

# From Global Poverty to Exclusion and Despair: Reversing the Tide of War and Globalization

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*Text of Michel Chossudovsky's presentation to the Regina Peace Council Anti-war Panel, Regina, Saskatchewan, June 8, 2018.*

*The Regina Peace Council panel will focus on the history of America's wars of aggression, the role of Canada in supporting US led wars and the need to rebuild Canada's anti-war movement.*

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*We are at the juncture of the most serious crisis in modern history.*

*An unfolding New World Order is destroying sovereign countries through acts of war and "regime change". In turn, large sectors of the World population are impoverished through the concurrent imposition of deadly macro-economic reforms. This New World Order feeds on human poverty and the destruction of the environment, generates social apartheid, encourages racism and ethnic strife and undermines the rights of women.*

In the wake of the tragic events of September 11, 2001, in the largest display of military might since the Second World War, the US has embarked upon a military adventure which threatens the future of humanity.



War is presented as a peace-making undertaking. The justification for these US-led wars is the "Responsibility to Protect" (R2P) with a view to

instilling (Trump style) Western “democracy” Worldwide.

Global warfare sustains the neoliberal agenda. War and globalization are intricately related.

What we are dealing with is an imperial project broadly serving global economic and financial interests including Wall Street, the Military Industrial Complex, Big Oil, the Biotech conglomerates, Big Pharma, The Global Narcotics Economy, the Media Conglomerates and the Information and Communication Technology Giants.

Also, September 11, 2001 followed by the invasion of Afghanistan on October 7, 2001, also marks the official launch of the so-called “global war on terrorism” which has served as a justification for US-NATO led wars and interventions in the Middle East, Sub-Saharan Africa, Central Asia and South East Asia.

The Global War on Terrorism is Fake

Amply documented, Al Qaeda and its various affiliates including ISIS-Daesh are creations of US intelligence.

Pre-emptive Nuclear Doctrine

Meanwhile, a major shift in US nuclear doctrine has occurred with the adoption of the doctrine of preemptive warfare, namely war as an instrument of “self defense”. The ideology of preemptive warfare also applies to the use of nuclear weapons on a preemptive basis. In 2002, the US administration put forth the concept of preemptive nuclear war, namely the use of nuclear weapons against enemies of America as a means of self defense.

The Trump administration is openly threatening the World with nuclear war. How to confront the diabolical and absurd proposition put forth by the US administration that the use of nuclear weapons against Iran or North Korea will “make the World a safer place”?

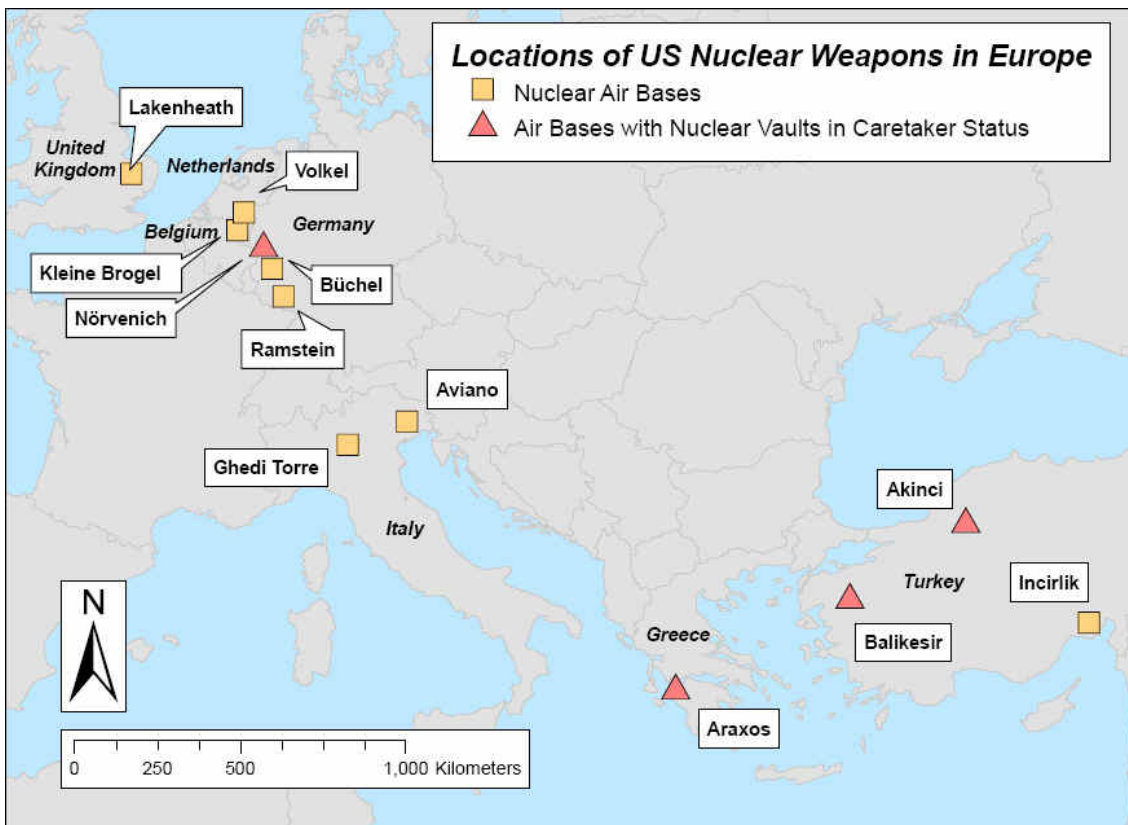
Where is the Antiwar Movement?

Since the invasion and occupation of Iraq, the antiwar movement is dead. Piece-meal activism often funded by Wall Street prevails, focussing narrowly on environmental concerns, climate change, racism, civil rights. Invariably war and the extensive war crimes committed by US-NATO as part of an alleged counterterrorism agenda are not the object of organized public dissent. The motto is a *non sequitur*: “we are against war, but we support the war on terrorism.”

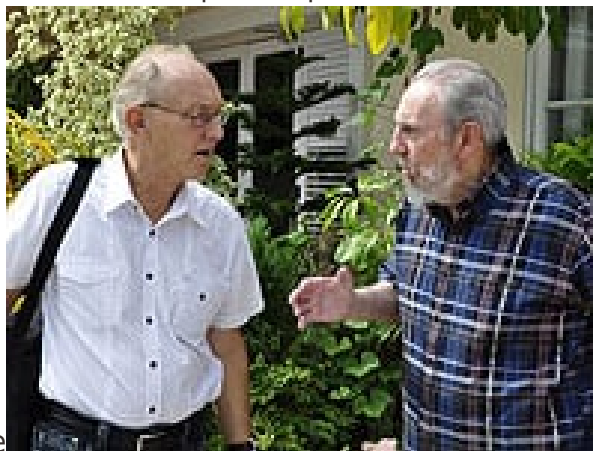
War propaganda prevails, thereby providing a human face to US-NATO atrocities and human rights violations. In turn, the governments of the countries which are the object of US aggression, are casually accused of killing their own people.

Media disinformation turns realities upside down. North Korea is not a threat to global security. Belgium with 20 B61 tactical nukes deployed under national command has a larger arsenal than the DPRK (allegedly 4 nuclear bombs).

These B61 nuclear bombs in five undeclared European nuclear weapons states (Belgium, Netherlands, Germany, Italy, Turkey) are targeted at both Russia and the Middle East.



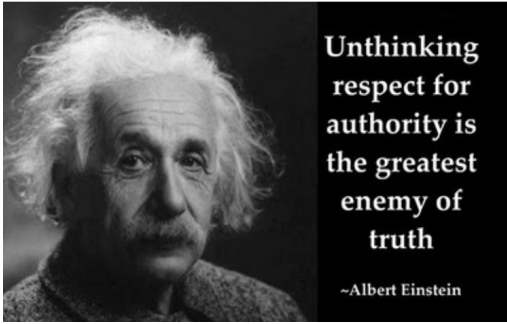
The mainstream media has failed to warn public opinion that a US led nuclear attack against



North Korea or Iran could easily involve towards World War III, which in the words of Albert Einstein would be “terminal”, leading to the destruction of humanity.

“Today there is an imminent risk of war with the use of that kind of weapon and I don’t harbor the least doubt that an attack by the United States and Israel against the Islamic Republic of Iran would inevitably evolve towards a global nuclear conflict.

In a nuclear war the “collateral damage” would be the life of all humanity. Let us have the courage to proclaim that all nuclear or conventional weapons, everything that is used to make war, must disappear!” (Fidel Castro Ruz, Conversations with Michel Chossudovsky, October 12-15, 2010)



I do not know with what weapons World War III will be fought, but World War IV will be fought with sticks and stones". (Albert Einstein)

The anti-war movement is dead, nuclear war is not front page news.

The justification of America's long war is to "make the world safer".

War is presented as a humanitarian endeavor. Global Security requires going after al Qaeda as part of an alleged counter-terrorism campaign.

The world is led to believe that the Islamic State and Al Qaeda are threatening the World. The truth is that Al Qaeda and its numerous affiliates as well as the Islamic State (ISIS-Daesh) are without exception creations of US intelligence. They are intelligence assets.

When a US sponsored nuclear war becomes an "instrument of peace", condoned and accepted by the World's institutions and the highest authority including the United Nations, there is no turning back: human society has indelibly been precipitated headlong onto the path of self-destruction.

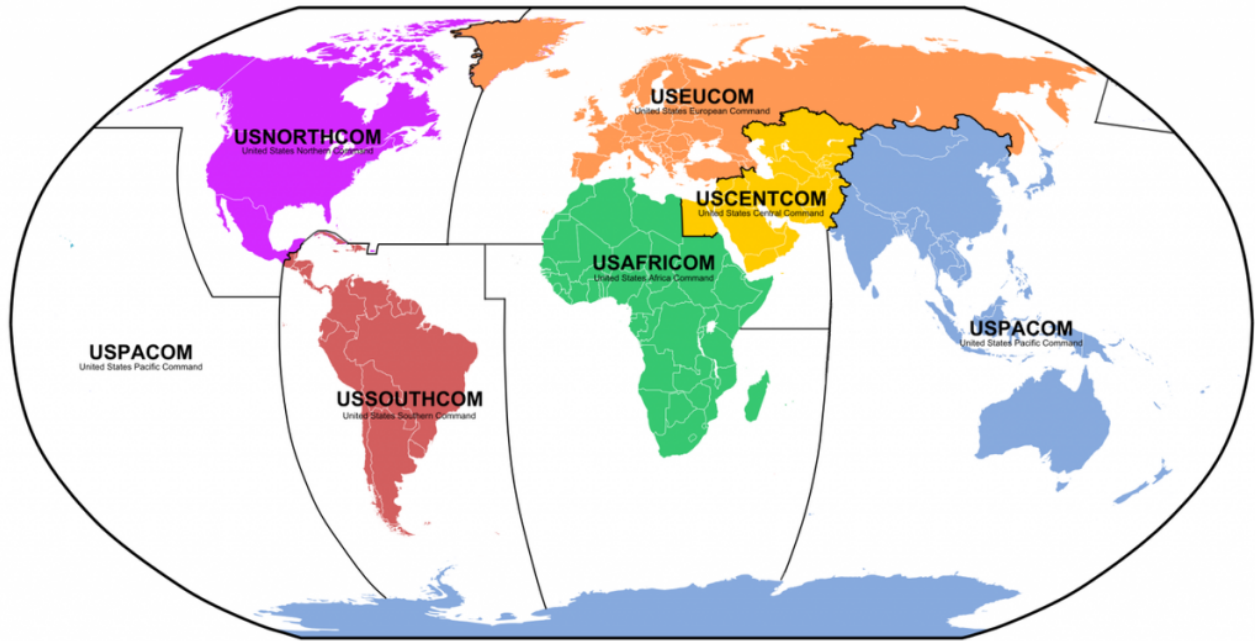
From Colonialism to Post-Colonialism

Post-colonial history is a continuation of colonial history which established America's contemporary imperial agenda, largely as a result of the displacement and defeat by the US of the former colonial powers (e.g. Spain, France, Japan, Netherlands). This US hegemonic project largely consists in transforming sovereign countries into open territories, controlled by dominant economic and financial interests. Military, intelligence as well economic instruments are used to carry out this hegemonic project.

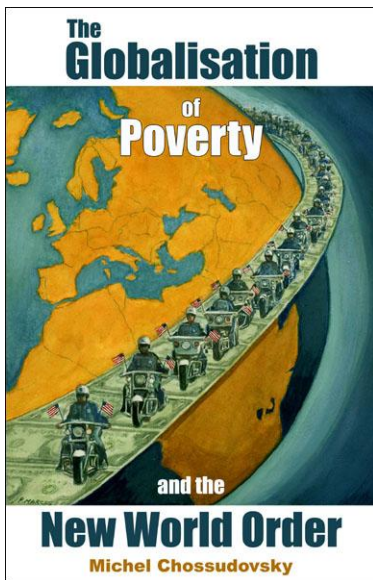
Militarization marked by more than 700 US military bases and facilities worldwide under the unified combatant command structure indelibly supports a global economic agenda.

Moreover, this military deployment is supported by US macro-economic policy which imposes austerity on all categories of civil expenditure with a view to releasing the funds required to finance America's military arsenal and war economy.

Military intervention and regime change initiatives including CIA sponsored military coups and "color revolutions" are broadly supportive of the neoliberal policy agenda which has been imposed on indebted developing countries Worldwide.



### The Globalization of Poverty



The “globalization of poverty” in the post-colonial era is the direct result of the imposition of deadly macroeconomic reforms under IMF-World Bank jurisdiction. The Bretton Woods institutions are instruments of Wall Street and the corporate establishment.

The time path of these reforms -which has led to a process of global economic restructuring- is of crucial significance. The early 1980s marks the onslaught of the so-called structural adjustment program (SAP) under the helm of the IMF and the World Bank. “Policy conditionalities” largely directed against indebted Third World countries are used as a means of intervention, whereby the Washington based International Financial Institutions (IFI) impose a set menu of deadly economic policy reforms including austerity, privatization, the phasing out of social programs, trade reforms, compression of real wages, etc.

It is worth noting that a parallel process of neoliberal economic reform -which largely consisted in privatizing as well gradually dismantling the welfare state- was instigated in the 1980s in the US and Britain under what was described as the Reagan-Thatcher era.

### Post-Cold War Era Reforms

A second phase of economic restructuring commences at the end of the Cold War with drastic economic reform packages imposed on Eastern Europe and the Baltic States, the Balkans as well as on the constituent republics of the former Soviet Union (e.g. Ukraine, Georgia, Azerbaijan).

Concurrently in Western Europe the Maastricht Treaty –which came into force in 1993– was imposed on the member states of the European Union. What was referred to as the The Maastricht criteria (or convergence criteria) which eventually led to the formation of the eurozone largely consisted in imposed the neoliberal policy agenda on the EU member states. These Maastricht criteria also served to derogate the sovereignty of individual member states.



Maastricht is a structural adjustment program (SAP) in disguise. Essentially Maastricht and the subsequent instatement of the eurozone contributed to paralyzing national monetary policy, foreclosing the use of internal public debt operations as an instrument of national economic development. The requirements of budgetary austerity imposed under the “Maastricht criteria” limited EU member states ability to finance their social programs leading to the gradual demise of the post World War II welfare state. The public debt is taken over by the European Central Bank (ECB) as well as private creditors. The longer term impacts are mounting external debts as well as debt conditionalities and the repayment of debt from the proceeds of an extensive privatization program.



It should be mentioned that this phase of restructuring also coincides with the inauguration of the World Trade Organization (1995) and the North American Free Trade Agreement (NAFTA) which has been conducive to a dramatic transformation of the North American economic landscape, leading to the demise of regional and local level economies throughout North America.

In turn, the 1990s coincides with an extension and expansion of NATO, including massive

“defense” expenditures which are not the object of neoliberal austerity measures. In fact quite the opposite. Neoliberalism feeds the Military Industrial Complex.

What is at stake is the “Thirdworldization” of the so-called developed countries leading to mass unemployment in several EU countries including Spain, Portugal and Greece, whose economies are now subjected to same IMF style reforms as those applied in Third World countries. What this signifies is that the Globalization of Poverty has extended its grip, leading to the impoverishment not only of the former Soviet block countries and the Balkans but also of the so-called high income countries of Western Europe.

More generally, the 1990s coinciding with NATO’s “humanitarian” war against Yugoslavia is the launchpad of NATO’s military buildup as well as the globalization of NATO beyond its North Atlantic boundaries in the post Cold War era.

The Asian crisis of 1997-98 also marks an important threshold in the evolution of the neoliberal economic framework, pointing to the ability through speculative manipulations of foreign exchange and commodity market to literally destabilize the national economy of targeted countries. In this regard, institutional speculators have now the ability of artificially pushing up the price of food staples, or pushing up or down the price of crude oil.

### The Global Cheap Labor Economy

The neoliberal agenda characterized by the imposition of strong “economic medicine” (austerity measures, freeze on wages, privatisation, repeal of social programs) has in the course of the last 30 years supported the extensive delocation of manufacturing to cheap labor (low wage) havens in developing countries. It has also served to impoverish both the developing and developed countries.

“Poverty is good for business.” It promotes the supply of cheap labor commodities worldwide in industry as well as in sections of the services economy.

This global process of economic restructuring (which has reached new heights) relies on compressing wages and the cost of labor worldwide while at the same time reducing the purchasing power of hundreds of millions of people. This compression of consumer demand ultimately triggers recession and rising unemployment.

The low wage economy is supported by exceedingly high levels of unemployment, which in developing countries are also the result of the destruction of the regional and local production not to mention the destabilization of the rural economy. This “reserve army on unemployed” (Marx) contributes to keeping wages down to their bare minimum.

China is the most important haven of cheap labor industrial assembly with 275 million migrant workers (according to official Chinese sources). Ironically, the West’s former colonies, as well as countries which are the victims of US military aggression and war crimes (e.g. Vietnam, Cambodia, Indonesia) have been transformed into cheap labor havens. The conditions prevailing in the aftermath of the Vietnam war were in large part instrumental in the imposition of the neoliberal agenda starting in the early 1990s.

Cheap labor is also exported from impoverished countries (India, Bangladesh, Philippines, Indonesia, etc) and used in the construction industry as well as in the services economy.

High levels of unemployment serve to maintain wages at an exceedingly low levels

## Aggregate Demand

This global economic restructuring has been conducive to a dramatic increase in poverty and unemployment. While poverty is an input on the supply side favoring low levels of wages, the global cheap labor economy inevitably leads to a collapse in purchasing power, which in turn serves to increase the levels of unemployment.

Cheap labor and the compression of purchasing is the mainstay of neoliberalism. The transition from demand oriented Keynesian policies in the 1970s to the neoliberal macroeconomic agenda in the 1980s. The neoliberal economic policy agenda applied Worldwide sustains the global cheap labor economy. With the demise of demand oriented policies, neoliberalism emerges as the dominant economic paradigm.

## **Structural** Adjustment in the Developed Economies

This generalized collapse in living standards which is the product of a macroeconomic agenda, is no longer limited to the so-called developing countries. Mass unemployment prevails in the United States, several EU countries including Spain, Portugal, Greece are experiencing exceedingly high levels of unemployment. Concurrently, the revenues of the middle class are being compressed, social programs are privatised, social safety nets including unemployment insurance benefits and social welfare programs are being curtailed.

## Underconsumption

The generalized collapse of purchasing power is conducive to a recession in the consumer goods industry. Commodity production is not geared towards the basic necessities of life (food, housing, social services, etc) for the majority of the World's population. There is a dichotomy between "those who work" in the cheap labor economy and "those who consume".

The fundamental injustice of this global economic system is that "those who work" cannot afford to purchase what they produce. In other words, neoliberalism does not promote mass consumption. Quite the opposite: the development of extreme social inequalities both within and between countries ultimately leads to recession in the production of necessary goods and services (including food, social housing, public health, education).

The lack of purchasing power of "those who produce" (not to mention those who are unemployed) leads to a collapse in aggregate demand. In turn, there is surge in the demand for "high end luxury consumption" (broadly defined) by the upper income strata of society.

## Weapons and Luxury Goods. The Two Dynamic Sectors of the Global Economy

Essentially, while global poverty contributes to underconsumption by the large majority of the World's population, the driving force of economic growth are the upper income markets (deluxe brand names, travel and leisure, luxury cars, electronics, private schools and clinics, etc).

The global cheap labor economy triggers poverty and underconsumption of necessary goods and services.

The two dynamic sectors of the global economy are



1. Production for the upper income strata of society.
2. The production and consumption of weapons, namely the military industrial complex.

Neoliberal policy is conducive to the development of a global cheap labor economy which triggers decline in the production of necessary consumer goods (Marx's Department IIa).

In turn, the lack of demand for necessary goods and services triggers a vacuum in the development of social infrastructure and investments (schools, hospitals, public transportation, public health, etc) in support of the standard of living of the large majority of world population.

The global cheap labor economy alongside the restructuring of the global financial apparatus creates an unprecedented concentration of income and wealth which is accompanied by the dynamic development of the luxury goods economy (broadly defined) (Marx's Department IIb) .

Department III in the contemporary global economy is the production of weapons, which are sold Worldwide largely to governments. This sector of production in the US is dominated by a handful of large corporations including Lockheed Martin, Raytheon, Northrop Grumman, British Aerospace, Boeing, et al.

While neoliberal policies require the imposition of drastic austerity measures, the latter apply solely to the civilian sectors of government spending. State funding of advanced weapons systems is not the object of budgetary constraints.

In fact, the austerity measures imposed on health, education, public infrastructure, etc, are intended to facilitate the financing of the war economy, including the military industrial complex, the regional command structure consisting of 700 US military facilities Worldwide, the intelligence and security apparatus, not to mention the development of a new generation of nuclear weapons which is the object of a one trillion dollar allocation by the US Treasury to the US Defense Department. This money is ultimately trickles down to the so-called defense contractors, which constitute a powerful political lobby.

The reproduction of this global economic system is dependent upon the growth and development of two major sectors (departments): the Military Industrial Complex and the Production of High Income and Luxury Consumption.

High income luxury consumption for the upper social strata is combined with the dynamic development of the weapons industry and the war economy. This duality is what generates exclusion and despair.

It can only be broken and dispelled through the criminalization of war, the closure of the weapons industry and the repeal of the gamut of neoliberal policy instruments which generate poverty and social inequality.

#### How to Reverse The Tide of War and Globalization

The people's movement had been hijacked. The antiwar movement is defunct. The civil society organisations which have all the appearances of being "progressive" are creatures of the system. Funded by corporate charities linked to Wall Street, they form part of a politically correct "Opposition" which acts as "a spokesperson for civil society".

But who do they represent? Many of the “partner NGOs” and lobby groups which frequently mingle with bureaucrats and politicians, have few contacts with grass-roots social movements and people’s organisations. In the meantime, they serve to deflect the articulation of “real” social movements against the New World Order.” While the neoliberal paradigm is the focus of their attention, the broader issues of war and regime change are rarely addressed.

The programs of many NGOs and people’s movements rely heavily on funding from both public as well as private foundations including the Ford, Rockefeller, McCarthy foundations, among others.

The anti-globalization movement is opposed to Wall Street and the Texas oil giants controlled by Rockefeller, *et al.* Yet the foundations and charities of Rockefeller *et al* will generously fund progressive anti-capitalist networks as well as environmentalists (opposed to Big Oil) with a view to ultimately overseeing and shaping their various activities.

The mechanisms of “manufacturing dissent” require a manipulative environment, a process of arm-twisting and subtle cooptation of individuals within progressive organizations, including anti-war coalitions, environmentalists and the anti-globalization movement.

The objective of the corporate elites has been to fragment the people’s movement into a vast “do it yourself” mosaic. War and globalization are no longer in the forefront of civil society activism. Activism tends to be piecemeal. There is no integrated anti-globalization anti-war movement. The economic crisis is not seen as having a relationship to the US led war.

Dissent has been compartmentalized. Separate “issue oriented” protest movements (e.g. environment, anti-globalization, peace, women’s rights, climate change) are encouraged and generously funded as opposed to a cohesive mass movement. This mosaic was already prevalent in the counter G7 summits as well as the World Social Forum.

#### The Development of a Broad Grassroots Network

What is required is ultimately to break the “controlled opposition” through the development of a broad based grassroots network which seeks to disable patterns of authority and decision making pertaining both to war and the neoliberal policy agenda. It is understood that US military deployments (including nuclear weapons) are ultimately used in support of powerful economic interests.

This network would be established at all levels in society, towns and villages, work places, parishes both nationally and internationally Trade unions, farmers organizations, professional associations, business associations, student unions, veterans associations, church groups would be called upon to integrate the antiwar organizational structure. Of crucial importance, this movement should extend into the Armed Forces as a means to breaking the legitimacy of war among service men and women.

The first task would be to disable war propaganda through an effective campaign against media disinformation. The corporate media would be directly challenged, leading to boycotts of major news outlets, which are responsible for channelling disinformation into the news chain. This endeavor would require a parallel process at the grass roots level, of sensitizing and educating fellow citizens on the nature of the war and the global economic

crisis, as well as effectively “spreading the word” through advanced networking, through alternative media outlets on the internet, etc.

The creation of such a movement, which forcefully challenges the legitimacy of the structures of political authority, is no easy task. It would require a degree of solidarity, unity and commitment unparalleled in World history. It would require breaking down political and ideological barriers within society and acting with a single voice. It would also require eventually unseating the war criminals, and indicting them for war crimes.

*Text of Michel Chossudovsky’s address to the Regina Peace Council Panel, Regina, Saskatchewan, June 8, 2018.*

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In this new and expanded edition of Chossudovsky’s international best-seller, the author outlines the contours of a New World Order which feeds on human poverty and the destruction of the environment, generates social apartheid, encourages racism and ethnic strife and undermines the rights of women. The result as his detailed examples from all parts of the world show so convincingly, is a globalization of poverty.

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