

Is Imperialism Capitalist?

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“Today we see that capitalism reinforced and unfettered expands throughout the world. . . Discredit has fallen upon the very idea of socialism, among other reasons because of the disasters in the countries that used the name of “socialists” and the collapse of those regimes. We have to reclaim once more the idea of socialism”

— Adolfo Sánchez Vázquez and Adolfo Gilly (*La Jornada*, January 23, 2004, p.19)

THESIS: This opinion of two of the most distinguished thinkers of the Latin American left is held by progressive forces throughout the world. It's a serious error that we all share. To say that capitalism is almost universal and to denounce it as the main enemy is wrong and does harm. The power of capitalism is shrinking, it is a relic. We must eliminate the word “capitalism” from our vocabulary when we attack neoliberalism, the multinational corporations and their globalizing program. From the theoretical standpoint and from the propagandistic standpoint it is a mistake to speak of “capitalism” as the *principal enemy*. It also does damage to advocate “socialism”, although of course the collectivization of property is the aim of the revolutionary left. But we must avoid the word.

The concept of socioeconomic class is still useful but we have to bring it up to date. We have to update it because Adam Smith, James Madison, Karl Marx and John Stuart Mill were analyzing the market society of the eighteenth and nineteenth centuries. In the eighteenth century the majority of the businesses had no more than 20 workers; in the 1840s about 50 workers; by 1873 the largest factory in the world, a textile factory in Manchester where Friedrich Engels was a partner of the owners, this factory only had 300 workers. Down through the 1840s single-unit enterprises were run by the owner or by a family partnership. By the 1860s a tiny stratum of supervisors, accountants and foremen was emerging and joint-stock companies were appearing. But competitive capitalism still prevailed with proprietor-managers owning the factories as their private property and with a free market.

We are two centuries beyond the thinkers of classical political economy. In the twenty-first century the situation has changed: in the United States 10,000,000 small businesses with limited capital represent only 25 percent of industrial production. For example, a small construction company that builds residential houses, a business that makes a product for cleaning and maintaining automobiles, a small company that produces and repairs valves for industrial use, a workshop that assembles computers at low cost. In services small businesses represent a little more than 25 percent: restaurants, laundries, boutiques, flower shops, cleaners, day-care centers, plumber services, beauty parlors, auto mechanics, veterinarian clinics, a consulting service for high tech projects, a freight transport company, a small business of financial service, an evangelical minister writing, printing and selling tens of thousands of sermons on the second coming in order to satisfy the religious needs of his flocks--and the needs of his bank account.

Relatively few transnational corporations (with tens of thousands of workers) like the “Fortune 500” represent 75 percent of industrial production and each enterprise is the collective property of perhaps a million stockholders---the directors of the enterprise do not own it as their *private property*. No, and these giants are not exposed to the winds of the free market either: they practice partial planning and receive protection and subsidies from the State when necessary. But if private property and the free market are lacking, what kind of economic system is it? It is not the economy analyzed by Adam Smith and Karl Marx. Is it capitalism?

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When Marx was growing older, capitalism entered a stage of transition. In chapter XXIII of the third volume of *Capital*, Marx understood that a new social stratum was coming into being, the managers of the stock companies that were concentrations of collective capital. "It is not the industrial capitalists but the industrial managers who constitute the soul of our industrial system." In chapter XXVII he observed that the stock companies (with 300 workers) are "a transitory phase toward a new form of production." The middle social layers were growing and becoming a new social category. In *Theories of Surplus Value*, a work that few Marxists read, he wrote the following: "What Ricardo forgets is the number of middle classes that is constantly increasing, the classes between the worker and the capitalist. The middle classes increasingly live off income," in other words, off their good salaries (chap. XVII, sec. 81d). Marx also says this: "Malthus expects that the middle class will grow and that the proletariat will diminish as a proportion of the total population (although in absolute terms the proletariat grows larger). *This is in fact the tendency of bourgeois society*" (chap. XIX, sec. 14 my emphasis). The proletariat was growing slowly and the middle class was increasing faster! Marx did not draw the conclusion that was evident a generation after his death, that a new socioeconomic class was forming--the managerial bureaucracy. This class owned a new factor of production--organization.

At the end of Book 1 of *The Wealth of Nations* Adam Smith explains that there are three factors of production that enter into the productive process that gives us the goods we need in order to live. They are labor, land, and capital (physical) that are owned by three classes--workers, landowners, and capitalists. In chapter VII of his first volume Marx follows this analysis and in the final chapter of his third volume he explains that the three factors are owned by the three fundamental classes of society: the workers, the landowners, and the capitalists. After 1873, the year in which the new Remington typewriter mechanized clerical work, pyramids of economic organization emerged in the advanced countries--the large industrial enterprises. These corporations were the collective property of the stock holders. At the top were the directors, on a second level engineers and accountants. On a more proletarian level were secretaries, typists, payers, messengers, file clerks, clerical workers and finally a mass of thousands of manual laborers. In 1890 the most distinguished economist of the time, bearded Alfred Marshall of Cambridge University, published his great work, *Principles of Economics*. To the three factors of production of classical political economy Marshall added a fourth factor, the factor *organization*.

As late as the 1860s most capitalists were individuals who owned a factory and managed it with the help of some administrators and foremen. Often the capitalist kept the books himself. Of the North American business leaders born between 1831 and 1875 only two thirds had a high school education. No more was needed: an intelligent person who knew how to read could manage the business. But with the "centralization" of the business enterprises in ever larger "concentrations"--to use Marx's terms--much of the administrative work fell to middle managers, experts, and functionaries. Already by 1900 there were departments of business administration in Harvard, in Dartmouth, in Pennsylvania and in England, there were even graduate programs in *business* with research journals and professional associations. Two thirds of the managers born between 1875 and 1920 had attended a university. Polytechnical and agronomic institutes began to produce engineers. By 1925 there were 183 institutions of higher education giving classes to the new managerial elite. "The business of America is business!" became the slogan of millions. They were learning to use "organization."

In 1900 a hundred thousand typewriters were clattering away in the United States. This routine work was handed over to women. The clerical workers were near the base of the great pyramid, where manual workers marched about like thousands of ants, also with boring jobs. All these people were the *organized*. The same processes of organization were happening in Europe.

And so when Alfred Marshall wrote his monumental work *Principles of Economics* in 1890, he considered the factors of production of the classical economists--labor, land, and capital (physical)--and

added a fourth factor: organization. The Cambridge professor was the most brilliant theoretician of his epoch. (According to historians' gossip, beside every great man stands a great woman: Mary Marshall was the brain in this team.)

Between 1885 and 1910 the theory of scientific management was invented by Frederick Taylor: he divided manual labor into time units and converted them into miserable routines of fantastic efficiency. From his youth Taylor had counted his steps, measuring the time it took him to bathe and shave, analyzing his movements to make them more efficient. Neurotic? Yes, but he knew how to increase productivity. Taylorism became the philosophy of the managers in the twentieth century.

Fordism raised its productive head: thousands of workers stood on the assembly line with flying hands and empty eyes. Henry Ford proclaimed that "the customer can have a car painted any color he wants, as long as it's always black." He ordered that everything in the factory keep moving and sent the work to the man instead of the man to the work.

In the 1920s accounting became a profession for experts. Management turned it into analysis and control. In the same decade management developed business planning with statistics. It analyzed the distribution and commercialization of the products and invented advertising.

In 1932 Adolf Berle, a lawyer who came to the Academy from the outside with a new hypothesis, published his classic *The Modern Corporation and Private Property* and demonstrated that the 200 largest industrial enterprises in the United States dominated its economy. The managerial revolution was advancing with gigantic steps.

The enormous corporations had bureaucracies of administrators on two levels, from the upper bureaucracy of presidents, vice presidents and chiefs of division with juicy salaries, descending to a petty bureaucracy of engineers, marketing men, economists, accountants, designers and lawyers--with modest but good salaries. On a proletarian level were messengers, receptionists, typists, payers, telephonists, secretaries, file clerks with low wages along with the horde of manual workers.

Bureau in French means "desk", and each *bureaucrat* has a desk, symbol of his expertise. The big bureaucrats possess the fourth factor of production--organization. This brain power is acquired in the universities and sold for a high salary, exactly as the workers sell their labor power for a low wage. The bureaucracy is the new economically ruling class of the twentieth century.

Max Weber, the most distinguished historical sociologist of Europe, predicted that the twentieth century would be "*die Diktatur der Bürokratie*".

We have seen that organization is the fourth factor in the productive process. But organization is only one component of the fourth factor and we need a broader notion to adequately express our concept. From now on we will conceive the fourth factor as EXPERTISE. The expertise acquired by means of higher education has several components. Examples are specialized knowledge such as research in laboratories of biotechnology, informatica, nanotechnology, and solar energy, corporate law and military strategy, social science such as economics and sociology, mastery of the study of international relations, the "know how" of video journalists, the organization of gigantic corporate enterprises. The last component was important in neoclassical economic thought.

The professional and managerial bureaucrats in the technostructures of the giant corporations that produce the bulk of the surplus in today's economy directly influence the professionals in the executive of the government of the United States. The managerial experts also finance the campaigns of the professional politicians that want to be Senators and Governors of the States in the Federation. And when 200 corporate presidents of the Business Round Table send a message to the President of the Republic, the man wakes up and pays attention. When 300 Company Executive Officers telephone the Secretary of the Treasury, asking that the President forget a draft of a tax reform bill, the First Chief

hides the proposed law in his desk drawer. When the corporate elite organizes in order to pressure the President to mobilize Congress to approve NAFTA, the White House marches into battle. When the corporate majority of lobbies on K Street in Washington calls for a law, the proposal pops out of the Senate committee and trots up for debate without delay. There is a revolving door between the multinationals and the executive cabinet: the top managers move up and down a two-way street. A 1970 study of the top 3,500 directors of the largest North American corporations discovered that 40 percent of them had occupied posts in the heights of the government .

In the United States government the corporate professionals and the professional politicians collaborate with the military bureaucrats. The top command of the Pentagon makes up a third fraction of the new ruling class. The Generals and the Admirals have desks, symbols of their ability to organize tremendous armed forces and they also suck up the economic surplus through high salaries. When the National Security Council meets, the Chair of the Joint Chiefs of Staff is present and shares in important decisions.

A subordinate fraction of the new ruling class of professionals is made up of the top administrators and academics of the elite universities such as Harvard, Yale, Princeton, MIT, Chicago, Stanford, Cal Tech and Texas. Also the Presidents and Deans of the universities with their teams of functionaries have desks and organize the teaching of students who learn the ideology of the the society and the techniques of production. In the Knowledge Factories the students acquire the fourth factor of production-- organization. They learn management, business administration, advertising, engineering, corporate law, public finance, accounting, neoclassical economics, pluralist political science, and functionalist sociology. They become the organizers of society,

Another subordinate fraction of the new class are the executives of a handful of giant corporations that control most of the radio and TV stations, the newspapers, the magazines, the publishing houses and the movies--enterprises such as Time Warner, Disney and American Telephone and Telegraph. The publishers and editors of newspapers, the executives, the directors, the communicators and the newscasters of the mass media (ABC, CBS, NBC, CNN) that work up the "news" are the organizers of public opinion. When the White House calls them to a meeting in California to prepare the public for a war, they fly right over to find out their duty. From their desks they collaborate with the division of Public Relations of the President that daily places videos at the disposal of the television networks. And so the experts cook up the evening news.

Another subordinate fraction of the new class is the union bureaucracy of the AFL-CIO. These bureaucrats, who also suck up the surplus through astronomical salaries, partially represent the workers of the labor aristocracy in order to play their real role as the worker's managers. The salaries and the perks of the labor bosses give them much in common with the corporate technostructure. Just as the technostructure organizes production, just as the politicians organize the government, as the Generals organize the armed forces, as the Chancellors organize the universities, as the communicators organize the mass media, so the labor leaders organize the workers. In the labor unions the presidents and the secretary-treasurers have accepted Taylorism and the philosophy of the technostructure.

The United States is the country most advanced in socioeconomic evolution and shows to other nations an image of their own future. The new ruling bureaucratic class has six fractions: managerial, political, military, educational, communicative and labor union. The nucleus is made up of the directors of the transnational corporations, the politicians of the executive branch of the government, and the Generals and Admirals in the Pentagon.

Each great transnational is a system of partial planning.

It plans the flow of raw materials by capturing the sources, it plans the equipment supply through conglomeration, it plans the production process with engineers, it plans the commercialization of its

products with market research, it plans the demand with advertizing, it plans the prices with gentlemen's agreements, it plans the wages by working through unions, it plans the investment with financial experts, it plans the strategy for new products with economists, it plans its international exchange by backscratching, informal arrangements and trading within itself: 40 percent of world trade takes place inside of the globocorps among their daughter companies. It plans legislation to help it along by means of lobbies. It plans for government policies favoring its interests by financing political campaigns and by staffing the Cabinet--with its own managers! When it needs billions of dollars of bailout or tariff protection against Mitsubishi, the governmental transnational managers take care of their own interests. Above all else they plan the height of their astronomical salaries, their travel expenses, their stock options and their golden parachutes. The "marketplace" of the transnationals resembles Adam Smith's image of the competitive free-for-all about as much as a cell block at the Bagdad prison resembles Spring-breakers follicking on a Cancun beach.

Of course there is competition between the 300 globocorps, the largest enterprises of our world that dominate 75 percent of international trade. But also, paradoxically there are understandings between them, arrangements and backscratching, all sorts of gentlemen's agreements and informal deals, strategic alliances and subcontracting, collaborative networks, secret cartels and governmental guidelines about market entry for national businesses with international operations.

The biggies can get subsidies, as for example the U. S. international agricultural enterprises. George W. Bush gave them a 20 billion dollar subsidy while demanding that Mexico take out all governmental aid from its countryside. Washington's puppets in the reactionary Mexican government that dances to the strings that the White House pulls obeyed their master and ruined two thirds of the peasant population. But there was more than obedience: THERE WAS BELIEF. There was faith in the Washington consensus that neoliberalism will usher in utopia.

The capacity of human beings for self deception is almost infinite.

The biggies can make the government protect them, as did Chrysler and Ford when they got tariffs against Toyota's Lexus 400. They get bailouts of 500 billion megabucks, like those received by the Savings and Loans Companies of the United States at the end of the 1980s and the beginning of the 1990s. Every year the government hands out billions to the big companies in the form of tax exemptions, price supports, loan guarantees, payments in kind, subsidized insurance rates, export subsidies marketing services, irrigation programs and research grants.

The market system. Millions of small businesses swim in the sea of free competition. This capitalist production predominated in the nineteenth century in the industrialized North and still predominates in Latin America, Africa and Asia. In the Third World the "market system" still employs most of the wage workers. But this capitalist society is bleeding to death under the blows of the bureaucratic society that is invading in the form of the transnationals. There are thousands upon thousands of business failures, the permanent marginalization of the unemployed and the ruin of the middle social layers.

The planning system. The thousands of transnational corporations are great pyramids of organization that partially but efficiently plan their operations and directly influence the bureaucratic State. The giant enterprises, which are collective property, compete among themselves, but they also collaborate with one another: there are fusions, alliances, consortiums, secret cartels, interchanges of expertise, agreements about prices in different national markets--the informal planning of bureaucratic society.

FREE TRADE--this is the slogan of the managerial bureaucratic society of the North in order to take down the tariff barriers of the policy of import substitution in the South. Free trade opens the South to the mass of better imported products, which brings about the ruin of the small local and artisanal industries and the triumph of the giant North American enterprises: and so they capture new markets and so Washington can tie tighter its Latin shoe. "Here," writes John Kenneth Galbraith, "we have the

true form of contemporary imperialism.” (The leading institutional economist of the United States pulls the beards of the transnational managers with the charge IMPERIALISTS! You can find the quoted sentence on page 175 of *Economics and the Public Purpose*, published by Houghton in Boston in 1973.)

Under neoliberalism in Mexico what economic growth we have seen took place in the export platform--only one percent of the industrial enterprises, a percentage of the economy made up mainly of the 300 semimaquila Titanics that import their inputs and export their products. Since they import their inputs and export their products, the Titanics don't pull the myriad little boats rowing around in the “market system”: the neoliberals don't have an industrial policy to connect the Titanics to the row boats (such a policy does exist in northern Italy). There is hardly any technical advice that might teach the row boats to supply needed material to a Leviathan: the laissez-faire policy doesn't allow the neoliberals to intervene in the economy. (Except of course to bail out the big banks and enterprises when THEY fail.)

98 percent of the industrial enterprises is excluded from the dynamic growth of the export sector: small companies of manufactured goods, tiny construction enterprises, artisanal firms owned by family partners. All these plus hundreds of thousands of business services make up the “market system.”

The law of supply and demand appears in the metaphor of “the invisible hand” that maintains the delicate balance of the market mechanism. The model presupposes that the entrepreneurs are capitalists and that they have an adequate knowledge of the market and that they behave rationally. The result is a “market system” in equilibrium. Supply adjusts to demand and the reverse is true: finally the prices reflect the value of each commodity: a pendulum always comes to rest at the same point no matter how wide its oscillation. When the State touches the delicate mechanism, the equilibrium is lost. So the only rational policy is “laissez-faire”--hands off.

The academic economists and the transnational managers have read this thesis in their sacred Bible, *The Wealth of Nations* by Adam Smith published in 1776. They are true believers. Their faith in a magic quality--“the invisible hand”--is much more important than the reality of the twenty-first century, the predominance of the “planning system.” Besides their Bible, the academic economists and the transnational managers have an unconscious motive for spreading the thesis as ideology: their need for a disguise. In the press, in academic works and in the social messages of the top managers, the “planning system” is described as “private initiative,” “the free market,” “triumphant capitalism,” “free enterprise,” “the magic of the market,” and the “private sector.” The managers preach their message to the middle class of small businesspeople:

Listen, all of you in the market system, we the great collective enterprises are not a system with interests different from yours, we don't threaten you, we are only private capitalists and share your interests.

In the class struggle the ideology of “all we producers have the same interests” helps to win the support of the small capitalists for the transnational managers. Throughout history, the ruling classes have always interpreted their interests as the universal interest. The giants deceive themselves in order to fool the pigmies and gobble them up .

Sometimes there is a biggie who does not deceive himself, like one of the 350 richest men of the world, George Soros, on page 138 of his bestseller, *La crisis del capitalismo global*, published in 1999 by Plaza Janes. “The system,” writes the famous financier, “exhibits some imperialist tendencies. . .it is bent on expansion. In this sense, it shows little difference with respect to Alexander the Great or Attila the Hun.”

But almost always the imperialist tendencies of the transnational system are unconscious. The

managers do not see themselves as imperialists. Generally the leaders of the system preach that free trade is for the salvation of all, that it is the motor of development for poor countries, that it is FREEDOM.

I'm a member of the American Society, a social organization of transnational managers in Mexico City and I sometimes write articles on Mexican culture for their monthly magazine, *Amistad*. I often talk to the managers in social events--dinner, receptions, picnics, parties, lectures, meetings with the U.S. ambassador--that the American Society sponsors. The managers are simpático, philanthropists who give money to charities, believers who speak of the will of God, idealists who think that they are in Mexico in order to develop the country and diminish the poverty and suffering of the people.

The essence of all ideology is self-deception.

Sometimes the State (in a moment of relative autonomy) has to represent the public interest against the interest of an irresponsible giant and impose ecological or labor regulation. Then the top managers--disciples of Adam Smith--can roar their slogans of "laissez-faire." Down with the regulation that bothers us!

The managerial ideologists shout their threats: Hands off! "Big Government--there is the evil of our time." "The problem is the inefficient public sector: only the private sector is really productive and we are the private sector: if there are problems of unemployment and inflation, the government is at fault."

With this ideology that disguises the enormous concentrations of collective property as if they were small capitalist businesses of private property, General Motors, General Electric and General Dynamics mobilize the support of the masses for the policy of "laissez-faire": if the Government would only leave the Generals alone, the magic of the market would bring stability. The invisible hand would impose equilibrium. The State, guardian of the invisible hand of the market, only has one legitimate function: the defense of the Generals against their enemies.

But what is the reality? Private property? A million stockholders own Ford as collective property. Sears, the enormous world mercantile enterprise, is totally owned by the pension fund of--its employees! In the United States the employee pension funds own 40 percent of the stocks and most of the others are in the hands of mutual funds, insurance companies and banks--institutions of collective property. In each giant transnational corporation there are hundreds of thousands of stockholders.

The models of the neoliberal economists are like fairy castles in the tales of Grimm: these ideologists are not doing science, but science fiction. The neoliberal ideology of the "planning sector" has dominated the administrations of the senile Reagan, the warlike Bush, the sensual Clinton, and funnydumbmentalist George W. After an international ideological offensive, in the 1990s Washington and the transnationals finally convinced the nationalist and populist governments of Latin America that neoliberalism was the solution to their economic problems. It was easy: the politicians are ignorant.

They also convinced the middle classes of small capitalist entrepreneurs in each country: "all of us are capitalists." It was easy: the middle classes know nothing.

But in the federal universities the nationalists and the marxists also accept elements of the transnational ideology. For example, the marxists tell everyone that capitalism is universal and that the transnationals are capitalist. And so, without realizing it, they support the reactionary ideology of their enemies.

The nationalist and marxist discourse that attacks "capitalism" frightens the small businesspeople in the Latin American middle class. They suppose that they are the true target of the opposition to neoliberalism. If we say the opposite that does not allay their suspicions. This partly explains the reactionary behavior of the middle classes and their support for their transnational enemies and the governments favoring transnational interests.

It would be better to eliminate the word “capitalism” from our discourse and to speak of “the transnational system.”

Really?

At the beginning of chapter X of the first volume of *Capital* Marx explains that the class that owns the main factors of production is the ruling class. This class makes the workers produce a surplus for the owners, whether they are “Athenian aristocrats, Etruscan theocrats, Roman citizens, Norman barons, North American slaveowners, Wallachian boyards, feudal lords or modern capitalists.” In the penultimate chapter of volume three Marx defines the economic surplus as what is left over after the workers have produced their subsistence and replaced the used up tools and materials. The economically ruling class takes the bulk of the surplus. In the eighteenth century French economists invented the concept of the economic surplus and it was used by Adam Smith, David Ricardo, Karl Marx and contemporary institutional economists. In chapter X of his first volume Marx says that the form of extracting the surplus from the workers determines the social formation: in classical civilization it was extracted from the slaves in the form of forced labor, in the feudal epoch it was extracted from the serfs in the form of ground rent and in capitalism it is extracted in the form of profits. In the twentieth century the surplus took a new form and we live in a new mode of bureaucratic production with its corresponding form of political organization and administrative rationality.

The social class that takes the bulk of the economic surplus is the ruling class. We know that the big capitalists that cut coupons and swallow dividends have not disappeared from society and that there are also millions of small businesspeople that are still classical capitalists living off profits from their tiny enterprises. So how do we know that the bureaucracy snags up the lion’s share of the economic surplus in the form of salaries?

Donald Clark Hodges, a white bearded anarcho-communist who works in the Department of Political Science at Florida State University (his students call him Santa Claus) has published a number of studies analyzing the bureaucracy. You can find the following data and the reasoning in chapter two of his book *America’s New Economic Order*, published by Avebury in 1996 simultaneously in England, the United States, Hong Kong, Singapore, and Australia. Every year in the United States the Bureau of the Census publishes the *Statistical Abstract*. Every year there is a number representing the sum of all the wages and salaries—that is the Total Salary. The Minimum Wage represents subsistence, and if we multiply it by the number of people receiving remuneration for any kind of work, from the President to the janitor, we have the Basic Wage. If we subtract the Basic Wage from the Total Salary we have the Surplus Salary. The labor aristocracy of the AFL-CIO gets a small part of the Surplus Salary. But how much does the bureaucracy slurp up? Now we divide the Total Salary by the number of all employees that receive remuneration from the President down to the janitor and we get the Average Salary. (If every employee in the United States received the Average Salary, from the President to the janitor, the North Americans would live in a Republic of Equals without exploitation.) If we subtract the Average Salary from the Total Salary we have the part of the Surplus Salary that the professional bureaucratic class gets in the form of high salaries. *Since 1965 the size of this part has been larger than the total amount of the profits, dividends, and interests going to the capitalists.*

The professional bureaucratic class takes the bulk of the economic surplus. With this reasoning we are talking about the real economy. The paper economy--the games played by the speculators in the international currency, bond and stock markets, these markets with psychotic oscillations, spasmodic movements, speculative runs that bring about deep devaluations and bursting bubbles, the panics and collapses of casino capitalism--none of this interests us. The paper economy can disappear overnight in another crash like 1929. But the paper economy is based on something real. The real economy has to do with production and above all we are interested in the production of a surplus. The discussion about the real economy turns around the concept of the economic surplus.

We live in a postcapitalist system.

But everyone knows that capitalism is universal! Yes. In the fifteenth century everyone knew that the earth was flat, in the sixteenth century everyone knew that the human body contained four humors, in the seventeenth everyone knew that it was possible to transform lead into gold, in the eighteenth everyone knew that the biological species were fixed forever, in the nineteenth century everyone knew that matter was made up of little invisible lumps, in the twentieth century everyone knew that space was filled with luminiferous ether.

In the twenty-first century everyone knows that capitalism is universal. And they know it because the functionalist sociologists, the pluralist political scientists and the neoclassical economists preach it everywhere--an ideological offensive by our enemies. Their ideological hegemony is better known as the *conventional wisdom*. **The claim of the world left that capitalism is (almost) universal is a serious theoretical error.**

If the theoretical arguments don't convince left activists of their error, there are still practical arguments. The left can hardly win the necessary support for its antiliberal crusade if it proclaims that its enemy is capitalism and that its goal is socialism. But that is what the revolutionary left proclaims to the world. Once more we look at the quotation that begins this article:

*"Today we see that capitalism reinforced and unfettered expands throughout the world. . . .Discredit has fallen upon the very idea of socialism, among other reasons because of the disasters in the countries that used the name of "socialists" and the collapse of those regimes. **We have to reclaim once more the idea of socialism**".*

Adolfo Sánchez Vázquez and Adolfo Gilly are two of the most influential revolutionary theoreticians and activists in Latin America; their articles and books are published in the countries of both North and South. Their attitude is typical of the revolutionary left.

For the peoples of our contemporary world, attacks on capitalism mean that the critic is in favor of "socialism" and the peoples think that the word "socialism" means the totalitarian systems of the bureaucratic classes that exploited the underclasses of the "socialist" countries until 1989. For almost everyone, after 1989 "socialism" describes the bureaucratic systems that still prevail in Vietnam, North Korea and Cuba--nations without elections and with sick economies. (The official media inform the masses about the empty stores in Cuba but never mention their achievements in health and education, the media emphasize that the communists receive salaries four times higher than the workers but don't say that the President of Chrysler makes **four hundred** times more than his workers.)

In the United States and in Latin America 90 percent of the populations believe in a personal God that governs the world. One billion Muslims also believe in the Deity. There are hundreds of millions of Christians in Africa. After a century of Western propaganda during the Cold War smearing "socialism" with the sin of atheism, the faithful look with icy eyes upon those who preach such a social system. It doesn't matter that we have a different definition of the concept of "socialism," the masses see it as a crusade against the Lord.

Now we take a look at the social stratification in Latin America--simplified. In Latin America between 5 and 10 percent of the population is benefiting from globalization and the transnationalization of the economies. This rich 10 percent makes high salaries, owns a great deal of stock, pays little taxes, invests its capital in northern countries, forms alliances with North American imperialism and dominates the national elections through financing campaigns on television. This upper class, which represents postcapitalist society, usually controls most of the political institutions.

In the social stratification (according to income) the middle class is a varied lot: professional workers on their own account, salaried people in the small and medium enterprises, professors in the private

universities, political bureaucrats on a lower level, and the millions of owners of little businesses. These small owners are the real capitalists, the tiny entrepreneurs who go to the wall in their hopeless competition with the transnationals. In Mexico the average life of a small business is two years, and most only survive six months.

The 70 percent at the bottom? They are the workers, the peasants, the Indians, the MARGINALIZED who suffer superexploitation, hunger, illness and death. In Mexico one out of every three children suffers from anemia due to malnutrition. Every year we see more marginalization of the underclasses. They scarcely survive in the street: chicle peddlars, job-seeking plumbers, carriers in the market, shoe-shiners, taqueros, fire-eaters, little clowns, domestic workers, street walkers, contraband peddlars, garbage looters, informal clothes vendors, children baggers in supermarkets, lottery ticket hawkers, car window washers, “helpers” in gas stations, wandering musicians, paper gatherers, car watchers, barflies, messengers, ageing women beggars, home seamstresses, guides for illegal migrants, “ruleteras”, cane cutters following the harvests, available carpenters, fortune tellers, landless peasants tending poppy fields, pickpockets, tinkers, begging Indian women, marijuana vendors, sex workers in the brothels, guides through the Kafkaesque bureaucracy, tutors giving private classes to the rich, hungry retired teachers doing translations, fired engineers in illegal workshops, cocaine transporters, pirate cabbies, jake leg lawyers running errands for the courts, idle architects building an enclave gate, end-of-the-world preachers taking up collections. A desolate picture? Don’t despair: in 1994 a former shoe-shine boy became President of the Republic.

In the Mexican Revolution (1910), the Bolivian (1952), the Cuban (1959) and the Nicaraguan (1979), 90 percent of the population united against a tiny class of exploiters in order to overthrow the old regime. The polarization of society favored those who wanted social change. In each case the unity of 90 percent of the population was achieved with an ideology that was *multiclass, populist and nationalist*.

But during the struggles of the marxist left against the repressive regimes in Brazil (1968-1972), in Uruguay (1967-1971), in Chile (1970-1973), and in Argentina (1976-1979), the 20 percent in the middle supported the 10 percent above. A part of the 70 percent below either vacillated or remained neutral. The radical left polarized society, but the polarization favored the exploiters. In each case the left preached an ideology that was classist and *anti-capitalist*. This ideology alienated the 20 percent in the middle--key social strata--and left a large part of the underclasses indifferent. In Chile many marginalized women voted against Allende because they were afraid of the atheistic marxism of Unidad Popular. (Last night God spoke to me in a dream and said, “I’m a communist.” Intellectuals never dream of God and still don’t know that the Lord is with us.)

The same tendency was present in the electoral democracies in Latin America in the 1990s. The 10 percent above mobilized the 20 percent in the middle to support the rich in the elections and divided the 70 percent below, winning votes from some classes and causing abstention in others. The 10 percent gained the support of the 20 percent by proclaiming a capitalist ideology and confusing much of the 70 percent with false populist promises and religious demagoguery. The revolutionary opposition alienated various strata of the people with anticapitalist rhetoric.

On March 29, 2004, Vicente Fox gave a charismatic speech to CANACINTRA, the organization of small and medium businesspeople. President Fox roared: “the market economy is not the most perfect but there is no other economic model. My government is carrying out many changes, but one that it will not make is a change in the economic model, because it is a thing for all of you, it is a business model”. (*La Jornada*, March 30, p.22)

Fox lied.

His model is not the free market economy of millions of little enterprises competing with one another

under conditions of equality. The giant enterprises like Cementos Mexicanos, Grupo Alfa, Wal Mart, Kimberley Clark, Del Monte and Coca Cola dominate the economy and ruin the small businesses and *have support from Fox's government--a manager of the transnational COCA COLA*. Under Fox's economic policy the small businesspeople can't get credit. But in 2002 two thousand giant export enterprises received 5,000,000,000 dollars of credit support from Banamex. Fox's government assures cheap credit to enterprises importing coffee and other agricultural products at prices lower than those inside the country. The clear intent is to ruin the Mexican farmers and leave only islands of high productivity. In that way the transnationals are becoming the dominant agents. In the United States the law compels governmental offices to acquire at least 23 percent of their requirements from American small businesses, but Mexico has no such laws. Nor is Fox's government interested in building production chains to connect the small Mexican enterprises to the export platform as suppliers of inputs. Volkswagen de Mexico stopped buying excellent ball bearings from a small Mexican producer in order to buy them from its daughter company in Ghana because it wanted to favor its own transnational. The Mexican government smiled. Because of competition from Wal Mart that pays only the minimum wage of four dollars a day to its employees, 5,000 small Mexican stores closed in 2001. Hundreds of thousands of small businesses fail every year, resulting in millions of unemployed.

Yes, Comrades, on March 29 Fox lied. He said: I am with YOU--the small producers, I'm in favor of capitalism!

CANACINTA applauded.

The Nacional Action Party (of Fox) passed a law in the State of Morelos outlawing the soft drink co-operative Pascual in all over-the-counter sales to the state bureaucrats, in the University of the State of Morelos, in the Cuernavaca fair, in the State systems. The law declared that vendors could sell only Coca Cola. Overnight the Mexican co-operative Pascual lost a third of its market.

What is the principal enemy? It is the system of huge transnational enterprises that manipulate the governments in order to favor their interests, in order to pollute water and air for profit, in order to ruin artisans and small producers, in order to outlaw co-operatives, in order to exploit the workers with starvation wages, in order to dismantle health services with a neoliberal policy.

What is our political goal? What is our vision of the future? The decentralization of the economies, co-operative production, simplified technology, agrocities, self-sufficient communities that trade only to get a few necessities, participatory democracy on regional levels. We can describe this ideal world without using the tainted terms of the Cold War--"capitalism" and "socialism".

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