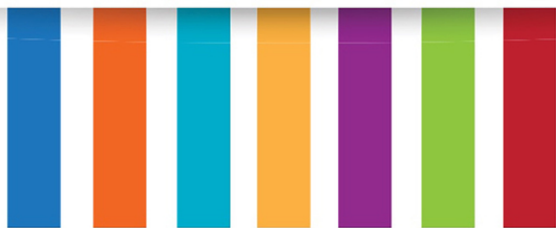




The Peaceful Revolution

Manifesto for a New Global Consensus



LAURENCE J. BRAHM

THE PEACEFUL REVOLUTION

MANIFESTO FOR A NEW GLOBAL CONSENSUS

LAURENCE J. BRAHM

Discovery Publisher

©2015, Discovery Publisher

This book was previously published as
“The Anti-Globalization Breakfast Club” by John Wiley & Sons.

No part of this book may be reproduced in any form or by any electronic or mechanical means including information storage and retrieval systems, without permission in writing from the publisher.

Author : Laurence Brahm



616 Corporate Way
Valley Cottage, New York, 10989
www.discoverypublisher.com
edition@discoverypublisher.com
facebook.com/discoverypublisher
twitter.com/discoverypb

New York • Paris • Dublin • Tokyo • Hong Kong

We refuse to take part in the G7 merely to drink coffee and we have to have a more important role in discussions.

**—Guido Mantega, Brazilian Finance Minister
Meeting of G20 finance ministers,
Sao Paulo, November 7, 2008**

It must be made crystal clear that the domination of any country's economy by foreign capital investment, the deterioration in terms of trade, the control of one country's markets by another, discriminatory relations and the use of force as an instrument of persuasion, are dangers to world trade and world peace... This conference should condemn any application or instigation of economic measures by one state to infringe the sovereign freedom of another state and to obtain from it advantages of any kind whatsoever, or to bring about the collapse of its economy. In order to achieve the foregoing, the principle of self-determination embodied in the United Nations Charter must be fully implemented The conference should reaffirm the right of states to dispose of their own resources, to adopt the form of political and economic organization that suits them best, and to choose their own avenues of development and specialization in economic activity, without incurring reprisals of any kind whatsoever.

**—Che Guevara,
United Nations Conference on Trade and Development,
Geneva, March 25, 1964**

THE PEACEFUL REVOLUTION

MANIFESTO FOR A NEW GLOBAL CONSENSUS

LAURENCE J. BRAHM

This book is dedicated to my two sons,
Laurence *Xiaolong* and Robert *Xiaolin*.

Our generation, through our short-sightedness and greed,
has ruined their planet. I am sorry that their generation
will have to clean up our mess. But I am certain
that they will do things better.

CONTENTS

Acknowledgments	i
INTRODUCTION Global Meltdown	1
The Washington Consensus Goes Bust	
CHAPTER 01 What's Wrong with the Washington Consensus?	9
It Forces Alien, Irrelevant Models on Developing Societies	
CHAPTER 02 The World Needs an Alternative	23
Confessions of a Former Commercial Lawyer	
CHAPTER 03 Grassroots Approaches That Solve Real Problems	37
Founding an NGO in the Himalayas	
CHAPTER 04 The Peaceful Revolution	55
Emergence of a Global Justice Movement	
CHAPTER 05 Time to Revamp the WTO	65
Joining the Peaceful Revolution	
CHAPTER 06 Redefining Contemporary Development	75
Trash the Ideology and Use What Works	
CHAPTER 07 The Environmental Priority	91
We Are Ruining the Earth Faster Than the Global Economy is Growing	
CHAPTER 08 The Micro-credit Revolution Works	107
Small Finance is Beautiful and Can Improve Lives	

CHAPTER 09	Begin by Reshaping Values	125
	The “Gross National Happiness” Alternative	
CHAPTER 10	Empowering the Marginalized	141
	To Stop Terrorism, Focus on Its Roots	
CHAPTER 11	“High Time to Shut Up”	155
	Moving Towards Multilateralism	
CHAPTER 12	The Revolt Against Cyclical Poverty	173
	Nepalese Maoists Come in From the Cold	
CHAPTER 13	Starting From the Villages	185
	In Sri Lanka’s Countryside, a Middle Road	
CHAPTER 14	The Buddhist Revolution	191
	Why Compassion Should Be Combined With Capitalism	
CONCLUSION	Enter the Himalayan Consensus	199
	Manifesto for a Peaceful Revolution	
INDEX		225

ACKNOWLEDGMENTS

I wish to begin by thanking Discovery Publisher for discovering my writings and encouraging me to publish this book on new media. Their vision of using the latest mobile and web technologies to create a new media platform is inspiring. I believe that publishers such as Discovery Publisher will revolutionize information and publishing. It is time to overthrow the monopoly of mainstream publishers, their agents, and the fossilized institutions that they stand for.

Special thanks are due to my editor, Robyn Flemming, whose intensely detailed work on this manuscript saved it and made it publishable. We have a karmic connection, as she has been editor on a number of my past works and can read my mind between the spelling errors and omissions.

I am greatly indebted to the editorial team of Paul Mooney and Thomas Hon Wing Polin, who joined me in the later stages of this manuscript and who worked tirelessly with me to polish, focus and refine the text. Without their dedication and help, this book would not have been published. I am indebted to you. In addition, Allen Cheng, Asia Bureau Chief of Institutional Investor, and Zoher Abdoolcarim, Editor of *Time Magazine Asia*, gave tremendous moral support to me when the going got rough during the writing and editing of the book.

I am exceptionally grateful to Lim Mah Hui, whom I met in 1979 as a green student at Duke University, when I first began studying Chinese and Third World politics. I didn't realize at the time that he was a Malaysian political dissident chilling in American academia after a stint as a political prisoner. Lim Mah Hui guided my studies then, and has been my anti-globalization guru ever since. In fact, in the summer of 2007, he visited my home in Lhasa, and made me sit down, focus and start writing this book. Without his encouragement, I may never have embarked upon it.

Endless support came from Johnston Li, who has pulled together hosts of relations and arranged my visits to the royal family in Bhutan. Tibet's Princess Yabshi Pan Rinzinwangmo has given much ongoing moral support

and encouragement.

I also wish to express endless thanks to His Eminence Beru Khyentse Rinpoche for his omniscient guidance, and His Holiness the seventeenth Gyalwa Karmapa Ogyen Trinley Dorje for his bountiful blessings.

In Kathmandu, special thanks to Leela Mani Paudyal, now Nepal's secretary of the Ministry of Information and Communication whose close friendship brought me back to the beauty of Nepal and all that this wonderful nation has to offer. I am indebted to him for helping me understand so much about this culturally and spiritually rich land.

In Colombo, Nihal Rodrigo, former Sri Lankan ambassador to China, opened doors for me to this mesmerizing land of tranquility and farsighted NGO thinking.

In Dhaka, Ashfaqur Rahman, former ambassador of Bangladesh to China, exposed me to this culturally rich and marvelously multifaceted country.

I am grateful to my personal assistants Corrine Alphen Cordero, who in 2007-2008 handled all the administrative and communication matters related to this book, and Cathy Fransisca, who joined me in the summer of 2008 organizing everything and keeping me in one piece and on track during my waking hours.

I am indebted to Penpala at *House of Shambhala* in Lhasa. Penpala administers Shambhala's field operations and ensures that my ideas for medical, educational and micro-equity projects are realized on the front line. This is far from an easy task, and I express my heartfelt gratitude. Special thanks to Tibetan Buddhist monk Riche, who organizes my life in Lhasa; he keeps the shrines stocked with burning incense and yak butter candles.

Thank you to Blue Moon, a Hindu nun, for foreseeing the road I should take, and to Zouge Rinpoche for his guidance and calming influence.

I am indebted to you all.

Laurence J. Brahm
Lhasa, Tibet

INTRODUCTION

GLOBAL MELTDOWN

THE WASHINGTON CONSENSUS GOES BUST

*How can there be laughter, how can there be pleasure, when the whole world is burning?
When you are in deep darkness, will you not ask for a lamp?*

—The Buddha

Washington Fundamentalism Dies an Unceremonious Death

On October 23, 2008, Alan Greenspan, former chairman of the United States Federal Reserve, was hauled before Congress to testify on the causes underlying the largest financial crisis since the Great Depression of the 1930s. “I made the mistake in presuming that the self-interest of organizations, specifically banks and others, was such that they were best capable of protecting their own shareholders,” explained the ex-central banker.

Questioned by Henry Waxman, chairman of the House of Representatives oversight committee, Greenspan admitted he had “found a flaw” in his thinking. “It had been going for 40 years with considerable evidence it was working very well,” Greenspan told Congress. “The whole intellectual edifice, however, collapsed in the summer of last year.”

Unfortunately for Greenspan, his country and much of the world, that “flaw” in the assumptions which had guided the Fed for nearly a half-century was a gaping one. It also underlies the premises of the Washington Consensus thinking that created, in Greenspan’s words, a “period of euphoria”—and in turn the arrogant application of self-congratulatory theory—which lasted over two decades. Nobody ever thought it would end in ruin.

Waxman, for his part, lambasted what he called “the prevailing attitude in Washington... that the market always knows best.” It was a conviction that had guided the World Bank, the International Monetary Fund and the financial institutions purveying global development for the better part of 20 years. In autumn 2008, amid a global financial meltdown, that attitude, and the assumptions underlying it, was proven wrong. Five days after Greenspan’s admission, Stephen Roach, chairman of Morgan Stanley Asia, observed in the *Financial Times*: “Driven by its ideological convictions, the

Fed flew blind on the derivatives front... This trust in ideology over objective metrics was a fatal mistake. Like all crises, this one is a wake-up call.”¹

The problem lay in the ideological fundamentalism of neo-liberal economics that has pervaded Washington since Bretton Woods, the conference held in 1944 by the soon-to-be-victorious powers of World War II to reshape the global financial system. Its core view was that market fundamentals would always be corrected and perfected by the “invisible hand.” In other words, human impulse driven by material greed would right the markets. These premises underlay the “shock therapy” treatment applied by aid agencies and international donor and lending institutions in socialist economies under transition during the early 1990s and during the Asian financial crisis of 1997-98. Most beneficiaries of such aid and advice collapsed. With a global market apocalypse developing in the autumn of 2008, the fundamentalist, ideologically based theories of the Washington Consensus were finally discarded. At least by most countries.

Anatomy of a Breakdown

It was a stunning, almost unbelievable sequence of events which had brought things to a head. In the wake of a year-long sub-prime mortgage crisis in the U.S., on September 15, investment bank Lehman Brothers collapsed. American regulators announced their refusal to rescue the 158-year-old Wall Street institution. That same day a leading rival, Merrill Lynch, announced it was selling itself to the Bank of America to help cover massive losses in sub-prime-related investments. Stock markets plunged around the world.

U.S. regulators subsequently decided to save mega-insurance corporation AIG, after concluding that a collapse of the insurer, which had US\$1.05 trillion in assets and 116,000 employees worldwide, might unhinge financial markets worldwide. The U.S. Congress two weeks later announced a US\$700-billion bailout package, including US\$200 billion to inject liquidity into the nation’s banks, and a US\$500-billion rescue of mortgage companies Freddie Mac and Fannie Mae. By October, a worldwide financial crisis had erupted, threatening a prolonged global depression as serious as anything since the 1930s.

The collapse of markets and financial institutions sounded the death knell of an era. Since World War II, a set of assumptions about human nature has underpinned all economic theories and global financial institutions that manage our markets. The hardline, sometimes called neo-liberal, belief is that human greed—the invisible hand of Adam Smith’s theory of capitalism—will always bring about equilibrium. The events of autumn 2008 proved that

this is not the case. At the very least, the neo-liberal view of economics is incomplete.

Human psychology is not governed solely by concern over how much money we can make and how much we can conspicuously consume. There is a multiplicity of factors behind human motivation and emotion, ranging from a sense of identity and community to assessments of quality vs. quantity of life. These are factors that fly in the face of the psychology of “one consumer melting pot” for the world. Compassion for the suffering of others can override self-centered greed. The quality of our living environment can be more important than how many branded products we can consume.

These are all trade-offs. In the end, the events of 2008 are not the death knell of capitalism and do not herald an era of socialism. Such debates simply miss the point. But these events have jolted people’s assumptions and a readjustment will begin to take place, probably seeking a balance between extremes. Our global financial, economic and even political systems must change to reflect this realignment.

The clearest indicator that a tectonic shift is under way occurred on November 4, 2008, when Barack Obama, born of a Kenyan immigrant father, was elected America’s first black president. It symbolized an outright rejection by the American people of the nearly decade-long neo-conservative agenda of the George W. Bush administration, which sought to impose on the world through either economic sanctions or military force a range of systems—economic, political, financial and social. In trying to construct a global empire with Washington D.C. as its epicenter, the Bush administration simply did not understand that the rest of the world did not want to buy in.

Our assumptions have been wrong. People worldwide have had enough of the Washington Consensus, with its combined neo-liberal economics and neo-conservative politics and most Americans were tired of the growing antipathy towards their country that these policies fueled. Reflecting a sweeping worldwide desire for change, Americans went to the polls on November 4 and voted for Obama—who enjoyed a landslide victory.

The challenge for President Obama is not in issuing more federal bonds to buy more time by passing on debt, or adjusting interest rates on home loans. These are technical measures that band-aid the wound but do not cure the underlying illness. The hard question is how to tell Americans that their way of life is no longer sustainable given the accelerating pace of global warming, the costs of the American lifestyle, which is being passed on to the developing world, and endemic poverty in the developing world.

The US\$700-billion bailout package, which ultimately will be financed by China and other rising developing nations, will only remedy, and not

solve, the core problem, which is an unsustainable financial order whose underlying assumptions are based on material greed. It is time to bring another set of values to the table.

Will a New President Adopt Fresh Approaches?

It is possible that this process will begin' in the era of Barack Obama. The global financial shock of 2008 was the final wake-up call. In many respects, across both financial and industrial sectors, executives have begun re-thinking the premises of their business models. They are placing new emphasis on corporate responsibility, environmental and labor concerns, and the very question of what constitutes shareholder value—the traded price of stock, or what the company actually gives back to society.

Consider the words of Lee Scott, Wal-Mart's chief executive. Recently, he told a meeting of 1,000 Chinese suppliers in Beijing: "I firmly believe that a company that cheats on overtime and on the age of its labor, that dumps its scraps and its chemicals in our rivers, that does not pay its taxes or honor its contracts, will ultimately cheat on the quality of its products." What a surprise. This is the same Wal-Mart reviled globally by consumer activists for mistreating its employees domestically, driving down wages internationally, and ruining the landscape of communities with its faceless mega-stores. So maybe something is changing—like basic assumptions and, with them, social values.

Scott himself declared to employees: "Some may wonder, even inside Wal-Mart, with all that is going on in the global economy, should being a socially and environmentally responsible company still be a priority? You're darn right sustainability should be a priority."²

Overhauling the Global Order

In October 2008, U.S. President George W. Bush announced an attempt to retool the global financial order in the form of a Bretton Woods-style summit to be held in mid-November. One item for discussion would be the creation of a global central bank. While this sounded reassuring to some in Washington as well as in some European capitals, it was not exactly what people in the rest of the globe had in mind. The initiative seemed like yet another Washington-centric "solution"—and lacked practicality. The world was tired of being dictated to by the U.S. on everything from economic and financial policy to the political governance process and which social values to believe in. Enough voodoo economics. What was needed was a shift away

from America-centered approaches and real solutions to global problems.

In early November 2008, at a meeting of finance ministers and central bank governors from the G20 nations, Brazilian President Luiz Inacio Lula da Silva called for an overhaul of the global financial system, which had “collapsed like a house of cards” during the credit crisis. Emerging powers, he said, must have a greater say in key decisions affecting the planet. Addressing finance officials and central bank chiefs from around the world, Lula slammed the “dogmatic faith in non-intervention in markets” that has long been espoused by the United States and other countries. “We need new, more inclusive governance and Brazil is ready to face up to its responsibilities,” said the burly former union leader. “It is time for a pact among governments to build a new financial architecture for the world.”

The finance luminaries were meeting in Brazil’s economic hub of Sao Paulo to grapple with ways to tackle the global financial crisis. The “BRIC” nations of Brazil, Russia, India and China for the first time forged a joint position that called for reform of institutions like the International Monetary Fund. The overhaul was intended to reflect the growing importance of developing economies.

The G20 group, which includes emerging and advanced economies, should take over from the rich-country G7 grouping as the main forum for discussing global finance, Brazil said. Lula had long criticized the dominance of the U.S. and other developed economies in the way decisions on global finance were taken. Many hoped that progress at the G20 gathering and a separate meeting of the Bank of International Settlements could be taken to a G20 heads-of-state summit in Washington in mid-November. One obstacle, however, could be George Bush, who was adamantly against major global financial reform. Prior to the meeting, French President Nicolas Sarkozy told European leaders in Brussels: “The time when we had a single currency [the dollar], one line to be followed, that era is over. It came to an end on September 18 when responsibility was taken, without our opinion being asked, with the failure of a major banking institution and the consequences that followed.”

David Rothkopf, a senior economic official during the Clinton administration summarized the mood in a commentary in London’s *Daily Telegraph*. “One of the reasons that the IMF has fallen onto such hard times,” he argued, “is that it was seen as forcing the developing world to accept an orthodox recipe for capitalism that was politically difficult to swallow. This view—the Washington Consensus—was a tough sell even before Washington made itself anathema to the world with Mr. Bush’s foreign policy. It became harder still when America threw many of its basic precepts out the window in its response to the recent financial crisis.” Rothkopf sug-

gested “replacing the World Bank and the IMF and creating new institutions such as a Global Monetary Authority: a central bank for the planet. It would also mean establishing a new set of international financial-market standards and strengthening the co-ordination between government regulators and central bankers.”³

In Asia, however, big changes were already under way. Fearing a replay of the Asian financial crisis, which had paralyzed the region a decade earlier, alternative consensual responses were quickly drawn up. China, Japan and South Korea established a joint currency-stabilization fund for the region. The three countries put up 80% of the US\$80-billion fund, with the remainder coming from Southeast Asian nations. This was a regional solution that could be applied to a global problem. The regional consensus and local approaches constituted an organic response.

Duvvuri Subbaro, governor of India’s central bank, called for greater regional monetary coordination across Asia. “I think [greater coordination] would be helpful, especially in times of crisis like this,” he said. “Although there is no institutional arrangement spanning Asia, there are some informal arrangements.”⁴ The locally coordinated consensual response to the global meltdown was regenerating the financial system, to some extent re-engineering it. The initiative could be the prelude to a new era of localization rather than globalization, and of multilateralism instead of unilateralism.

Jeffrey Sachs, director of the Earth Institute at Columbia University and special economic advisor to the United Nations secretary general, warned in a commentary in the *Financial Times*: “Before our political leaders get too fancy remaking capitalism next month at the Bretton Woods II summit in Washington, they should attend to urgent business... what they have not done yet is to coordinate macroeconomic policies to stop a steep global downturn. This is an urgent agenda.”⁵

In his analysis, Sachs went on to outline a global roadmap of things to be done quickly:

[The] International Monetary Fund should extend low-conditionality loans to all countries that request it, starting with Pakistan... China, Japan and South Korea should undertake a coordinated macro-economic expansion... this would mean a boost for infrastructure but also loans to developing nations in Asia and Africa... Development financing can be a powerful macroeconomic stabilizer. China, Japan and South Korea should work with other regional central banks to bolster expansionary policies backed by government-to-government loans... the Middle East, flush with

cash, should fund investment projects in emerging markets and low-income countries... the U.S. and Europe should expand export credits for low- and middle-income developing countries, not only to meet their unfulfilled aid promises but also as a counter-cyclical stimulus. It would be a tragedy for big infrastructure companies to suffer when the developing world is crying out for infrastructure investment.

A few days after his article appeared, Sachs invited me to join him for breakfast at the home of Khalid Malik, the U.N.'s ambassador to China. We talked about the current financial crisis and a range of ideas, from the "millennium villages" that the Earth Institute and Sachs pioneered to alleviate poverty in Africa, to finding the right balance between top-down infrastructure projects and grassroots initiatives.

"You need basic infrastructure," Sachs emphasized. "You cannot imagine how important electricity and clean water are. But most places do not have the money to invest in this. And health care is the basic priority." As more coffee was poured, we both agreed on a host of issues.

It is not a question of top-down infrastructure spending versus grassroots NGO initiatives. Actually, both are needed. It is not a question of being "anti-globalization" or "pro-globalization." The real challenge is to find pragmatic solutions to the problems that are making people's lives miserable. In the end, theory means nothing. Only concrete solutions that alleviate human misery and stop environmental desecration matter. And to be a fundamentalist on theory is just stupid.

I mentioned to Sachs that I was finishing a book on all the points we were discussing. He asked me its name. I told him. "*The Peaceful Revolution*. That is a good name for a book on this subject," he laughed. "Sure, aren't we it?"

Endnotes

- 1 "Add 'financial stability' to the Fed's mandate," Stephen Roach, *Financial Times*, October 28, 2008, p. 11.
- 2 "An ethics lesson from an unlikely quarter," Michael Skapinker, *Financial Times*, October 28, 2008, p. 11.
- 3 "Barack Obama's dilemma: Rich nations must learn to share power," David Rothkopf, *Daily Telegraph*, November 13, 2008.
- 4 "India call for united action over credit crisis," James Lamont, *Financial Times*, October 27, 2008, p. 1.

- 5 “The best recipe for avoiding a global recession,” Jeffrey Sachs, *Financial Times*, October 28, 2008, p. 11.

WHAT'S WRONG WITH THE WASHINGTON CONSENSUS? IT FORCES ALIEN, IRRELEVANT MODELS ON DEVELOPING SOCIETIES

Peace is threatened by unjust economic, social and political order, absence of democracy environmental degradation and absence of human rights.

Poverty is the absence of all human rights. The frustrations, hostility and anger generated by abject poverty cannot sustain peace in any society. For building stable peace we must find ways to provide opportunities for people to live decent lives... I support globalization and believe it can bring more benefits to the poor than any alternative. But it must be the right kind of globalization. To me, globalization is like a hundred-lane highway criss-crossing the world. If it is a hundred-lane highway its lanes will be taken over by the giant trucks from powerful economies. Bangladeshi rickshaws will be thrown off the highway. In order to have a win-win globalization we must have traffic rules, traffic police and traffic authority for this global highway. The rule of "strongest takes it all" must be replaced by rules that ensure that the poorest have a place and piece of the action, without being elbowed out by the strong. Globalization must not become financial imperialism.

—Professor Muhammad Yunus¹

A Movement Born of Discontent

This is not a book about anti-globalization. Rather, it is a journey in search of solutions—or maybe just alternatives—to the dark side of globalization.

We don't hear about this dark side of globalization in our mainstream media, because we have been conditioned to believe in a certain set of paradigms and we dismiss what we don't want to hear. I am a product of that environment—both professionally, as a commercial lawyer and investment advisor, and socially, having experienced the lifestyle afforded by the elitist corporate world. This book is about my choosing to leave that world behind in search of a different one.

The search is told through my own personal story and voices of

discontent of the people I have met along the way. They are the voice of the voiceless—those marginalized and impoverished. Their view is collectively summarized in the conclusion “Manifesto for a Peaceful Revolution.”

This Manifesto is really about a quest for an alternative—if not better, then at least more relevant—set of economic developmental paradigms and accompanying values. New economic-political paradigms cannot be achieved without re-engineering our own social values. It is necessary for our world to move from its current era of violence driven by greed, shortsightedness and frustration, into a new era of peace, respect for the environment and human dignity.

Should a nation’s or an individual’s success be measured in quantitative material terms, or in terms of social-spiritual happiness? Today, we measure success by how much gross domestic product a nation racks up, or how many luxury goods an individual acquires before they die. Should a company’s worth be measured by its so-called shareholders’ value, or by its positive impact on global society and its efforts to protect our environment for the next generation? Isn’t it about time we redefine net worth and shareholders’ value as absolute terms? Some may laugh at these questions, but others have realized that if we don’t start asking them now, other generations may not be able to live on this planet and our own civilization will become extinct.

So, this book is not so much about anti-globalization as a movement, as it is about a search for new values in order to redefine the movement.

Let us begin by asking: What is the anti-globalization movement? Why is it called “anti-globalization”?

The problem is that the terms “globalization” and “anti-globalization” are being used out of context. This is convenient political and media lingo. But if we coolly think through what is really happening in our world right now, these labels mean nothing. Moreover, they are being used incorrectly in order to create confusion about what is happening all around us.

The so-called anti-globalization movement has expressed its anger in massive grassroots protests at World Trade Organization (WTO), G8 and World Bank-International Monetary Fund (IMF) meetings in Seattle, Genoa and Prague respectively. These protests have become violent and radical because the normal outlets for expressing concerns and ideas are not being provided at these venues. In fact, these forums have often had to be aborted, having been made dysfunctional by the street protests that are offering a new face of democracy and that are seeking to discredit these megalth institutions. To some extent, the global financial meltdown of autumn 2008 has already discredited these institutions. The voices of the street, once viewed as radical, in light of this global depression suddenly appear rational. So, perhaps we need to redefine what we mean by “democratic participation”

as well.

Why aren't the views of these protestors being articulated clearly in the media, instead of being dismissed as radical and disruptive of a financial order that reeks more of monopoly and narrow, elitist self-interest? The voices of the new global justice movement, labeled "anti-globalization," are denied mainstream media exposure by heavy-handed editors who are effectively censoring dissenting ideas before they can even be expressed. That is why people go to the street.

Defining the Washington Consensus

Throughout this book I refer frequently to the "Washington Consensus." What is it? Joseph Stiglitz, former World Bank chief economist and Nobel Prize winner in Economics and another de facto leader of the anti-globalization movement, offers a clear explanation of the Washington Consensus theory in his book *Globalization and Its Discontents*. We will use his definition:

Behind the free market ideology there is a model, often attributed to Adam Smith, which argues that market forces—the profit motive—drive the economy to efficient outcomes as if by an invisible hand. One of the great achievements of modern economics is to show the sense in which and the conditions under which, Smith's conclusion is correct. It turns out that these conditions are highly restrictive.

Indeed, most recent advances in economic theory—ironically occurring precisely during the period of most relentless pursuit of the Washington Consensus policies—have shown that whenever information is imperfect and markets incomplete, which is to say always and especially in developing countries, then the invisible hand works most imperfectly...

The Washington Consensus policies, however, were based on a simplistic model of the market economy, the competitive equilibrium model, in which Adam Smith's invisible hand works and works perfectly. Because in this model there is no need for government—that is, free, unfettered, "liberal" markets work perfectly—the Washington Consensus policies are sometimes referred to as "neo-liberal," based on "market fundamentalism," a resuscitation of the laissez-faire policies that were popular in some circles in the 19th century. In the aftermath of the Great Depression and the recognition of other failings of the market system, from massive inequality to unlivable cities marred by pollution and decay, these

free market policies have been widely rejected in the more advanced industrial countries, though within these countries there remains an active debate about the appropriate balance between government and markets...

The theory says that an efficient market economy requires that all of the assumptions be satisfied. In some cases, reforms in one area, without accompanying reforms in others, may actually make matters worse. This is the issue of sequencing. Ideology ignores these matters; it says simply move as quickly to a market economy as you can. But economic theory and history show how disastrous it can be to ignore sequencing.

The mistakes in trade, capital market liberalization and privatization described earlier represent sequencing errors on a grand scale. The smaller-scale sequencing mistakes are even less noticed in the Western press. They constitute the day-to-day tragedies of IMF policies that affect the already desperately poor in the developing world.²

The concept of a “Washington Consensus” was introduced in 1989 by John Williamson, an economist with the Institute for International Economics, an international economics think-tank in Washington, D.C. He originally used the term to refer to a set of 10 economic policy prescriptions that he felt constituted a reform package for developing countries. These themes were shared among Washington-based institutions, including the IMF, World Bank and the U.S. Treasury Department, which at the time believed such prescriptions could help Latin America recover from the economic crises of the 1980s.

Williamson later rejected the way the term began to be used as a reference to a more neo-liberal agenda that advocated market fundamentalism and which was imposed on developing countries by these Washington-based organizations.

But today, the two ideas are merged in people’s minds.

People in the developing world largely consider these agendas unfair. NGOs and social and environmental action groups that oppose these agendas are often collectively labeled the “anti-globalization movement.”

No one has their finger more firmly on the pulse of the anti-globalization movement than one of its de facto leaders, Arundhati Roy, activist and acclaimed author of *The God of Small Things*. In the kitchen of her New Delhi apartment, Roy described to me the structure of a global system that is fostering discontent.

“For the first time in history, a single empire with an arsenal of

weapons that could obliterate the world in an afternoon has complete, unipolar, economic and military hegemony. It uses different weapons to break open different markets. There isn't a country on God's earth that isn't caught in the cross-hairs of the American cruise missile and the IMF checkbook. Argentina is the model if you want to be the poster boy of neo-liberal capitalism; Iraq, if you're the black sheep.

"Poor countries that are of geopolitically strategic value to the [American] Empire, or have a 'market' of any size, or infrastructure that can be privatized, or natural resources of value—oil, gold, diamonds, cobalt, coal—must do as they're told or become military targets. Those with the greatest reserves of natural wealth are most at risk. Unless they surrender their resources willingly to the corporate machine, civil unrest will be fomented or war will be waged.

"In the new era, apartheid as formal policy is antiquated and unnecessary. International instruments of trade and finance oversee a complex system of multilateral trade laws and financial agreements that keep the poor in their Bantustans anyway. Its whole purpose is to institutionalize inequality. Why else would it be that the U.S. taxes a garment made by a Bangladeshi manufacturer 20 times more than a garment made in Britain? Why else would it be that countries that grow cocoa beans, like the Ivory Coast and Ghana, are taxed out of the market if they try to turn it into chocolate? Why else would it be that countries that grow 90% of the world's cocoa beans produce only 5% of the world's chocolate? Why else would it be that rich countries that spend over a billion dollars a day on subsidies to farmers demand that poor countries such as India withdraw all agricultural subsidies, including subsidized electricity? Why else would it be that after having been plundered by colonizing regimes for more than half a century, former colonies are steeped in debt to those same regimes and repay them some US\$382 billion a year?"

Roy further described both the frustrations and the spiritedness of those people in the streets who are fighting for their ideals and a strong sense of global justice and who have been labeled as the "anti-globalization movement." "We need to redefine the meaning of politics. The 'NGO-ization' of civil-society initiatives is taking us in exactly the opposite direction. It's depoliticizing us, making us dependent on aid and handouts. We need to re-imagine the meaning of civil disobedience. Fearlessly, but non-violently, we must disable the working parts of this machine that is consuming us. We are running out of time. Even as we speak, the circle of violence is closing in. Either way, change will come. It could be bloody, or it could be beautiful. It depends on us."

Defining Globalization

Dr. Walden Bello, executive director of the Bangkok-based government organization (NGO) Focus on the Global South and professor of sociology and public administration at the University of the Philippines, is acknowledged as another of the de facto leaders of the anti-globalization movement. In his commentary titled “The Stalemate in the WTO and the Crisis of the Globalist Project,” he offers a definition of globalization and describes its rise and fall:

Globalization is the accelerated integration of capital, production and markets globally driven by the logic of corporate profitability. It is a process accompanied by the coming to dominance of the ideology of neo-liberalism, centered on liberating the market” by institutionalizing privatization, deregulation and trade liberalization... bringing about the “coherence” of the policies of the WTO, IMF and the World Bank to create the framework of international economic governance that would assure global prosperity...

In just five years, however, the globalist project, whether in its “hard” Thatcher-Reagan version or its “soft” Blair-Soros version (globalization with “safety nets”), was in very serious trouble. There were three key moments to this crisis:

First was the Asian financial crisis of 1997. This revealed that one of the tenets of globalization, the liberalization of capital account, could be profoundly destabilizing. It was [a main factor in the collapse of the] East Asian economics, with 22 million people in Indonesia and one million in Thailand falling below the poverty line in just a few months. The Asian financial crisis was the Stalingrad of the IMF, the prime global agent of liberalized capital flows, bringing about a review of its record in Africa and Latin America, which showed that the program of structural adjustment that it had promoted alongside the World Bank had failed almost universally, institutionalizing instead stagnation, greater poverty and greater inequality.

The second moment of the crisis was the collapse of the third Ministerial of the WTO in December 1999. This was due to the fusion of three volatile elements into a deadly explosion: the revolt of developing countries at the Seattle Convention Center, the massive mobilization of 50,000 people in the streets and unresolved trade conflicts between the E.U. and the U.S., particularly in agriculture.

The third moment was the collapse of the stock market at the end of the Clinton boom in March 2001. This was essentially the

onset of a crisis in overproduction, the main manifestation of which was massive overcapacity... The stagnation of the real economy led to capital being shifted to the financial sector, resulting in the dizzying rise in share values. But since profitability in the financial sector cannot deviate too far from profitability of the real economy, a collapse of stock shares was inevitable and occurred in March 2001...

The crisis of globalization, neo-liberalism and overproduction provides the context for understanding the economic policies of the Bush administration, notably its unilateralist thrust... The Bush administration has supplanted the globalist political economy of the Clinton period with a unilateralist, nationalist political economy that intends to shore up the global dominance of the U.S. corporate elite economically and that parallels the aggressive military policy that is meant to ensure the military supremacy of the United States.³

But all that fell apart with the global financial meltdown in the autumn of 2008.

Understanding the Anti-Globalization Movement

We must ask ourselves the question: Is globalization the spreading of technology and medical research, or is it the spreading of Washington's fixed ideals concerning how the world should operate? Are the screaming protestors who swarm every World Bank, IMF, WTO and G8 meeting or World Economic Forum condemning the Internet and mobile technology, or are they against a system that attempts to use these tools to forward its political ideology and self-serving economic agenda? As legitimate media outlets don't provide a window for this growing voice of dissent, it has no choice but to take to the streets and radicalize in order to be heard.

If we apply cause-and-effect logic, the marginalized become radicalized because they have been marginalized. It is easy to discredit these protestors by labeling them "anti-globalization" in the mainstream media. Who would honestly want to be "anti" such beneficial things as technology and science?

So, labeling the movement "anti-globalization," is an easy way to dismiss it without understanding it. It's the lazy way out of trying to understand the needs of the developing world being voiced in the streets. Consequently, most people don't know what this worldwide, increasingly popular, grassroots movement actually represents. The point is that these protestors are not against the globalization of technology, trade, commerce,

education and health research breakthroughs. If the closing of income gaps could become part of the globalization process—if we were talking about globalization of environmental protection—I am certain they would come out on the streets *in support* of globalization.

Indian economist and activist Lawrence Surendra explained to me his views on the use of the label “anti-globalization” during a tea break at the Gross National Happiness Conference held in Bangkok in November 2007.

“My point is that these protests are basically co-opted by the establishment and the mainstream media, especially TV, which plays a major role in directing, managing and co-opting public discourse in the world. These protests take attention away from the more serious struggles of society to redirect, if not transform, what globalization is. The word ‘globalization’ ultimately hides many things. We have an obligation to search for new language and new words in our search for humanity.”

The diverse NGOs and grassroots organizations collectively labeled as the “anti-globalization movement” are against the globalization of Washington Consensus political-social ideology and market fundamentalism—that is, the belief that Washington’s path is the only valid path for our world to follow. The Washington Consensus approach of “Washington knows best,” telling other nations how to run themselves, should be popularly discredited. It has left a trail of destroyed economies, ruined nations and marginalized peoples. The rise of international terrorism is, to a great extent, rooted in such marginalized frustration. The merger of diverse interests that is called the “anti-globalization movement” is another, less violent—more often peaceful—expression of this frustration.

Reza Aslan, born in Iran, is arguably the leading scholar in the United States on current Islamic issues. He teaches at the University of Santa Barbara, in California. His book *No god But God* has been a revelation to many people who wish to understand the current dynamics between the Islamic world and the West. Aslan and I regularly exchange views on the globalization question. In one of our discussions, he noted: “By labeling it ‘anti-globalization,’ you are beginning with the idea of globalization as a constant, so what does not fit into your idea or philosophic concept of what globalization is becomes *anti*-globalization.”

He explained how the polarization of ideas suits political convenience. “The sole purpose of being at odds with one another is to easily categorize or define the other, in a clash of civilizations. What is the ‘West’—everything that is not Islam?”

Aslan points out that when U.S. President George Bush was asked by the *New York Times* in August 2006, “Who is ‘the enemy’ in the war on terror?” he replied: “The best way to describe their ideology is to relate to you

the fact that they think the opposite of the way we think. Who is the enemy? They believe the opposite of what you believe.”

Thus, Aslan believes, “Globalization confrontation is not confrontation with technology, but confrontation between starting points of values. Such polarization of ideas gives rise to marginalization, which in turn incubates frustration and ultimately can give rise to terrorism. Al Qaeda is not modern in Western criticism. But their thinking is as modern as it can get, because they call for a global caliphate using modern high technology. But because they reject the West, they are seen to be rejecting modernization. They are not saying ‘go back to an agrarian society.’ Al Qaeda is saying, ‘Our transnational vision of a globalized Muslim world led by a single Caliph is a simply indigenous conception of modernization, starting with the same idea of a modern world but ending in a different place.’ It is by no means a clash of values or ideologies. It is a different starting point.”

The Backlash

Washington’s blinkered political elite thought naively that free-market shock therapy in the 1980s, combined with the widespread adoption of digitized technology in the 1990s, would break through foreign economic, political and social barriers and become a conduit to promote American values throughout the world. But the cycle has come full circle.

In a front-page story in July 2007, the *Financial Times* of London reported that a “popular backlash against globalization and the leaders of the world’s largest companies is sweeping all rich countries...” The FT/Harris poll, which interviewed 1,000 people online, said those polled in Britain, France, the U.S. and Spain were about three times more likely to view globalization as “having a negative rather than a positive effect on their countries...” The *Financial Times* said that the “depth of anti-globalization feeling” shown in the poll will “dismay policy-makers and corporate executives...” According to the *Financial Times* story:

Even though defining globalization defies many experts, the people in rich countries think dark thoughts when they hear the term. In no country polled did people believe globalization was having a positive effect on their countries; they thought it was having a negative effect... Since most economists believe globalization has been a boost to the economic performance of rich countries as well as poor, these results are worrying. Part of the concern about globalization is almost certainly the public’s feeling that the gap between rich and



Thank you for reading this book
preview. We sincerely hope you
have enjoyed it. More at:

<https://www.discoverypublisher.com>



Discovery
Publisher

Discovery Publisher is a multimedia publisher whose mission is to inspire and support personal transformation, spiritual growth and awakening. We strive with every title to preserve the essential wisdom of the author, spiritual teacher, thinker, healer, and visionary artist.

The Peaceful Revolution

Manifesto for a New Global Consensus

If we don't do anything about globalization and let it just happen — laissez-faire globalization — it will mean that the most powerful will take it all and the meek will lose everything.

—*Muhammad Yunus, Nobel Peace Prize Laureate.*

We need to re-imagine the meaning of civil disobedience. Fearlessly, but non-violently, we must disable the working part of this machine that is consuming us.

—*Arundhati Roy, Author and activist.*

We need to redefine globalization. We need a clearer world view. That increasingly supports a holistic approach.

—*Lyonpo Jigmi Thinley, Prime Minister, Bhutan.*

We are not going to blindly follow one uniform prescription. We understand their line of globalization and privatization. But we are not following it because we have another line.

—*Pushpakamal Dahal "Prachanda", Prime Minister, Nepal.*

We are not anti-anything. There are simply different international approaches. This is something you need for the people to retain the values they want. Without their values, development is useless.

—*Mahinda Rajapaksa, President, Sri Lanka.*



never been before • never seen before

ISBN 978-1-5151-8261-0



9 781515 182610

New York • Paris • Dublin • Tokyo • Hong Kong
discoverypublisher.com facebook.com/discoverypublisher