repatriation of Japanese assets to Japan, further tremors in the Kremlin, and others. These factors, in some combination or by themselves, could transform “mounting anxiety about the economy” into “panic among the 100 million U.S. private investors who have placed an unprecedented portion of their wealth in the stock market.”

Gray goes on: “It is becoming fashionable to talk of a re-run of the Great Crash of 1929-32, when the American market fell by 90%, and a global depression ensued. In fact, the scale and depth of the American people’s exposure to the stock market is greater now than at that time—or any other. As a result, a fall in the market considerably

smaller than that which occurred between 1929-32 could have a larger economic impact. A sustained slide on Wall Street will not be a market correction, but a signal for a major dislocation of the world economy.” In that event, he writes, the American public will react against free market policies, and official American support for “laissez-faire” policies around the world will suffer a crushing blow.

Gray excoriates the American and British governments for insisting on “market reform” policies in Russia and Asia, stressing that this insistence “bodes ill for the world,” and for the political futures of both U.S. President Bill Clinton and British Prime Minister Tony Blair. As pertains to Blair, he warns that a coming global crash would wipe out the wealth of the “vital constituency” that voted for him in May 1997, as pensions shrink and housing prices fall.

Gray also itemizes what “reform” policies have done to Russia: halving production since 1991, turning much of the economy into a barter economy, and reducing Russia to a “largely pre-modern, subsistence economy.” He advises that “Russian agriculture and manufacturing cannot be rescued from collapse without protection from world markets and curbs on the mobility of capital.” By opposing such policies, Western leaders have assured that whatever regime now emerges in Russia, will be more anti-Western than previously anticipated.—*Mark Burdman*

lightenment project of a universal civilization, sponsored by the world’s last great Enlightenment regime. The United States is alone in the late modern world in the militancy of its commitment to this Enlightenment project.”

This thesis is Gray’s own delusion respecting global capitalism.

Leaving aside that globalization is hardly a policy “founded on reason,” the first point to be stressed, is that, as *EIR* has documented, American Founding Fathers, led by Franklin, were *passionately opposed* to that Enlightenment worldview represented by John Locke, Thomas Hobbes, Adam Smith, and others.<sup>1</sup>

Related to this, is that Gray displays ignorance about the American System. Only in one paragraph in the book, does he concede that American history has often been characterized by protectionist policies opposed to the “free market” and “free trade.” He omits discussion of the policies of Alexander Hamilton, Mathew and Henry Carey, Friedrich List, and others. The diplomatic expression of the American System was John Quincy Adams’s “community of principle among sovereign nation-states,” an idea diametrically opposed to a utopian notion of a globalized world in which nation-states are sum-

marily destroyed. John Quincy Adams’s vision was embodied in President Franklin Delano Roosevelt’s anti-colonial vision for a post-World War II world. All of this historical perspective is absent from Gray’s book.

This is not a matter for academic nit-picking. The fate of humanity now, to a large extent, depends on whether significant forces in the United States follow the lead of Lyndon LaRouche, and return to that tradition of John Quincy Adams and FDR. We repeat, that under condition of the shocks delivered by the ongoing process of financial disintegration, whatever “consensus” exists in Washington can, at any moment, crack up, and the American System can become a rallying-point for patriotic forces seeking an alternative.

Toward the end of the book, Gray writes: “A vital condition of reform of the international economy is that it be supported by the world’s single most important power. Without active and continuing American endorsement there can be no workable institutions of global governance. But so long as the United States remains committed to a global free market it will veto any such reform. So long as American policy is based on the laissez-faire ideology that informs the Washington consensus there is no prospect of reforming the world economy.”

The problem is, that he basically denies the possibility of any substantive, positive change in American policy. Hence,

1. Cf. Philip Valenti, “The Anti-Newtonian Roots of the American Revolution,” *EIR*, Dec. 1, 1995.

he claims that the battle for “economic justice” inside the United States, can only remain a “fringe” concern. There is no possibility of returning to the “Rooseveltian New Deal” policies. “The classical policies of trade protection . . . are unworkable or counter-productive,” he writes.

Ultimately, in his view, globalization is leading, at best, to a stand-off between the Americans, on the one side, and those powers—China, for example—whose ostensibly “indigenous” development will lead them to resist globalization, on the other. A more likely outcome is that of “anarchy,” or “creative destruction.” Oddly enough, in his concluding chapter, he praises the World Bank for recently endorsing “an effective state” by reference to Briton Thomas Hobbes’s 1651 *Leviathan*—an Enlightenment tract that promotes tyrannical forms of rule.

### **Commonwealth imperial globalism and George Soros**

For the record, it is worth emphasizing that the British establishment has been quite explicit, in identifying globalization as “their baby.” For example, on March 29, 1995, the Royal Institute of International Affairs co-sponsored, together with Her Majesty’s Government, a conference on “Britain in the World,” which brought together 700 persons, including many British influentials. At that event, Katharine West, from Australia, produced a paper for the Royal Institute, entitled “Economic Opportunities for Britain and the Commonwealth,” in which she proclaimed: “Globalism is Britain’s natural and logical style, and the world as a whole, including the Commonwealth, is Britain’s natural economic territory.” This “globalism” is expressed, in current times, by “the dynamics of an informal financial empire that maintained its vibrancy long after the formal empire went into decline.”

Other speakers at the event focussed on the global reach of the City of London. To put the matter another way, the City of London and related bulwarks of British power cannot survive unless they have the looting capacity made available by globalization.

Gray sidesteps this point, avoiding discussion of the institution of the Commonwealth altogether. Consistent with this oversight, is the fact that one of the figures he quotes prominently, repeatedly, and to favorable effect on the subject of globalization, is George Soros, the British-linked moneybags who has benefitted massively from speculation in the global free market. This is like having the bacteria discuss a solution to a disease. One of Gray’s footnotes exults about Soros’s “powerful argument for the reform of American drug policy”—a curious euphemism for Soros’s massive funding of drug legalization initiatives in the United States and elsewhere.

Equally problematic, is that in his zeal to portray globalization as the realization of a “Western” development model, he buys into the ecologist agenda, endorsing the global warming hoax and other features of that agenda. His call for a global “managed regime” to replace “global laissez-faire,” includes

a plea for “the necessary consensus on means and ends in policies on population control and environmental conservation.”

Along similar lines, in his chapter on “anarcho-capitalism in Russia,” he claims that Russia is, today, for the second time in this century, a victim of a Western model of social engineering, first Marxism, and now globalization. He writes: “The western Promethean attitude to the natural world informed Soviet policies throughout the life of the regime. It was also one of the causes of its collapse.” In the Soviet Union, “mass ecological movements” opposed to “vast projects of dam-building in Siberia” were “the real internal catalysts for the Soviet collapse.” He begins his chapter on the Soviet Union with a quote by Bertrand Russell from 1920, to the same general effect.

This is dangerous misinformation. To the extent that Soviet leaders like Lenin tried to promote a “western Promethean attitude,” to that extent there was general progress for the Soviet population. The nations of the former Soviet Union, today, require large-scale dam-building and other infrastructure projects, if they are to reverse the current precipitous economic collapse.

Were John Gray not to confuse globalization with the positive features of “Western” development, his book would have one less flaw, and be a more constructive contribution to the current wave of opposition to policies of globalization and global free trade.

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