

**“GLOBALIZATION FROM BELOW” TACKLES
THE “GREAT RECESSION”**

A Global Labor Strategies Discussion Paper

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Introduction

The purpose of this paper is to stimulate discussion about ways that the global conjunction of forces variously known as the “global justice movement,” the “anti-globalization movement,” and “globalization from below” can respond effectively to the new situation created by today’s historic crisis of the global economy. That crisis is now widely acknowledged to be more severe than any since the Great Depression of the 1930s. Indeed, it has now been dubbed, “The Great Recession.”

At the pit of the Great Depression in 1930, an American country music group named the Carter Family recorded a song called *The Worried Man Blues*. It began:

“I went down to the river and I lay down to sleep
When I woke up there were shackles on my feet.”

Though many subsequent verses describe the horrific outcome, there is no explanation of what had happened or why – just an awakening to a seemingly endless catastrophe. The song immediately became an unprecedented national hit. It’s hard to imagine that its success didn’t have something to do with capturing the sense of being the helpless victim of incomprehensible disaster that so many felt in the face of the Great Depression.

The seemingly sudden collapse of the global economy in mid-2008 has similarly left millions, indeed billions of people all over the world a victims of a catastrophe that appears both inexplicable and unending.

This discussion paper is dedicated to the proposition that what’s now being dubbed the “Great Recession” is neither incomprehensible nor irremediable. On the contrary, it can be understood as an expectable result of a capitalism that has been globalized and at the same time freed by neoliberalism of control in the public interest.

The economic globalization that transformed the world at the turn of the century promised, according to its advocates, a glorious vista of prosperity that would provide unprecedented economic growth and raise billions of people out of poverty. In practice it generated personal and national insecurity, growing inequality, and a race to the bottom in which every community, nation, and workgroup had to reduce its social, environmental, and labor conditions to that of its most impoverished competitor.

But economic globalization also gave birth to a new convergence of global social forces that opposed this kind of globalization. People all over the world fought back against this “globalization from above” with their own “globalization from below.” They used asymmetrical strategies of linking across the borders of nations and constituencies to become a counter power to the advocates of globalization. They created a movement – variously known as the global justice movement, the anti-globalization movement, global civil society, or as we call it, “globalization from below” -- that some in the media even characterized as “the world’s other superpower.”

The anti-globalization/global justice/globalization-from-below movement developed in response to the expansive phase of globalization and neoliberalism. Now the global economy has entered the most severe financial crisis since the Great Depression. The financial crisis has turned out to be the start of a cascade of other economic crises that are reshaping the global economy as definitively as an earthquake reshapes a city. Current leaders of the world's nations have utterly [failed to develop a solution](#). The likely impact of their failure on ordinary people around the world will be incalculable.

The advocates of globalization from above propounded as an article of faith that markets are self-regulating and that all would be for the best in the best of all possible worlds if only governments, labor unions, citizens organizations, and the unruly mob let them alone to do their thing.

The times they are a-changing. US government officials long known as market fundamentalists seize banks, buy mortgage and insurance companies, and commit \$7.7 trillion – half of the US annual product -- to government intervention in financial markets. The Clintonite “moderates” who once gutted the social safety net and sacrificed commitments to jobs programs in order to build up budget surpluses now propose vast public works programs financed by budget deficits. The IMF, scourge of “irresponsible” countries that didn't balance their budgets, advocates a trillion-plus dollars in global government deficits and claims to have replaced “structural adjustment conditionalities” with condition-free loans.

These programs may well fail in halting the downward spiral of the global economy. But they open the door to new forms of more social and public economy. That's one reason conservatives normally oppose them – and one indicator of how serious the present crisis really is. The economic crisis it possible to put proposals on the table that have long been ruled inadmissible.

While economists have asserted with great confidence that one after another trillion dollar “solution” would save the global economy, one after another has failed, raising the specter that it cannot be saved in its present form. Peter Boon and Simon Johnson of the website [baselinescenario.com](#) recently raised that possibility in the *Wall Street Journal*. They note that economists generally believe even the Great Depression of the 1930s could have been stopped by proper monetary policy. But, Boon and Johnson argue, governments may simply not be able to prevent such huge deflationary spirals. “Perhaps the events of 1929 produced an unstoppable whirlwind of deleveraging which no set of policy measures would truly be able to prevent.” Their implication seems evident: The same could be true today.

The multi-trillion dollar rescues and bail-outs so far just attempt – possibly futilely -- to save the status quo. But what can we do if the status quo can't be saved? Can globalization from below really provide an alternative solution to the great recession?

It has already started to do so. A landmark was the meeting of a group of social movements and NGOs in October, 2008 on the occasion of the Asia-Europe People's Forum in Beijing that [developed the sketch](#) for a “transitional program for radical economic transformation.” It laid out alternatives that are “practical and immediately feasible” that put the “well-being of people and the planet at their center.” This requires “democratic control over financial and economic

institutions.” It includes proposals for finance, taxation, public spending and investment, international trade and finance, environment, and agriculture and industry. The Beijing Declaration provides the framework and starting point for much of the approach presented in this paper.

Chapter 1 of this paper, “Some Things Fall Apart – Other Things Come Together,” provides a snapshot of the emergence of the crisis and the possibilities it opens for globalization from below. Chapter 2, “The ‘Great Recession’ in Historical Perspective,” examines both the similarities and the differences between this crisis and previous ones. Chapter 3, “The G-20 vs. the G-6 Billion,” recounts and explains the failure of world leaders to work together to address the crisis. Chapter 4, “A Globalization-from-below Vision for Hard Times,” presents the perspective on the crisis and how to address it sketched in the Beijing Declaration. Chapter 5, “A Globalization-from-below Program for Hard Times,” describes and explains the concrete programmatic proposals of the Beijing Declaration. Chapter 6, “The Great Recession and Global Warming,” explores the crucial relationship between the struggle against the great recession and the struggle to protect the earth from devastating climate change. Chapter 7, “Next Steps for Globalization from Below,” lays out how the global justice movement, the global labor movement, and the many groups and networks that interface with the World Social Forum can begin to transform the world economy by developing its role as the “world’s other superpower.” The “Appendix: Green Paper Gold,” presents one example of a concrete proposal that could create millions of jobs while helping mobilize the world’s resources for climate protection.

This discussion paper grows out of a series of articles originally published on the Global Labor Strategies blog (www.globallaborblog.org) over the second half of 2008. It was prepared by Jeremy Brecher, Tim Costello, and Brendan Smith for Global Labor Strategies.

Chapter 1: Some Things Fall Apart -- Other Things Come Together

The bill has finally come due for decades of reckless economic policies and utter disregard for the planet. We are now confronted with two intertwined crises of historic proportions—one economic and one environmental.

The economic crisis, which has been smoldering for more than a year, caught fire when the US housing bubble burst, nearly taking the entire global financial system down with it. The financial crisis quickly morphed into a general global economic meltdown. [The [OECD reports](#) that taken as a whole, its 30 country membership—representing the leading economies in the world—is in recession. [China's growth](#) rate is at a 7 year low. Middle income and developing countries are being swept up in the chaos as commodity prices fall and capital flees to safer havens.]

UPDATE

Efforts to avert a climate catastrophe—already fraught with difficulty-- have been made even more difficult by the economic crisis. The immediate steps to achieve the needed reductions in greenhouse gasses will likely cause economic disruptions in parts of the economy, precisely at a time when political will may be flagging. The only silver lining: as the crisis worsens and unemployment rises, refitting the built environment and shifting to low carbon energy could be a source of employment and an engine of economic growth for decades.

A central problem in dealing with the crises is that markets are global while regulatory regimes and the politics that shape them are national. But no nation — not even the US, which remains the richest and most powerful in the world—can address either the economic or the climate change crises on its own. But so far world leaders' promises of cooperation to combat the crisis are short on substance and long on rhetoric.

Traditional national Keynesian stimulus programs, currently proposed by many politicians across the political spectrum, can provide much needed employment for those without jobs, but will not work as claimed to revive economic growth. Keynesian policies were devised during a period of national capitalism very different from today's global economy. Keynesian job creation projects are intended to provide the jobs and spending power and thereby increase the consumption of what are assumed to be nationally produced goods and services, thus priming the economic pump. But in a globalized economy consumers are just as likely to purchase goods produced abroad, reducing the impact of any stimulus package on national employment.

There is an additional problem with traditional Keynesian programs. Historically, these programs were indifferent to the types of jobs created as long as they created spending power. But today, strict attention must be paid by any job creation programs to the kinds of jobs created to insure that they do not contribute to global warming or they risk dealing with one crisis by intensifying another. What is needed is a global stimulus program that focuses on sustainable economic growth if we are to mitigate the effects of the current crises.

New administration, new opportunities

After we pause for a moment to savor the passing of Bush & Co and President Barack Obama's remarkable election, we should remember the ambiguity of the forces that elected him and the power of the forces that will oppose any significant change. But let us not forget: people across the US voted for Obama as an agent of change and expectations are high that he will deliver.

In the U.S., labor and social movements need to harness the energy and expectations of the Obama campaign, not by falling in line with the new administration, but by creating a global discourse and a global movement for people centered change. Ironically, it is President-elect Obama's new Chief of Staff, [Rahm Emanuel](#) who said it best, "You don't ever want a crisis to go to waste; it's an opportunity to do important things that you would otherwise avoid."

The abject failure of policy makers and mainstream experts to predict the current collapse or control the fallout has opened a huge credibility gap that offers a historic opportunity for alternative views and alternative movements to come front and center. Many of these same failed policy makers and experts will claim they have the formulas to turn the economy around—to "save the system." The truth is that no one has the formula to prevent recessions or depressions. The current economic collapse rudely reminds us that recession and depression are capitalism's age old built-in regulatory regime. But in the era of globalization those recessions and depressions have become global.

It is not the job of labor or social movements to bailout the banks or "save the system," but to protect and promote the economic and environmental well being of ordinary people. Every program to address the crises should be measured against these standards: Does it provide jobs or income to those affected by the economic crisis? Does it keep people in danger of foreclosure in their homes? Does it maintain public services? Does it promote environmental sustainability? Does it promote the global solidarity needed to confront global crises?

The world's other super power

The *New York Times* dubbed the massive global anti-war demonstrations of March 2003, which emerged from the World Social Forum and other global justice networks, "the world's other super power." It is time to wake that super power in defense of economic and environmental justice.

Impossible? Consider:

- Trade unions and worker activists, despite losing strength nationally, have continued to build new official and unofficial global networks. The global nature of current economic crisis makes these networks important venues for cross border cooperation.
- Environmental groups have forged closer ties to fight climate change. The run-up to the Copenhagen climate change conference at the end of 2009 provides a focus for building a stronger global network. People everywhere are alert to the dangers posed by inaction.

- Cross-movement contacts have also increased as labor and climate change activists have begun a serious dialog in many countries and in global forums. Unless these two movements link in a common effort each will be undermined.
- The World Social Forum and the networks that connect with it provide a space where movements of all kinds can meet to discuss matters of common concern.
- Massive and militant response to the economic crisis has begun. Whether it is laid off workers in Chicago occupying their factory or young people in Greece occupying the Acropolis, people are looking for ways to challenge the degradation and impoverishment that is being visited upon them.

Such signs indicate that the “world’s other superpower” is position to play an independent role in determining how the world will respond to the “great recession.”

Chapter 2: The “Great Recession” in Historical Perspective

The superlatives of the global economic meltdown of 2008 are, well, superlative. Professor [Noriel Roubini of New York University](#) says the current crisis is “the largest leveraged asset bubble and credit bubble in history.” The [International Monetary Fund](#) says, “In advanced economies, output is forecast to contract on a full-year basis in 2009, the first such fall in the post-war period.”

The crisis of 2008 is frequently compared to past crises, and increasingly to the stock market crash of 1929 and the Great Depression of the 1930s. [Merrill Lynch Chief Executive John Thain](#) [recently said](#) he does not expect the global economy to recover quickly from the credit crisis and that the environment more closely resembles the advent of the Great Depression in 1929 than recent slowdowns. Long-forgotten images of breadlines and homeless families have sprouted in the media. [60 percent of US voters polled](#) in October said another depression is likely within a year.

Such historical comparisons can help provide perspective on contemporary situations, but they can also be misleading if they don’t include the differences as well as the similarities. For labor and social movements, there is much to learn at this time of crisis from crises past. But there are also significant differences which we ignore at our peril – and which may allow us opportunities for action that did not exist in the past.

Character and extent of the current crisis[UPDATE]

A few statistics give a flavor of the depth of the current crisis.

[According to Reuters](#), between January and September, 2008, the stock market index for “emerging markets” lost nearly 55 percent of its value and the index for “developed markets” lost 42 percent. The S&P 500 of US stocks lost half its value from its October, 2007 peak, marking what the [Financial Times](#) calls “without question, the worst bear market since the 1930s.” It adds that “the only historical precedent for the kind of deflation predicted by the bond market came in the 1930s.”

The [International Labour Organization](#) predicts that at least 20 million jobs will have been lost by the end of 2009 due to the crisis - mostly in “construction, real estate, financial services, and the auto sector” - bringing world unemployment above 200 million for the first time. The United States lost 1,531,000 jobs in the last three months of 2008 – the highest 3-month total since the months immediately following the end of World War II. Hours worked fell at nearly a 10 percent annual rate.

7.3 million American homeowners are expected to default on their mortgages between 2008 and 2010, with 4.3 million of those losing their homes. [As of September 30](#), one-fifth of American homes with mortgages were “underwater” -- worth less than was owed on their mortgages.

National and global efforts to counter the crisis have included cuts in interest rates, support for money markets, and recapitalization of banks. [Their total cost](#) as of mid-November has been estimated at more than \$4 trillion.

Economists predictions – for whatever they’re worth – have lost their once-unmitigated optimistic faith in the economic system. [Martin Wolf of the Financial Times says](#) that despite government efforts, “a long and deep global slowdown is still likely.” [James Kwak of Baseline Scenario says](#) “Wealth is likely to decline further. Under any scenario, we will see many personal, corporate and perhaps even national bankruptcies.” [Kenneth S. Rogoff, a former chief economist at the IMF and now a Harvard professor adds](#), “We’re entering a really fierce global recession. . . . It’s a very dangerous situation. The danger is that instead of having a few bad years, we’ll have another lost decade.” On January 4, 2009, Nobel prize winning economist and *New York Times* columnist [Paul Krugman wrote](#) that “This looks an awful lot like the beginning of a second Great Depression.”

What’s preceded

Capitalism has been the most dynamic economic system in history, but it has a peculiarity: No matter how great the need for houses, clothes, food, or other products, those who control the means of production won’t produce them unless they can make a profit doing so. As a result, the history of capitalism has been marked by periods of economic crisis and stagnation in which millions of people suffered unemployment and poverty while the resources that they could have used to produce the things they need lay idle.

These periods can be long or short, modest or severe. Capitalist economies have a regular business cycle in which every decade or so economic growth is punctuated by recession. These can be little more than periods of readjustment that allow a return to growth – part of what the economist Joseph Schumpeter called capitalism’s “creative destruction.” Some other contractions, however, also stabilize – but at levels that result in massive unemployment of material and human resources. Such a peculiar state of affairs is possible because markets are regulated only by the pursuit of private profit, not by a matching of resources and human needs. If production isn’t profitable, the wealthy individuals and institutions who own the means of production have no incentive to produce.

Since 1900, the US experienced depressions and recessions in 1903, 1907, 1911, 1914, 1921, the whole decade of the 1930s, 1949, 1954, 1957, 1961, 1970, 1982, 1990, and 2002.

The “gold standard” for economic downturns remains the Great Depression of the 1930s. From 1929 to 1933, [manufacturing output in the US dropped](#) 39 percent and unemployment reached 25 percent. In the 1982 recession, U.S. unemployment reached 10.8%, the highest since World War II. In the so-called “Asian crisis” that started in 1998, 20 million people in Indonesia lost their jobs in a year as the unemployment rate rose from less than 5 percent to more than 13 percent, and the population living in absolute poverty quadrupled to a hundred million.

Some downturns seem to limit themselves, laying the basis for a return to economic growth. But others go on until major structural changes of some kind make renewed growth possible. In spite of New Deal programs and occasional blips of growth, the Great Depression of the 1930s lasted a decade and was only brought to an end by the huge government-induced increase in production during World War II. The “stagflation” of the early 1970s was terminated by the rapid shift to globalization, with its abandonment of the Bretton Woods system’s support for national economies, liberalization of global investment rules, structural adjustment policies for the third world, restructuring of global corporations, exploding flows of global hot money, and creation of the “global production line.” The so-called Asian financial crisis of the late 1990s was ended by regularizing huge purchases of Asian manufactured goods by the U.S., paid for by equally huge Asian purchases of U.S. Treasury bonds.

In many ways, the current economic meltdown resembles the many downturns that have marked capitalism throughout its history. Investment becomes unprofitable, so production slows, even though people’s real needs remain unmet. Lenders worry whether creditors can pay their loans back, so they reduce lending, leading to a financial crisis. As production is cut back, large numbers of people lose their jobs. Mass unemployment leads to falling real wages. People lose their homes and fall into poverty. Income from taxes falls, so governments lay off workers and cut back services. And each of these tends to reinforce the others in a “downward spiral.”

What’s unprecedented

Globalization

One major difference from historic economic downturns is the globalization of the economy and the related neoliberal dismantling of nation economic regulation. While trade and empire have been normal parts of capitalism in the past, the ability of capital and production to move around the world without restriction is qualitatively different today.

Globalization therefore makes the challenge of dealing with the meltdown qualitatively different. The huge flows of capital across national borders lead to large-scale currency crises. National and international neoliberal policies have disabled the capacity of nations to set their own monetary policy. The dismantling of the Bretton Woods system of global currency exchange rate regulation and its replacement by floating exchange rates has undermined international cooperation to maintain economic growth.

Globalization has similarly undermined the effectiveness of “Keynesian” national economic stimulation, as experience has shown time and time again. For example, stimulation of the British economy in 1986 led not to higher domestic output but increased imports and inflation.

The huge Japanese expansionary public spending initiative of the late 1990s had little long-term effect, except perhaps in buoying the stock market in the US. In short, economic stimulus may create jobs and buying power -- but often in countries other than those where the stimulus is applied. Whatever Americans bought with their “stimulus checks” in early 2008, much of it was undoubtedly made in China, not in the US. This casts grave doubt on the effectiveness of conventional national economic stimulus -- including those currently being planned in Washington -- to address the current economic downturn.

Financialization

“Bubbles” of large-scale financial speculation are a common feature of the lead-up to economic crashes – witness the stock market boom of the late 1920s that preceded the great stock market crash of 1929 and the dot.com bubble and bust of the 1990s. But the extent of financialization in the current economy may well be unprecedented. [According to Martin Wolf of the Financial Times](#), “The US itself looks almost like a giant hedge fund. The profits of financial companies jumped from below 5 per cent of total corporate profits, after tax, in 1982 to 41 per cent in 2007.” Between 1980 and 2007, the ratio of US gross financial debt to gross domestic product increased from 21 percent to 116 per cent. The market in credit derivatives in September, 2008 was valued at \$62 trillion -- more than the world’s annual gross domestic product.

Global warming

Humanity faces a threat far more dangerous than economic meltdown: climate change. All the misery of all past depressions combined would be a small matter compared to the effects of global warming. Indeed, Sir Nicolas Stern, former Chief Economist of the World Bank, estimates that the direct economic consequences of climate change – leaving aside the social and environmental effects – will be a depression greater than the Great Depression of the 1930s and a financial cost higher than the Depression and the two world wars combined. There is simply no equivalent in the history of past economic downturns, or past history of any sort.

Climate change and climate protection will interact with economic meltdown in a variety of sometimes-contradictory ways. Depressed economies will use less energy, directly reducing global greenhouse gas emissions. But the falling price of fuels will undermine energy conservation and alternative energy investment. Economic hard times are likely to undermine efforts to raise the price of greenhouse-gas emitting fuels by carbon taxes or by “putting a price on carbon” with cap-and-trade programs. Political support is likely to grow for “green jobs,” but not for raising taxes for climate protection measures.

Globalization from below

Economic globalization gave birth to a new convergence of global social forces known variously as the global justice movement, the anti-globalization movement, global civil society, or globalization from below. People all over the world developed asymmetrical strategies of linking across the borders of nations and constituencies to become a counter power to the advocates of corporate-led globalization. From the shutdown of global WTO negotiations in the “Battle of Seattle” to the creation of the World Social Forum to the demonstrations against the US attack on Iraq – the largest coordinated global demonstrations in history -- they have created a movement that some in the media even called “the world’s other superpower.”

Globalization from below provides a potential global alternative actor that did not exist in past crises. True, there have been a variety of socialist and communist movements that promoted economic alternatives. But these were generally either loose linkages of national political parties or “vanguard” organizations ultimately controlled by and in the interests of one state. Globalization from below has the potential to develop a global alternative that represents global human interests and to promote it at multiple levels.

The future

Globalization, financialization, and global warming suggest that the current meltdown will not be self-limiting. Global structural change will be required to end it. Mainstream institutions appear preoccupied with trying to save the system in its present form, and are therefore proposing little in the way of structural change. But the movement for globalization from below may be able to formulate alternatives that address common human needs and can therefore appeal for support at many levels from the local to the global.

Chapter 3: The G-20 vs. the G-6 Billion

On November 14, 2008 world leaders flew to New York for an emergency meeting of the G-20, a group of the world's largest and richest nations, to address the collapse of the world financial system. Voices high and low around the world had called for international cooperation as the only possible way to overcome what would soon be dubbed the "great recession." Instead, the world leaders showed their reluctance or inability to do anything in cooperation beyond talk.

In the face of the worst financial crisis since the Great Depression, European leaders had flirted with the idea of actually trying to change something. [French President Nicolas Sarkozy said](#), "Laissez-faire, it's finished. The all-powerful market that is always right, it's finished." As a result, he said, it is necessary to rebuild the entire global financial and monetary system from the bottom up, "the way it was done at Bretton Woods."

[British Prime Minister Gordon Brown pointed out](#) a deep contradiction of capitalist globalization: "We now have global financial markets, global corporations, global financial flows. But what we do not have is anything other than national and regional regulation and supervision." We need "a global way of supervising our financial system." He called for "very large and very radical changes," including turning the IMF into a "global central bank."

But the Bush administration soon put an [end to such wild talk](#). "This meeting is not about discarding market principles or about moving to a single global market regulator," a White House official said. "There is very little support for that."

Indeed, as the leaders of the G-20 countries were winging their way to Washington, [Bush announced](#), "The crisis was not a failure of the free-market system, and the answer is not to try to reinvent that system." It would be a "terrible mistake" to allow "a few months of crisis" to undermine faith in free market capitalism.

Astonishingly, no one seemed to disagree. In the midst of the worst financial crisis since the Great Depression, the leaders of 20 countries gathered in Washington and produced not an agreement to act, but a declaration of principles.

[The declaration](#) itself is extraordinarily vacuous, even by the standards of international summits, given that their system (not to mention the livelihoods of billions of people) are at risk. Their "common principles for reform" are things like "Strengthening Transparency and Accountability," "Enhancing Sound Regulation," and "Promoting Integrity in Financial Markets." No corporation or investor need lose much sleep over "commitments" like: "We pledge to strengthen our regulatory regimes, prudential oversight, and risk management, and ensure that all financial markets, products and participants are regulated or subject to oversight, as appropriate to their circumstances."

It was eerily reminiscent of another such international gathering, the London Monetary and Economic Conference of 1933. Sixty nations sent high-level representatives to London to forge a solution to the Great Depression. Each came with proposals, some of them potentially

effective, for halting the downward spiral in which they were all engulfed. But each was deeply suspicious of the others' proposals, seeing them as primarily means to advance their proponents' national interests at the expense of others. Finally, US President Franklin Roosevelt rejected the agreement his own representatives had negotiated and the conference broke up in shambles. Trade wars and competitive devaluations followed apace.

Every man for himself

The G-20's failure to accomplish anything was widely attributed to the Bush administration's lame duck status – everything had to grind to a halt until President Barack Obama's inauguration ends the “interregnum.” But the real problem lay deeper than that.

In a whirlpool of “deleveraging” and deflation, many fortunes are going to be lost – through bankruptcy, insolvency, plunging stock values, and the like. Every national and international policy can affect whose capital is to be gored.

Consider the auto bailout: If the Big Three US auto companies could persuade the government to give \$25 billion from the bank bailout to them, the auto companies would be \$25 billion richer -- and the banks \$25 billion poorer.

To take another example: When Treasury Secretary Henry Paulson's original \$700 billion bailout plan proposed to purchase the “toxic assets” of US financial institutions, it thereby earmarked the funds for the small number of large institutions (notably his old company Goldman, Sachs) that had large amounts of such assets – giving them a huge advantage over the other, mostly regional and local banks, that did not. Representatives of those banks attacked the plan immediately, and part of the reason Paulson abandoned his original plan was no doubt because of their pressure. Similarly, when Paulson proposed to guarantee investments in money funds, the banking industry went ballistic, arguing that it would lead to catastrophic runs on banks as people pulled their money out of banks and put it into money funds; Paulson reversed his position within a few days.

The same struggle can be observed between nations. When Ireland guaranteed all deposits in Irish banks, money poured out of other countries and into Ireland; banks in other countries were threatened with collapse. Other European countries quickly denounced Ireland – but then within days retaliated by guaranteeing their own banks' deposits. [When Britain used its anti-terrorism law to take control](#) of the assets of a failing Icelandic bank, it justified the action on the grounds that the bank's collapse might harm the U.K. economy. Commenting on his country's financial catastrophe, Iceland's Prime Minister said, “In a situation like this it's turning out that it's every man for himself.”

[As Dean Baker recently pointed out](#), when the US and some other countries gave a trillion-dollars-and-still-counting in low-interest loans and other subsidies to their own banks, it constituted just the kind of “unfair competition” and “non-tariff barriers to trade” that they were busy condemning at the G-20 meeting. When Europeans push for a larger role for the IMF, we should remember that the Europeans have disproportionate voting power there, whereas the US is weaker in the IMF than in other international institutions -- and the rest of the world is virtually frozen out.

National governments are under tremendous pressure to follow policies that serve one or another desperate special interest, rather than the whole national, let alone global, community. Claims that bailout, monetary, fiscal, and international policies are for the public good must be carefully measured against the private interests they actually benefit, however plausible the arguments put forward to prove they are in the public interest.

This points to the Achilles heel of proposals for a “new Bretton Woods.” The Bretton Woods agreement developed in the context of overwhelming US dominance of the world economy at the end of World War II. The agreement made the dollar the reserve currency for every country. A “new Bretton Woods” system would undoubtedly have to replace that with what is generally referred to as a “market basket of currencies” that reflects the relative importance of the dollar, euro, yen, and other currencies. As [French President Sarkozy put it](#), “Times have changed, now the Euro and other currencies have a place in world financial exchanges, a new reality that should be reflected in new rules.”

Not surprisingly, the US has so far been dead-set opposed to any such “new rules.” So attempts at a new Bretton Woods system are stymied from the start. This fundamental conflict will make global cooperation to end the global economic crisis highly unlikely – and an economic “war of all against all” the most probable alternative. (Obama’s advisers have yet to give a hint of their approach to this reality.)

Down the drain?

The world desperately needs national and international policies in the global public interest. And they must start with the threat of global warming. The British government’s highly respected Stern report found that global warming will have an economic impact greater than the Great Depression and World Wars I and II combined. And as [Al Gore recently wrote](#), “The bold steps that are needed to solve the climate crisis are exactly the same steps that ought to be taken in order to solve the economic crisis and the energy security crisis.” Yet the subject was mentioned only once, and in passing, in the G-20 communiqué.

Economic crisis changes minds. [President Bush explained](#) to reporters why he had agreed to the \$700 billion rescue plan for US financial institutions: “I’m a free-market person until you’re told that if you don’t take decisive measures then it’s conceivable that our country could go into a depression greater than the Great Depression.”

If the current recession does indeed turn into a long, drawn out depression, there eventually will have to be a new Bretton Woods – or some other way to create a new structure for the global economy. But it is unlikely to come as an initiative of the existing powers and principalities.

Where could such an initiative come from? One place is what’s sometimes called the global justice movement or “globalization from below”: Planners for the January World Social Forum are already organizing discussions for transnational popular responses to the global economic crisis. Another is the global labor movement: Just before the G-20 summit, the International Trade Union Congress, which represents represents 168 million workers in 155 countries, issued a [“Washington Declaration”](#) laying out an alternative approach to global economic reform.

Another is the UN General Assembly: Its president just appointed Joseph Stiglitz to chair a high-level task force to review the global financial system.

Today's global leaders do have one thing right: economic warfare between countries will be ruinous, just as it was in the 1930s. But while they give lip service to international cooperation, they are in fact already engaging in trade wars and beggar-your-neighbor policies. It's up to people and social movements around the world to force our governments to cooperate. We need to challenge "free market principles," not in the name of economic nationalism, but of common global interests. Otherwise what economic historian Charles Kindleberger wrote about the Great Depression in his magisterial book *THE WORLD IN DEPRESSION* will be prophetic for our future as well: "When every country turned to protect its national private interest, the world public interest went down the drain, and with it the private interests of all."

Chapter 4: A Globalization-from-below Vision for Hard Times

The crisis of the global economy provides new challenges, opportunities, and responsibilities for the diverse social, labor, environmental, and other movements that have constituted globalization from below. It also raises the question of what the role of globalization from below should be in the great recession.

In October, 2008 a group of activists, social movements, and NGOs who were in Beijing for the Asia-Europe People's Forum met nightly to discuss the crisis. Their "[Beijing Declaration](#)" provides a brilliant first expression of a globalization-from-below alternative to the failures of globalization from above.

The basic vision of the Declaration is summed up in its title: "The global economic crisis: An historic opportunity for transformation." Its goal, in other words, is not to shore up the status quo and return to the destructive form of globalization that preceded the crisis. Its objective is almost the opposite of the eight-trillion-dollars-and-counting of bail-outs, rescues, and subsidies provided to business in the past couple of months by the world's governments. It aims instead to provide "a transitional program for radical economic transformation" to a "different kind of political and economic order."

"Transitional program" may sound like antiquated socialist rhetoric – a call to take state power and nationalize industry. But both the goals and the methods are very different. Indeed, the Declaration points a path between merely reestablishing the status quo and assuming that actions must be "revolutionary or nothing."

No "maximalism" here. "To capture people's attention and support" the Declaration argues, proposals must be "practical and immediately feasible." That is possible because, even under the domination of globalization from above, people have been developing alternatives within the world's nooks and crannies. The unfolding economic crisis provides the opportunity "to put into the public domain some of the inspiring and feasible alternatives many of us have been working on for decades."

The goal linking these alternatives is "the well-being of people and the planet." And that requires a focus not primarily on restoring the financial system, but first and foremost on the great human and environmental crisis the world is facing in relation to food, climate, and energy.

Such common human interests are not the principal concerns of the people and institutions that now call the shots in national governments or the global economy. The "well-being of people and the planet" will not be achieved by economic jiggering. Instead, "democratic control over financial and economic institutions are required."

The vision of such democratic control, however, is not of either a centralized national or a centralized global economy. It is closer to what [Walden Bello elsewhere described](#) as the "co-existence" of a variety of "international organizations, agreements and regional groupings" that would allow "a more fluid, less structured, more pluralistic world with multiple checks and

balances” in which nations and communities can “carve out the space to develop based on their values, their rhythms, and the strategies of their choice.”

The current economic crisis creates opportunity for transformation, the Declaration argues, because it severely weakens the power of the US, the EU, and the IMF, World Bank, and WTO. It undermines the legitimacy of the neo-liberal paradigm. And, where global pseudo-consensus once asserted that “there is no alternative” to liberal capitalism, the future of capitalism is now becoming an open question.

Of course, this moment can also be seized by “fascist, right wing populist, xenophobic groups” who will try to “take advantage of people’s fear and anger for reactionary ends.”

What is the agency for pursuing constructive alternatives and resisting destructive ones? It starts with the “powerful movements against neo-liberalism” that have been built over past decades. These will grow along with public anger at the abuse of public funds for private subsidy, the crises of food, energy, and the environment, and the deepening recession.

It is the convergence of the already existing networks and understanding of globalization from below with the new outrage at what neo-liberalism has done to the world that provides the opportunity to show that another world is indeed possible.

Chapter 5: A Globalization-from-below Program for Hard Times

As establishment efforts at national and international recovery and reform fail to cure the great recession, an excellent starting point for discussion of what to do instead is presented in the [Beijing Declaration](#). Many of its proposals would be valid in more normal times – indeed many are already functioning in some parts of the world. But the great recession puts them on the table everywhere.

Neoliberalism and globalization have been comprehensive in their effect. They have reshaped the economy at every level from local villages to global markets and institutions. And they have reshaped every sphere, from private finance to government taxation, from government spending to international trade, from the environment to agriculture and industry.

The Beijing Declaration provides a vision [link to Globalization from below in hard times post] of a similarly comprehensive transformation. Its proposals would affect local, regional, national, continental, and global economies. And it makes concrete proposals for finance, taxation, public spending and investment, international trade and finance, environmental protection, agriculture, and industry.

The following account provides a bit of background on the problems in each of the spheres, then summarizes the main elements of the Declaration's proposals.

Finance

With their trillions of dollars of financial bailouts, governments are acquiring new leverage over, and even outright ownership of, banks and other financial institutions. The conservative officials who are conducting the bailouts hate this and would like to return control to private hands asap. But once the financial system has proven itself to be so catastrophically dysfunctional, and once such vast sums of public money have gone into rescuing it, the argument for making finance a public utility serving public purposes becomes irrefutable.

The Beijing Declaration lays out several steps to accomplish this purpose. Existing banks should be not just temporarily bailed out, but fully socialized. They should be subject to parliamentary and citizen oversight, with their books open to the public. All loans should be subject to social and environmental criteria, and low-interest loans should be prioritized to address social and environmental needs and expand the social economy (think coops and community-owned businesses). Big banks should be counterbalanced by strengthened grassroots financial institutions (think credit unions and savings clubs). Government-controlled central banks, like other financial institutions, should be made subject to democratic control and social and environmental criteria.

Taxation

Cutting taxes on corporations and the wealthy has been a worldwide feature of globalization. It has been justified everywhere as a way to increase investment and competitiveness. Its actual

effect has been to starve public services; greatly increase the polarization of income and wealth; promote competition among jurisdictions to cut tax rates; and encourage carbon-intensive production and consumption and other anti-social uses of wealth.

To counter the “race to the bottom” in tax rates, the Beijing Declaration proposes to close all tax havens and introduce a global taxation system to prevent transfer pricing and tax evasion. To reverse the upward redistribution of income, taxes should be made more progressive and a levy on bank profits established to finance citizen investment funds. To reduce carbon emissions, subsidies for fossil fuel and nuclear energy companies should be ended and progressive carbon taxes placed on those with the biggest carbon footprints. To support local production, tariffs should be placed on luxury goods and imports of goods that are already being produced locally. To reduce the destructive effects of global capital mobility, the Declaration suggests an international “Tobin tax” on the movement of speculative capital.

Public spending and investment

Starving the public sector has been both a goal and a result of neoliberalism. Structural adjustment plans imposed on developing countries and cuts in the welfare state and the social safety net everywhere have savaged the security and well-being of ordinary people around the world. Many governments, especially the US, have meanwhile poured vast sums into the military. In response to the current economic crisis, governments have diverted trillions of dollars to bailing out banks and other private businesses.

The Beijing Declaration proposes radically reducing military spending and bailouts for bankers. Privatization should be halted and new employment-creating public enterprises established. Government spending should be redirected to guaranteeing basic incomes, social security, universal basic services like housing, water, electricity, health, education, child care, and access to the internet and other public communications facilities. Price controls or subsidies should limit the cost of basic commodities. Massive investment should be made in energy efficiency, public transport, renewable energy, and environmental repair. Government activities should be democratized through participatory budgeting of public finances at all levels; control of public enterprises by parliaments, local communities, and workers; and management of public enterprises by collaboration among managers, staff, unions, and consumer organizations.

International trade and finance

The system of globalization from above created by neoliberalism gave governing powers to highly undemocratic institutions like the IMF, the World Bank, and the WTO. It perpetuated the huge subsidy to the US of using the dollar as the global reserve currency. It used debt, loan conditionalities, and conditions on aid to force developing countries to run their economies to service their debts rather than to develop. It used WTO trade rules and, increasingly, bilateral trade agreements between weak and strong countries, to force disadvantageous trade relations on

developing countries. Meanwhile, financial deregulation and globalization led to a riot of speculation that eventually led to the present global financial meltdown.

Reconstruction might start, according to the Beijing Declaration, with a people's inquiry into what happened and what is necessary to fix it. The neoliberal institutions of global governance – in particular the IMF, World Bank, and World Trade Organization -- should be phased out, while the UN, an organization far more representative of the world's majority, should play a growing role in shaping a new global economic architecture. The dollar should be phased out as a reserve currency.

Debt of developing countries should be cancelled. Sustainable development for local and regional markets should replace export-led development. Regional economic coordination should replace bilateral trade agreements between strong and weak countries. Aid transfers should be continued in the crisis but stripped of neoliberal conditionalities and conditions that primarily serve donor interests. Ruinous global speculation should be met with such measures as bans on trading in derivatives, short-selling of stock, and speculation on staple foods.

Environment

People around the world now recognize that global warming produced by carbon dioxide and other greenhouse gases poses a threat to all. But the response of world governments has been a feeble effort that has barely even slowed, let alone reversed, the growth of greenhouse gasses. The “cap and trade” carbon trading plans introduced by the EU and taken as models for future climate protection so far simply have not worked, and threaten to move environmentally destructive production to poorer countries and localities. Meanwhile, the policies supposedly designed to reduce greenhouse gasses have allowed rich countries to go on expanding their carbon emissions and have not provided poor countries with the support they need to reduce their greenhouse emissions without restricting their own development.

The Beijing Declaration proposes very different strategies to reduce greenhouse gas emissions. Carbon trading regimes should be replaced by progressive carbon emission taxes. Massive job-creating government investment and directed bank lending should prioritize climate protection. Environmentally destructive techno-fixes, like nuclear energy, so-called “clean coal,” and biofuels should be ended. Consumption in rich countries should be radically reduced. Sustainable development should be promoted in poorer countries of the global South, supported by reparations for North-imposed ecological destruction. Countries should be paid to leave fossil fuel reserves in the ground rather than exploit them for quick profits. International climate protection regimes should be subject to democratic management with participation from developing countries and civil society.

Agriculture and industry

Globalization has been accompanied by vast changes in the world's work. Neoliberal policies have decimated farming and rural communities around the world. So-called free trade has made the world's peoples dependent on food grown in distant lands and controlled by global trading corporations. Global business and national policies have promoted highly destructive monoculture and other unsustainable farming practices. Legal and trade union protections for labor have been gutted, making more and more work precarious and contingent. Women have been funneled into industrial production in large numbers at the very time that workers' protections have been undermined. As the victims of neoliberal policies have been forced to leave their homelands in search of work, migrant workers have been exploited and denied the most elementary human and labor rights. With the current economic crisis, large numbers are losing their jobs and being left unprotected in the face of growing abuse of their human rights.

The Beijing Declaration calls for an end to the development model used to justify squeezing the rural sector to provide resources for industrial and urban development. Instead, economic policy should aim to rebuild the agricultural sector by land reform and other policies that support small holder farming, sustainable agriculture, and peasant and indigenous communities. Public policy should support food security and food sovereignty rather than globalized food dependence.

Labor law should limit working hours, strengthen job security, and outlaw precarious low paid work. It should guarantee equal pay for equal work for women. And it should protect the rights -- both in country of work and country of origin -- for migrant workers who lose their jobs.

An on-going discussion

The Declaration emphasizes that its proposals are a starting point for discussion, not a final program. They could no doubt be supplemented by others: For example, they deal little with the need for economic stimulus that so preoccupies those currently trying to save the system. They could be refined: for example, new tariffs might be likely to set off trade wars unless established with international consent. And they could be made more specific: for example, reduced consumption in the developed countries probably can and should come primarily from those with the highest levels of consumption and from wasteful and environmentally destructive activities, rather than from the basic living standards of the population.

The unprecedented efforts to save the collapsing status quo now being promulgated in Washington and other capitols around the world are intended to be stop-gap measures that can be reversed once "recovery" is under way. But many of those measures can instead provide starting points for the transformational proposals outlined in the Beijing Declaration. Indeed, they are, as the Declaration says, "practical, common sense proposals." And each is implicitly a call to action.

The Great Recession and Global Warming

Global warming directly threatens virtually every individual, group, and nation. Climate protection represents the great common necessity for humanity. It is a concern for labor, its allies, and the globalization from below movement.

Paradoxically, the slowing economy is reducing the production of greenhouse gases. But it is also leading to cuts in already inadequate plans to move the global economy to a sustainable basis.

World leaders are using the “Great Recession” as an excuse to continue business as usual -- the destruction of the earth by global warming. Corporations and governments are already renegeing on already inadequate commitments. Yvo de Boer, executive secretary of the UN Framework Convention on Climate Change, says, “[European industry is saying](#) we can’t deal with financial crisis and reduce emissions at the same time. Heads of government have other things on their minds.” The December meeting of world leaders in Poznan reveals the quiet retreat from already inadequate plans and standards.

But this retreat may have unintended consequences. The “Great Recession” has already delegitimated global leadership and neoliberal ideology and policy. Failure to take effective measures to halt global warming provides a further self-delegitimation of global leadership and neoliberal ideology.

Why establishment remedies aren't working

The “Great Recession” is part of a cycle that has repeated itself dozens of times in the history of capitalism. The destruction of the earth’s climate by human activity is so far unique in human history. Yet both share the same root: the failure to shape human activity to meet human need. And each can only be solved through a global democratization that places human activity under shared human control.

Establishment remedies for global warming and for the Great Recession are already failing. The reason, at bottom, is the same. As the economists say, you can’t push on a string. When powerful private interests control humanity’s resources and decision making, efforts to entice them to do the right thing are unlikely to override their own calculation of their interests. As long as production is driven exclusively by the search for profits, not by human need, nobody should be surprised that it doesn’t always assort very well with human need.

In the case of the Great Recession, governments have attempted to give incentives for financial institutions to resume lending and investing by providing them trillions of dollars in investment and cheap and even free credit. But those institutions have continued refusing to lend and invest because they consider hoarding to be more in their interest.

In the case of global warming, the Kyoto treaty and the EU have tried to get corporations and other institutions to produce less carbon emissions by a “cap-and-trade” system that essentially

charges a fee for a permit to pollute and then allows the permits to be bought and sold. So far this has completely failed to reduce carbon emissions, which have not decreased even in the countries where the system is most developed.

One reason is that profitability is composed of many factors and can be pursued in many ways. Expensive investments to reduce carbon pollution are often more difficult, riskier, and less likely to pay off than relocating, bribing officials, buying pollution permits, and other available alternatives. As long as decision making is in private hands and the decision makers' goal is to make money, not to reduce carbon emissions, private corporations are likely to find ways to make money without reducing carbon emissions. It's hard to find even a single company or other polluter that has reduced its carbon emissions as a direct result of the cap-and-trade program.

Another reason is that "price signals" are too variable and inconsistent to provide stable guidance for systemic change. The [price of EU cap-and-trade permits](#) has fallen by half compared with a year ago. That makes it more profitable to burn coal than use wind power even after paying for permits. Falling fossil fuel prices similarly show that "price signals" can't provide the way to transition to a low-carbon economy. For example, T. Boone Pickens has delayed his giant wind farm project because the fall in fuel prices has made wind power noncompetitive with fossil fuels.

What's the alternative?

Humanity needs to focus on actually reducing greenhouse gas emissions year by year at the rate climate scientists say is necessary. Instead, emissions have continued to rise in spite of every effort that has been made under the Kyoto protocol and other initiatives. U.S. emissions of carbon dioxide and other greenhouse gasses were fifteen percent above 1990s levels, according to the U.S. Department of Energy.

The solution is to create a rapidly growing "green" sector in which production is for use – specifically, for climate protection -- not just for profit. We must reconstruct society on a low-carbon basis regardless of whether or not it is profitable to do so.

This doesn't necessarily mean a classic "command economy." Markets and systems of decentralized cooperatives can be part of the mix. It's not an ideological question: We can use price mechanisms as a technical device for efficient allocation once basic social priorities have been set. But the price mechanisms must not override the basic social decision to reconstruct society on a low-carbon emission basis.

Wartime mobilization provides an analogy. We don't expect an army to make a profit. It has other responsibilities and other means of support. During World War II, for example, public policy mandated the production that was necessary: tanks and airplanes. At the same time it forbade much production that was unnecessary; as a popular song about wartime mobilization put it, "put those plans for homes and pleasure cars away." Today's equivalent would be

mandated annual reductions in carbon-emitting production and consumption – mandating the “cap” part of “cap-and-trade.”

In short, climate protection requires planning and social decision making.

Openings

President-elect Barack Obama has legitimated the necessity for climate protection and the opportunity for green jobs. He has promised to fight global warming by building [wind farms and solar panels](#), fuel-efficient cars and the alternative energy technologies. The Great Recession provides a political climate favorable to job creation and economic stimulus.

Even within the Obama administration, however, there is opposition to effective action to counter global warming. A recent article in the New York Times details how Lawrence Summers, head of Obama’s economic team, “is wary of moving very quickly on a carbon cap, because doing so could raise energy costs, kill jobs and deepen the current recession.” He foresees “a phase-in of several years for any carbon restraint regime, particularly if the economy continues to be sluggish.” And he wants provisions that will nullify carbon limits if the cost of pollution permits gets too high.

In any case, it’s not enough to “stimulate the economy” and “get the country moving again.” Both climate security and livelihood security require not “recovery” but reconstruction of the economy on new foundations. Obama’s program provides an opening to seize – and move beyond.

Obama’s program is likely to meet at least two forms of backlash. First, once the immediate economic crisis subsides, the believers in the unimpeded market are bound to launch a counter-attack. That will have to be answered by an explicit defense of a global social economy. Second, if “cap-and-trade” and other climate control efforts lead to the loss of jobs, even in limited sectors, it will cause a backlash among working people. Climate protection has a chance of succeeding only if it is combined with effective provisions for human security. A human safety net must be part of an effective safety net for the planet.

The convergence of the Great Recession and global warming presents an opportunity for moving the global economy and society in a new direction. The promises of Obama and other world leaders for climate protection through millions of “green jobs” provides a context for demanding that they not only talk the talk but actually walk the walk. In the lead-up to the Copenhagen climate conference in December, the movement for globalization from below can capture the imagination of the world’s people with the demand for massive public works to reduce carbon production in every country and sector of the world.

What is needed is investment on the scale of the many trillions of dollars that have just been used for financial bailouts. If we can bail out the banks, why not the planet?

Chapter 7: Next Steps for Globalization from Below

The convergence of social forces we call "globalization from below" has a lot of experience in how to challenge globalization from above. Its various overlapping organizations and networks have played critical and globally visible roles in challenging the formation and further empowerment of the WTO; demanding debt relief for poor countries; opposing IMF structural adjustment policies; providing high-quality, high-profile critiques of the World Economic Forum, the G-7, and the international financial institutions; fighting for affordable AIDS drugs for the world's poor; demanding protection of the world's climate; contesting imperial adventures like the US attack on Iraq; and challenging the myth that "there is no alternative" to neo-liberal capitalism.

Globalization from below has become a kind of global social bloc, drawing together a diversity of forces around common interests and joint action. It has depended less on formal organizations than on new forms of social networking that have allowed rapid coordination of thinking and campaigns worldwide. It has utilized asymmetrical methods to counter the centralized power of globalization from above with the linkage of thousands of grassroots movements, constituencies, and organizations around the globe.

The dense set of connections and dialogues that constitutes globalization from below provides a vehicle for responding to the emerging economic crisis. Many of those processes link through the World Social Forum. Here are some thoughts about some mutually reinforcing functions the Forum – and the wider nexus of social networks that interact with it – might perform.

Project a vision of an alternative. The Beijing Declaration provides an excellent starting place for articulating not only that "another world is possible" but many of that world's concrete features. A follow-on statement can articulate its approach in a way that will make clear to millions of people the elements of such an alternative vision. Such a vision can then be used to position globalization from below (under whatever name) as the alternative in the global public debate to the catastrophe of globalization from above.

Expose the perpetrators of economic wrongdoing. A high profile Global Economy Truth Commission could educate the world about the individuals, institutions, policies, and structures responsible for the global economic meltdown and the devastation of the common interests of humanity caused by "globalization from above." This could be, not a single event, but a series of public actions around the globe on the model developed by the World Tribunal on Iraq which held nearly twenty locally organized sessions in countries around the globe, or the Permanent Peoples' Tribunals held on a variety of global justice issues in recent years.

Confront the perpetrators of the crisis. Mass demonstrations and educational actions at international G-7 and IFI gatherings have been a crucial tactic for the movement from the Battle of Seattle against the WTO to the many actions to cancel third world debt. The first such demonstration of the new era was held in Washington in November to welcome the leaders of the G-20. We need to learn how to frame such events so that they attract large numbers of people who are affected by the economic crisis, show that the effects of the crisis are global, and

project an alternative to that of the tattered establishment.

Develop concrete demands to put on world leaders that reflect genuine common global interests not corporate and financial interests. For example, demand that stimulus and bailout funding stop going to rescue banks and start going to rescue the planet from global warming and provide poor people a global safety net.

Delegitimize governments and politicians who won't put people and the planet first. Politicians and government leaders who resist these demands, and who support instead giving more money to banks and corporations, should be identified for what they are: opponents of common human interests. This can be done at every level from local to global.

Develop allies in places of power. As the crisis deepens, more and more people "inside the system" will be considering alternatives, both for principled and for opportunistic reasons. The movement can benefit in power and legitimacy by reaching out to them for cooperation as long as it doesn't let them call the shots.

Crumble off countries, constituencies, and institutions. As the power and legitimacy of the dominant forces declines, more and more forces are going their own way. This has occurred dramatically in Latin America over the last few years. People can promote the emergence of similar independence in whatever polities, milieus, and organizations they find themselves in. They will thereby contribute not only to their own liberation, but to ongoing global transformation.

Provide an alternative "center of gravity" through which forces favoring transformation can connect. The World Social Forum and the nexus of networks it connects with already helps play this role. As the global economic crisis drives new individuals and groups into opposition, they need to be actively drawn in to what is in effect an emerging alternative global social bloc.

Help people at the grassroots meet their survival needs by organizing themselves and connecting with each other. Hard times force people to act on the principle "fight – don't starve." They often develop coops, barter, local currencies, and other forms of self-help. They often must turn to "squatting," workplace occupations, strikes, general strikes, "IMF riots," and other forms of direct action to survive – note the recent sit-in in Chicago. Too often such actions are portrayed just as isolated, knee-jerk reactions of a marginalized rabble seeking at best to preserve their own privileges. Such actions should instead be celebrated as grassroots resistance to globalization from above and linked as part of globalization from below.

Address hard times with global solidarity. Define global economic problems as common problems of the economically disenfranchised, not as national problems to be addressed by a struggle among nations. Don't treat other workers at home and abroad as the enemy. Don't let national elites solve their problems and line their pockets through "beggar your neighbor" policies and international trade wars.

Project a new global consensus. The "Washington Consensus" purported to be based on the idea that neo-liberalism, though propounded by global elites and their mouthpieces, represented the

common interests of all. The Washington Consensus is now in shambles. Globalization from below should aim ultimately to produce an alternative consensus around the necessity to protect the well-being of people and planet, and the necessity of democratic control over financial and economic institutions to do so.

Appendix: Green Paper Gold

Finding solutions to the great recession requires proposals that are practical, transformational, and potentially popular. Here's one example:

There is growing support for fighting global economic stagnation and global warming simultaneously with a "green New Deal" nationally and globally. Investing to cut greenhouse gasses can create "green jobs" and provide fiscal stimulus while it is protecting the planet. But how is it going to be paid for?

Reduced energy costs can pay for part of such programs in the long run. Taxes, government borrowing, and the auction of carbon permits under new "cap-and-trade" systems can pay for part. Here's another possible piece of the puzzle: "Green paper gold."

In 1969, national governments gave the International Monetary Fund (IMF) the right to create Special Drawing Rights (SDRs), often referred to as "paper gold." Nobel laureate and former World Bank chief economist Joseph Stiglitz explains SDRs as "a kind of global money, issued by the IMF, which countries agree to accept and exchange for dollars or other hard currencies."

For several years, Stiglitz has proposed that SDRs – or a new "global greenback" along similar lines – be used to supplement other reserve currencies. They would be issued for investment in developing countries and for "global public goods" like environmental projects, health initiatives, and humanitarian assistance. They would simultaneously counter global deflation and help countries with trade deficits to avoid ruinous devaluations and runs on their currencies.

In today's converging economic and environmental crises, why not issue "green SDRs" to help finance the global war on global warming? Surely nothing could better qualify as a "global public good" than saving the planet from ruinous climate change. And at the same time, green SDRs could provide some of the stimulus needed to move the global economy out of its deepening stagnation.

Since many countries have reservations about the IMF, and since it is not well suited to run environmental programs, the IMF could issue the green SDRs to a global climate protection trust fund. The appropriate overseer for such a fund might well be the United Nations Environmental Program (UNEP). Its authoritative scientific committee, the Intergovernmental Panel on Climate Change (IPCC), should certainly play a major role in setting criteria and evaluating the results.

Countries would apply to the trust fund for SDRs that can be used solely to implement their national plans to reduce greenhouse gas emissions. In order to qualify, each country can be required to meet its international commitments to reduce greenhouse gasses – like those in the Kyoto Protocol and in the follow-on agreement to be negotiated at Copenhagen in 2009. This will make the green SDRs an incentive for countries to meet those commitments. Complete transparency in allocating and contracting can be a further condition for receiving SDRs.

The funds could be allocated based on countries' need for help in paying for their own climate protection costs and the importance of their efforts for meeting global climate protection targets.

They could also be allocated, as Stiglitz' has suggested, by "competition among countries" for the most worthwhile projects. They would help pay for energy conservation, mass transit, research, development, and investment for sustainable energy, technology transfer to low-income countries, and climate-change adaptation.

At the moment, climate protection efforts are languishing, largely as a result of the credit crunch and the fiscal crisis faced by the world's governments. In the US, investment in clean energy and low carbon technology actually declined in 2008, according to the research group New Energy Finance. Global agreement to a green SDR program could jumpstart a reversal of that trend.

Indeed, the paradox of our economic downturn is that the world's human and material resources are being placed "out of service" at the very time they are desperately needed to fight global warming. Green SDRs would make it possible to mobilize resources that would otherwise lie dormant and use them to protect the planet.

Climate protection efforts have been largely stymied by conflict between developed and developing countries over who should bear their cost. But green SDRs could provide the basis for a "grand bargain" in which climate protection could be a win-win not only environmentally but economically.

How big should a green SDR program be? The British government's highly respected "Stern Review on the Economics of Climate Change" estimates that climate protection should cost about 1 percent of global GDP for the next three to four decades. Current global GDP is about \$60 trillion, so let's say roughly half-a-trillion a year is needed globally for climate protection.

John Lipsky of the IMF recently told students at Johns Hopkins University that fiscal expansion was imperative to sustain global demand in the current economic downturn. "Global fiscal stimulus on the order of two per cent of GDP is justified." Two percent of the world's \$60 trillion output comes to about \$1.2 trillion. Half of that would cover the projected annual cost of protecting the world's climate.

In terms of job creation, economic stimulus, and support for long-term growth – not to mention warding off climate disaster -- nothing is likely to provide bigger benefits than investment in climate protection. So from every point of view, the answer to the question of how big a green SDR program should be is, big enough to provide every penny the "global green new deal" is capable of spending on climate protection.