

# The new victims of capitalism

By M. Shahid Alam

Capitalism

**I**T has never been easy of-fering a critique of capital-ism or markets to my un-dergraduate students. Most have never heard an unkind word about these bedrock institu-tions, which they know to be the founda-tions of American power and pros-perity.

These are hallowed institutions. The power of private capital to pro-duce jobs, wealth and freedom is one of the central dogmas that many Americans absorb with their mother's milk. To hear this dogma challenged — in any context — is unsettling. I sometimes suspect that this bitter pill is harder to swallow because it emanates from someone who, so transpar-ently, is not a native-born American.

As the weeks pass, however, my students appear to settle down. In the past, they have been reassured to learn that markets have done a good job at delivering prosperity to a few centers of global capitalism. They do work for us, even if they have not worked for most Asians, Africans and Latin Americans.

Nevertheless, the thesis that 'free' markets have rarely worked for econo-mies lagging far behind the economic leaders, does not quite take root. The fault could not lie with markets. For too long, the West has believed that Asians, Africans and Latin Americans failed because they were lazy, spend-thrift, venal and unimaginative.

My students — like most Ameri-cans — have been conditioned to look at capitalism from the standpoint of the winners in global capitalism. Because of the accident of birth, they have been the beneficiaries of the wealth and power that global capital-ism concentrates at the nodes of the system. They cannot conceive how a system that has worked so well for them could produce misery for others in Asia, Africa and Latin America.

I have been away from my teaching duties as the United States has led the world into a deepening recession. Within a few months, the titans of Wall Street have been laid low, res-cued from extinction by tax-financed bailouts. Teetering on the edge of bankruptcy, the auto giants have been placed on life-support also by taxpayers, their future still uncertain. In this maelstrom, three steps for-ward Bernard L. Madoff, the Einstein of Ponzi schemes, who operated his colossal con for twenty years without notice from regulators.

Millions of Americans have lost their jobs; millions are threatened with loss of their homes; millions have seen their retirement funds melt before their eyes; millions are threat-ened with loss of health care. As Americans on Main Street were being devastated, executives of bailed out banks continued to receive millions in bonuses. That straw now threatens to break the back of the fabled American tolerance for the foibles of the capitalist system.

Ordinarily, American democracy directs its venom against writers and activists on the left, foolish enough to want to defend the underprivileged. For a change, Americans are threat-ening captains of finance, venerable bankers, with dire consequences — even death threats.

I was on sabbatical when Al Qaeda brought down the Twin Towers on September 11. Then, I was relieved to be away from my students, afraid that some of them might want to lump me with those who had perpetrated these attacks.

I am on sabbatical, again, as the towers on Wall Street were being top-pled by greed, recklessness and fraud; by a free-market ideology that has no regard for human life; by capi-talist elites and their partners in the White House and Congress, who had

turned the financial sector into a giant Ponzi scheme.

Americans have been subjected to acts of 'terrorism' whose final human toll will make September 11 look like a tea party. The perpetrators of this terror are all homegrown; they were trained not in the mountains of Afghanistan but at Harvard, Yale and Stanford; the bankers, executives and legislators who preyed on Americans are the *crème de la crème* of American society.

When I return to teach in Fall of this year, I expect to meet students chastened by their experience. Nothing undermines capitalist ideolo-gies faster and more effectively than capitalist crises. No critique of capi-talism can be more penetrating than the depredations of unemployment, immiseration, homelessness that it in-flicts on its victims. So recently victi-mised — at the very centre of global capitalism — perhaps, Americans might learn to empathise with *victims* elsewhere — in Africa, Asia and Latin America — who have been ravaged by this system for centuries.

Capitalist ideologues will be work-ing overtime to deflect American anger away from the system to a few vil-lains, to a few rotten apples. Congressional hearings will identify scapegoats; they will hang a few 'witches.' A few capitalist barons will be sacrificed. As public anger sub-sides, attempts will be made to shift the blame to feckless homebuyers and compulsive consumers. At all costs, the system must be saved. The capitalist show must go on, with as lit-tle change as possible.

Quite apart from this crisis, howev-er, new technologies, in combination with the irreversible shift of sover-eignty to some segments of the capi-talist periphery, have been changing the dynamics of unequal develop-ment. The high-wage workers — the

so-called middle classes in the devel-oped countries — have been losing the protection they have long en-joyed against competition from low-wage workers in China and India.

More and more global capitalism will enrich *some* workers in the 'pe-riphery' at the cost of workers in the 'centres' of capitalism. In the years ahead, the great alliance that was forged between capitalists and work-ers in the centres of capitalism will come under greater strain. More and more, the interests of these two class-es will diverge.

Powerful corporations will still in-sist on openness, while growing ranks of workers will press for protection-ism. This revival of class conflict in the *old* capitalist centres will strain existing political arrangements. After a co-optation that has lasted for more than a century, the demos will begin to threaten the corporate elites. New demands will be placed on intellectu-al mercenaries in the media and acad-emia to use new, more effective tools to dumb down the demos.

As growing segments of high-wage workers in the rich countries become the new victims of capitalism, will they slowly learn to see capitalism from the standpoint of its victims? In this new emerging reality, will ortho-dox economics migrate from its old centres in London, Cambridge and Chicago to new centres in Bangalore and Beijing?

A curious world this will be when seen from the old centres. In truth, this will only be a long-delayed correc-tion to two centuries of unequal devel-opment, dominated by western cen-tres. Sadly, the correction will not go far enough: it will leave much of the world mired in poverty and disease. ■

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