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# Globalization: Ideology and Reality

review by R. Burke

*Capitalist Globalization: Consequences, Resistance and Alternatives*, by Martin Hart-Landsberg, Monthly Review Press, New York, 2013, 223 pages, ISBN-978-1-58367-352-2, \$15.95.

For the past three decades, the world has been subjected to the ideology of “free trade.” Remove all barriers to trade, and a consumerist paradise would be the international result. Or so we were promised. Three decades later this ideology rings hollow; not only have the promised benefits failed to materialize, but those who have benefited have been overwhelmingly the ruling class, “the 1%,” while the rest of us have been forced to face a grimmer reality. Fortunately we have writers such as Martin Hart-Landsberg on our side to examine the actuality of capitalist globalization, as he does in his book by the same name.

Mr. Hart-Landsberg begins by investigating the internationalization of production. Using an abundance of statistics he shows how production chains have been extended across the globe. Increasingly, consumer goods are not being produced in one country, but components from many locations are assembled. Often this process involves the creation of intermediate products which are then shipped elsewhere for final assembly. Over the past 3 to 4 decades the global economy has been increasingly dominated by transnational corporations (TNCs) whose activities are carried out in several different countries.

The development of an international architecture of trade was not something that happened spontaneously. It is instead the result of years of international agreements bringing down tariffs, import quotas, and other barriers to trade that individual countries had erected in order to safeguard their national development. These agreements have often been used to free up controls on flows of capital across borders.

One result of the globalization of production has been the rise of East Asia, and particularly China, in the world’s economy. Much of *Capitalist Globalization* is focused on this area of the world.

Mr. Hart-Landsberg demonstrates that this economic development has been the result of demands of global capitalism rather than the needs of national development, so that the development these countries undergo is largely oriented to production for export. They are reduced to serving the needs of the developed world rather than their own. Developing world countries’ economic development is being neglected in favor of the demands of the larger world market and the TNCs which dominate it.

*Capitalist Globalization* takes on the myths that have become widely accepted about free trade and its supposed superiority. Hart-Landsberg shows that the theory of comparative advantage, which plays an important role in providing intellectual justification for free trade policies, is based on unrealistic assumptions. These include the assumption of perfect competition, that labor and capital do not move across borders, and that market prices always reflect the true social costs of production.

Obviously, none of these conditions is actually met, and in the case of capital great effort has been

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made in recent decades to remove barriers to the free flow of capital across international borders. The empirical evidence regarding trade liberalization does not justify the claims made by the advocates of free trade. The neo-liberal era has been marked by slower economic growth “and reduced progress on social indicators for the vast majority of low and middle income countries” when compared with the previous decades.

For a system that is based on the demand of endless growth, this is a fatal weakness. “Trade liberalization contributed to the deindustrialization of many third world countries, thereby increasing their import dependence.” Under pressure from the International Monetary Fund and the World Bank many of these countries have been forced to impose austerity measures, such as cuts to social programs, as well as to privatize and deregulate their economies for the benefit of international investors.

While China is seen as something of a success story for globalization, Hart-Landsberg demonstrates that this success has been one-sided. Much of the development has been not for China’s own needs but those of the global market. The beneficiaries of China’s growth have been a “relatively small but numerically significant upper-income group of Chinese, who enjoy greatly expanded consumption opportunities.” Chinese workers have largely not benefited from the growth of China’s economy.

Mr. Hart-Landsberg places the drive for globalization within the context of the capitalist world system and its dynamics. He argues that it is not simply neoliberalism but capitalism itself which must be challenged and overcome. The rise of capitalist globalization is the result of economic instabilities within the developed world, along with the third world debt crisis of the 1980s. These, as well as new technologies which made international production a possibility, such as container ships, computers and expanded communication, were factors contributing to the development of globalization.

One chapter of *Capitalist Globalization* is devoted to examining free trade agreements between the US and South Korea. Hart-Landsberg emphasizes the role that such agreements play in further ex-

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tending capitalist globalization. The fight against such agreements is for him a vital area of resistance in the struggle to challenge and overcome capitalism.

Far from simply analyzing globalization, *Capitalist Globalization* gives ample space to the discussion of “what is to be done.” One chapter, written in the aftermath of the WTO protests in Seattle in November 1999, investigates the possibilities for struggle that this event opened up. “Our attention and organizational efforts should be focused on developing campaigns that speak directly to workers’ concerns in the United States and other countries, and that promote rather than weaken international worker solidarity.” To this end he advocates, among other things, the revitalization of the May Day tradition in the US as a way of promoting greater international solidarity.

The final chapters in the book look toward Latin America and the attempts by left-leaning governments in the region to

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promote a program of “co-operative development” as an alternative to capitalist globalization. In particular he focuses on ALBA—the Bolivarian Alliance for the Americas—and the proposed Bank of the South, a potential source of investment for national development. While the efforts do not explicitly set out an anti-capitalist agenda, they provide possible alternatives to projects that exist primarily in order to benefit TNCs and the ruling class of the developed world.

*Capitalist Globalization* is a good, down to earth investigation of the phenomena of economic globalization and the internationalization of production. It is a book that is less theoretical and more practical in its aim. Martin Hart-Landsberg has aimed at producing a useful sourcebook for those engaged in challenging capitalist globalization. He has largely succeeded in this. *Capitalist Globalization* is filled with useful facts and promotes activities that are helpful in building a successful movement against globalization. Above all he displays his desire to help those crushed by trade liberalization to fight back. *Capitalist Globalization: Consequences, Resistance and Alternatives* is a book for activists.

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