

Social Solidarity, Democracy and Global Capitalism*

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Dans cette étude, nous examinons les hypothèses des partisans de la «mondialisation» et proposons des solutions totalement opposées. Dans la première partie, nous réfutons les arguments suivants au sujet de la «mondialisation» : la souveraineté nationale s'érode dans tous les pays; la part de propriété transnationale est plus importante que par le passé; la «mondialisation» constitue la conséquence inévitable du changement technologique; et la libéralisation de l'économie à l'échelle mondiale renforce la démocratie. Dans la deuxième partie, nous examinons les solutions de rechange démocratiques que peuvent offrir les anciens et les nouveaux mouvements sociaux. L'utilisation de fonds d'investissement gérés par le public et engagés selon les besoins des collectivités est considérée comme une solution de rechange à l'orientation axée sur le marché mondial des entreprises transnationales.

This paper critically examines the assumptions of the advocates of "globalization" and develops an alternative that is the polar opposite. The first half of the paper challenges the following assumptions about "globalization": that national sovereignty is eroding for all countries; that the level of transnational ownership is higher now than in the past; that "globalization" has been the inevitable result of technological change; that democracy is strengthened by global economic liberalization. The second half of the paper examines the prospects for the creation of democratic alternatives to globalization in old and new social movements. Socially controlled investment funds that have "location commitment" to communities are seen as an alternative to the globalization vision of transnational corporations.

WHEN WE HEAR A WORD REPEATED often from enough credible sources we begin to believe it must have validity. A kind of mass contagion occurs. If someone were to tabulate the top 40 words used today on the political newspeak charts, "globalization" would be at or near the top. "Globalization" is a short form for a cluster of related changes.¹ Economic changes include the

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1. Writers use the term "globalization" in different ways. Mine is a broadly inclusive definition. For a comprehensive treatment of the term, see Outhwaite and Bottomore (1992: 248-249).

internationalization of production, the harmonization of tastes and standards and the greatly increased mobility of capital and of transnational corporations (henceforth “transnationals”). Ideological changes emphasize investment and trade liberalization, deregulation and private enterprise. New information and communications technologies that shrink the globe signal a shift from goods to services. Finally, cultural changes involve trends toward a universal world culture and the erosion of the nation-state.

In other words, “globalization” carries much freight. How prophetic—or should that be “how convenient”?—that this freight is the heart of the capitalist Enlightenment project of the past two centuries, with its emphasis on universalism, scientism, rationality, private property rights, liberalism and individualism. The changes associated with globalization are stated in the language of inevitability, of progress. What a relief that these ideas and the way of life they represent have finally triumphed over the irrational, the fanatical and the despotic foes of Western liberalism!

The globalization assumptions are part of the new right’s victorious view that after the defeat of communism there is an “end to History,” in the Hegelian and Marxian sense that all of the big questions have been settled. Francis Fukuyama (1992) sees that end-point as “liberal democracy,” where liberal refers to the “free market” (xiii). Kenichi Ohmae’s borderless world, the “Interlinked Economy,” is one in which “multinational companies are truly the servants of demanding consumers around the world” (1990: x).

Scepticism is also part of the Enlightenment. It expresses my view about globalization. I take Fukuyama and Robert Reich as representatives of the range of globalization assumptions. Fukuyama is the optimist seeing globalization as almost entirely positive. Reich (1991) shares his assumptions about the irreversibility of globalization and about technological determinism, but he laments the dark underside of globalization in which the rich increasingly disengage themselves from their fellow countrymen and leave them in deteriorating conditions (302–3).

This paper challenges the globalization assumptions on four points. First, is national sovereignty eroding? Second, regarding the claim of greater global economic integration, is the relative level of transnational ownership and control higher now than in the past? Third, has globalization resulted from technological change or from the political project of the new right? Fourth, is democracy strengthened by global “market reforms”? These questions are discussed in the first half of the paper. The second half examines the prospects for social solidarity and alternatives to the global village of the transnationals.

The Canadianization of the World

Writers in big nations like to universalize the histories of their own countries. “We are the world,” they say. This is especially true of nations like the United States and France, which have had world-important revolutions. Given the

scientism of Enlightenment assumptions, it is much more impressive to portray events in your own country as societal “laws” rather than as idiosyncratic. The histories of less “important” countries are often ignored, usually not known to outsiders or portrayed as exceptions to historical “laws” set in the great nations (Sayer, 1995).

The ideas of historical convergence and progress date from the 1750s, when Adam Smith posited that all societies pass through four stages, from lower to higher (Meek, 1976). Marx modified Smith’s stage theory, substituted Smith’s “mode of subsistence” with “mode of production” and put socialism and the withering away of the state as the end-point.² Hegel’s ideas on “historical” and “non-historical” nations were rooted in the same assumptions of inevitable progress and taken up by Marx and Engels, who gave them broader currency. “Historical” nations were those capable of forming and maintaining a state (Engels, 1849: 226–236). Only they made “History.” Liberal and Marxist progress assumptions are embedded in the current globalization discourse.

For Americans who believed theirs was a self-sufficient society, largely independent of imports, foreign corporations, foreign oil and foreign interest-rate policies, the past 20 years have come as a shock. The U.S. and major European powers have experienced reduced sovereignty (Barnet and Cavanagh, 1994: 340, 408–409). Their thinkers generalized from these peculiar experiences and nomothetically proclaimed this the new era of globalization.

Books were written with titles like *Selling Out: How We Are Letting Japan Buy Our Land, Our Industries, Our Financial Institutions, and Our Future* (Frantz and Collins, 1989). Sylvia Ostry remarked on recent U.S. and European fears about Japanese transplants: “I always laugh at them. The world is becoming Canadianised, you guys. We went through this” (Laxer, 1991: 1).

European aristocrats’ taste for beaver felt hats determined the first two centuries of European history in Canada. Capital, technology, labour and military and political control flowed across our borders. In 1929, Harold Innis wrote that “Canada never has been self-sufficient” (1929: 10–11). Does this claim differ from those of the current advocates of globalization? With their long histories of European colonialism and transnationals, globalization is not new to the Third World countries. Loss of sovereignty is new only to a few major powers.

As early as the 1840s we find writers proclaiming theirs the new era of global integration:

The need of a constantly expanding market for its products chases the bourgeoisie over the whole surface of the globe. . . . The bourgeoisie has through its exploitation of the world market given a cosmopolitan character to production and consumption in every country. To the great

2. In the 1870s Marx modified his ideas of historical progress through necessary stages, thinking that Russia could perhaps skip capitalism on the road to socialism (Shanin, 1983).

chagrin of Reactionists, it has drawn from under the feet of industry the national ground on which it stood. . . . The cheap prices of its commodities are the heavy artillery with which it batters down all Chinese walls, with which it forces the barbarians' intensely obstinate hatred of foreigners to capitulate (Marx and Engels, 1986: 37–38).

Marx and Engels wrote this in 1848, in the *Communist Manifesto*. It is difficult to maintain that globalization is new when major thinkers described similar changes as occurring during their time 150 years ago. The question today is this: Have global investment and transnational control become greater than they were in the past?

Transnationals Then and Now

In 1991 Robert Reich forecast a new age in which there will soon be no “national corporations” and no “national economies.” In 1989 “over 7 per cent of the aggregate value of the world stock market was held by foreign investors” (138). Do Reich's claims of a higher level of global corporate integration withstand scrutiny?

For Canadians and Nigerians who have been used to 50% or more foreign control of major economic sectors (United Nations, 1978), Reich's figures do not impress. Nor do they reveal a historical sense. According to John Dunning (1988), the relative level of foreign direct investment (FDI) “was more significant” from 1900 to 1914 “than at any time before or since” (72). In contrast to Reich's 7% figure for 1989, Dunning estimates that FDI represented 35% of long-term international debt then. Although there were new waves of transnational investment after 1914, the World Wars, revolutions, decolonization and repatriations weakened transnational control relatively from 1914 through the 1970s (Wilkins, 1974: 221; Dunning, 1993: 119, 126).

When foreign ownership was at its height before 1914, about three-fifths was located in what is now called the Third World. Its territorial compass was wider, much of it concentrated in Russia and China, areas to which it has only recently started returning.

Transnationals and foreign ownership are not new. Once entrenched they can be removed. It is their nature that is different. Before 1914 foreign ownership often involved freestanding companies and fairly autonomous subsidiaries (Dunning, 1993: 120). Global communications were difficult. Recent technological changes greatly enhance the ability of transnationals to move capital globally and to run subsidiaries and affiliates from afar. Computers, telephones, fax machines, high-resolution monitors, satellites and modems allow corporations to link a global network of suppliers, designers, engineers and dealers and to develop flexible manufacturing processes. They can form alliances with companies anywhere to work on such things as research and development.

Until recently economists misunderstood transnationals, thinking of them as conduits of money flows across borders in the same way they conceive and keep statistics on international trade flows (Dunning and Robson, 1988: 2). This reflects a bean-counting mentality. Only recently have some economists recognized Weber's ideas on the power of organizations.³ Mira Wilkins, a leading authority on transnationals, explains:

Part of the problem that economists are currently having with multinational enterprise is they're mixing it up with direct investment. . . . A multinational enterprise is very different from simply a transmitter of capital. A multinational enterprise transmits management, it transmits knowledge of a product, knowledge of how that product is made, how that product is marketed—an entire organization (quoted in Laxer, 1991: 2).

The transnationals' ability to determine events results from this organizational power.

The recent upsurge in Japanese and European transnationals has restored the relative importance of transnationals globally to roughly that before 1914. According to Dunning (1993), transnationals "accounted for between 25% and 30% of the gross domestic product of the world's market economies in the mid-1980s. They were also responsible for around three-quarters of the world's commodity trade" (14). Stopford et al. (1991) add that transnationals control "80 per cent of the world's land cultivated for export crops, and the lion's share of the world's technological innovations" (15). Although there were up to 20,000 transnationals in 1988, the largest 300 "are thought to account for 70 per cent of the total foreign direct investment stake" (15).

The technology is now at hand for global production that takes little account of borders, cultures or democracy. The main barriers to transnationals' strategies have been the myriad social and political arrangements among governments, businesses, unions and citizens in each polity. Current assumptions about the irreversibility of "globalization" and the decline of national sovereignty help to eliminate these barriers.

Technological Determinism or Political Agency

The inevitable direction of history has shifted recently. As late as the 1970s it was widely thought that history was inevitably moving toward international socialism.⁴ Now history has swung toward the globalization vision of the new right. "It's inevitable" and "We have no choice" are favourite incantations.

Fukuyama (1993) granted that "societies have a degree of freedom in the extent to which they regulate and plan capitalist economies." But, he felt, they do not have much freedom:

3. For a review of the emergence of an understanding of the organizational importance of the multinational firm, see John Dunning (1993).

4. Many on the political right thought this and lamented the inevitability of "creeping socialism." Hayek was not one of these, but wrote: "Over the course of these hundred years socialism captured a large part of the intellectual leaders and came to be regarded as the ultimate goal toward which society was inevitably moving" (1960: 253).

The unfolding of technologically driven economic modernization creates strong incentives for developed countries to accept the basic terms of the universal capitalist economic culture, by permitting a substantial degree of economic competition and letting prices be determined by market mechanisms (96–97).

Is Fukuyama right that neoliberal political changes are driven primarily by technological necessity? Let us look at the information and transportation revolutions.

New technologies put much of the world in touch with common cultural products such as American films and English-language rock music and television programmes. The internet allows people in different countries to converse with each other. Some speculate that these and other changes toward global integration will lead people, or at least the symbolic analysts among them, to identify with global rather than national communities (Reich, 1991).

Has the transportation revolution led to a similar ideological revolution? In 1873 Jules Verne wrote *Around the World in Eighty Days*. The world was larger then and international travel more heroic. Since then we have seen as great a revolution in transportation as in information. Everywhere on earth is quickly accessible for a price. Has the migration of labour across borders accelerated like the international migration of corporations?

International labour migration has likely declined relatively since the great migration from Europe to the “New World” between the 1880s and 1914 (Hobsbawm, 1990: 91). No political revolution comparable to new right globalization has taken place to free labour mobility. Elites have been content to leave labour where it is.⁵ Exceptions have been made to allow managers, diplomats, businesspeople, investors and certain professionals to migrate with the transnationals. But most wage-earners in the privileged countries have stayed put. Corporations can move from one labour market to another, playing off one set of wage-earners and one set of social citizenship rights against another. The smaller and weaker the polity, the easier it is to deploy economic blackmail strategies. Technological revolutions do not inevitably yield corresponding ideological transformations.

Bienefeld (1994) discusses financial deregulation, where it is widely argued that new technologies make enforcement no longer feasible. Is globalization technologically driven? He answers in the negative by pointing out that the World Bank advises countries to liberalize financial markets slowly, to minimize the risk of speculative destabilization. Such advice implicitly confirms that regulation is occurring and is feasible in the future (102). Japan and South Korea⁶ maintain extensive financial controls and are

5. For a list of the kinds of labour that transnationals want to be able to cross borders with ease, see Chapter 15 of *The Canada-U.S. Free Trade Agreement* (Canada, 1988).

6. In the spring of 1995 South Korea relaxed controls on inward and outward investments, but the Korean currency, the *won*, is not universally convertible and the state restricts the outward flow of capital and insists that transnationals form joint partnerships with Korean businesses. Japan's financial controls are largely exercised through the largest banks and the *keiretsus* to which they belong, rather than through the state per se.

regularly denounced by the IMF and neoliberals for doing so. Ineffective controls do not evoke howls of protest.

If the new right felt secure that new technologies would bring about desired changes, they would not have waged aggressive campaigns in the GATT and in continental “trade” agreements to enshrine the right of transnationals to enter most countries and be treated as domestic corporations. Why did the political right wage these campaigns?

Removing Political Barriers to Transnationals’ Mobility

In the 1970s transnationals and the new right initiated a political revolution referred to variously as “neoliberalism” or “neoconservatism.” Why did they feel such a revolution was needed? Why were many people won over by their visions?

We can now see how peculiar the period between the 1940s and 1970s was for business and for the political right. The stark contrast between the 1930s depression under free-market conditions and the prosperity of the war years under government stimulus taught a lesson to many people outside war-torn areas. A positive state role was now widely thought to be necessary for economic growth. The prosperity of the thirty years after 1945 saw the expansion of the welfare state and the growing influence of unions and social democratic parties (Hobsbawm, 1994: 272). The right had been defeated, morally as well as militarily, in the war against fascism. Ideas with similarities to fascism were discredited (176–177).

In this unique context the power of organized workers and citizens grew. The ideas of renegade members of the establishment before World War II, Henry Ford and John Maynard Keynes among them, had highlighted under-consumption as the cause of economic crises. They challenged free-market capitalism and their views became the ruling orthodoxy. Under “Fordism,” corporations granted workers a share in productivity gains. Under “bastard” Keynesianism,⁷ governments stimulated demand through full-employment policies and public social services, and regulated economic cycles through fiscal and monetary policies (Lipietz, 1992: 5–7). A “great compromise” among capital, labour and the state emerged in the advanced countries. It was sometimes forgotten that the consensus came only after major struggles by organized workers and in anti-Nazi resistance movements (7–8).

In the compromise, corporations acknowledged the legitimacy of unions and implicitly recognized some obligation to workers and citizens. Labour accepted corporate control over production and investment and gave up their historic goal of overturning capitalism. There were different versions and levels of commitment to this compromise in each country (Esping-Andersen, 1990).

7. This is the term that Joan Robinson uses to describe applied “Keynesianism,” as opposed to the full programme that Keynes had advocated.

Seduced by these changes arising from a unique historical conjuncture, most Western socialists proclaimed old-style capitalism dead. It is curious to read their assertions now. C.A.R. Crosland (1963) of the British Labour Party declared that Britain was no longer capitalist. Business had dropped much of its attachment to *laissez-faire*, had accepted the goal of full employment, and Friedrich Hayek had lost his following (42). With these arguments, many socialists traded in Marx for Keynes.⁸ All the state had to do, so they said, was regulate, not socialize, capital.

It went unnoticed that the great compromise was built on twin foundations: the politics of support for regulation and the embeddedness of corporations in communities. By the 1980s neither condition held. The socialists had traded Marx for Keynes, but when Keynes failed, they were left with Adam Smith.

Patricia Marchak (1991) has outlined the rise of the new right. Corporate leaders and their allies, she notes, did not rely on technological advances to reverse the compromise-turned-stalemate. They organized institutes and business associations aimed at undermining the ideological underpinnings of the Keynesian welfare state. The Trilateral Commission, founded in 1973 by David Rockefeller and other powerful leaders in North America, Europe and Japan, was one of the most prominent of these (103). The “Trilateralists” identified an “excess of democracy” as a major problem in the advanced countries. Their solutions were to strengthen governments relative to citizens and give transnationals greater freedom to make investments (Crozier et al., 1975: 162, 173).

The corporate agenda joined with two others to form the new right.⁹ One was a revived neoliberal economics that challenged the reigning Keynesianism. Hayek and Milton Friedman¹⁰ revived the spirit of liberalism’s radical youth of the late 1700s and projected the image of championing the “little guy” against entrenched interests, especially in government. This ethos contradicted the corporate agenda of strengthening states against citizens, but the fiction of a self-regulating market ignored the power of the 300 largest transnationals, justifying their detachment from obligations to place.

How could the new right make popular a politics promoting inequality? By joining forces with a third agenda. “Neoconservatism,”¹¹ a conservative

8. In the 1950s, most social-democratic and labour parties renounced Marx. The CCF was no exception, and in 1956 adopted the Winnipeg Declaration, which superseded the Regina Manifesto.

9. There is a lot of literature on the rise of the new right, which had a somewhat different history in each country. For a start on this literature, see Kristol (1983), Nisbet (1986: 94–109) and Lipset (1988) for the United States; Leys (1983), Atkins (1986), King (1987) and Whitaker (1987) for Britain; and Magnusson et al. (1984) and Clarkson (1985) for Canada.

10. Hayek shared the 1974 Nobel Prize for Economics with Gunnar Myrdal “for their pioneering work in the theory of money and economic fluctuations and for their penetrating analysis of the interdependence of economic social and institutional phenomena.” Friedman was given the same award two years later for his achievements in the fields of consumption analysis, monetary history and theory and stabilization policy.

11. The term “neoconservatism” is imprecise and contested. It was coined, according to Lipset (1988), by Michael Harrington in the 1960s to describe right-wing, anti-communist social democrats in the United States who supported the American war against Vietnam. These hawkish social democrats moved toward the Reagan camp in the 1970s and 1980s (33). See also Nisbet (1986: 102–103) and Whitaker (1987).

backlash against the “1960s” values, brought a popular base for the new right. Reaction to feminism was at the heart of the backlash (Eisenstein, 1982; Gilder, 1989). So too were reactions against rights for racial minorities, gays and lesbians, and immigrants. As unemployment and social benefits rose, the welfare state created a tax backlash (Esping-Andersen, 1990). Finally, there was a religious backlash, especially in the U.S., against secularism and the permissive values of the 1960s. In Britain and the U.S.A., but not in Canada, neoconservatism was associated with jingoistic nationalism (Whitaker, 1987: 23).

Intellectually the new right was a strange brew. The corporate agenda called for greater state authority while libertarian economics wanted limited government. The latter allied with neoconservatives urging the state to legislate morality and enforce law and order (Nisbet, 1986: 102–103; Lipset, 1988). When it was all put together, freedom was for the corporations, and discipline for wage-earners and citizens. For all its confusion, the new right proved politically effective. Reversals in the advances of social democracy and the defeat of communism gave the impression that history was on its side. The right now set the terms of the debate for all.

The new right agenda had national and global components. Thatcherite revolutions in each country weakened social citizenship rights and abandoned Keynesianism. This was less about dismantling social services¹² than about deregulation, privatization and weakening unions (King, 1987: 171; Whitaker, 1987: 4). Expropriations of transnationals in the world fell from 336 in the first half of the 1970s to 15 a decade later (Stopford et al., 1991: 121). Privatizing state enterprises opened up new investment opportunities for transnationals.

The global component involved freeing corporations from obligations to wage-earners and citizens, and reducing the autonomy of countries. This was done through “trade” agreements. Although they invoked the image of “free trade,” these agreements were concerned with granting citizen-like rights to transnationals and with using the state to entrench their monopoly positions. The historic aim of freeing the movement of goods across borders and ending state-created monopolies for business was secondary.¹³

The information revolution enhanced corporate mobility. New-right liberalism and its bedfellow “neoconservatism” provided the rationale and the popularity to allow corporations to cut their moorings. Have these changes strengthened democracy?

12. Why should the transnationals care about the level of social services? Esping-Andersen (1985) argues that the greater the income derived from social citizenship rights (the state) rather than from the labour market, the greater the independence of workers, politically and economically, from capitalists. He calls this “decommodification.” Corporations do not like decommodification because workers are less desperate to accept low wages, poor working conditions and to feel their economic well-being is congruent with the good of the corporations.

13. For a discussion of the difference between the old and the new free-trade debates, see Laxer (1995a).

Democracy: The Neglected Aspect of Globalization

The late 1970s was the high point for public mechanisms of income redistribution, public ownership and challenges to capitalist work structures (Therborn, 1992: 26). The Trilateralists' pessimism about democracy's future reflected this politics: "The democratic spirit is egalitarian, individualistic, populist, and impatient with the distinctions of class and rank. The spread of that spirit . . . may pose an intrinsic threat and undermine all forms of association" (Crozier et al., 1975: 162).

In the 1990s the new right is not as fearful of democracy because the political mood has shifted. In Fukuyama's brave new world, history has ended and "liberal democracy" is triumphing everywhere.

"Globalization" stands for much of the Enlightenment agenda. It does not stand for the best parts. Notably missing are its heart and soul—popular democracy, equality and solidarity ("fraternité").

For Tocqueville (1961) the spirit of democracy is local and revolutionary.¹⁴ "The real difference between democracy and oligarchy is poverty and wealth," wrote Aristotle (1908): "The rich are few and the poor many . . . where the poor rule, that is a democracy" (116). Globalization is inimical to democracy. It takes power away from communities and the propertyless workers, most of whom, unlike the transnationals, are destined to live and die in the countries where they were born.

The Group of Seven countries support Russian president Boris Yeltsin's programme of "democracy and market reform." Market reform is a euphemism for capitalism. The hope is that if the mantra of "democracy and market reform" is chanted often enough, people will not notice that capitalism and democracy are divergent systems (Salutin, 1993).

Democracy is about equality and public decision making. Capitalism is about the opposite. Private property rights, the essence of capitalism, denote power relationships between people. What would be the advantage of gaining lots of capital if it could not command the labour of others?

Capitalism could not develop when land and other means to make a living was available to everyone in equal parts.¹⁵ For Alexander Hamilton freedom was the freedom to acquire wealth. But this freedom could not be affirmed for one small part of society unless it were denied for the rest (Hamilton, 1971: 410). Creating a class of dependent workers for the benefit of owners of concentrations of property is the history of dispossession from the land, the artisanal shop and the household economy. The enclosure movements, opposing free land for settlers, restricting credit to farmers and levying poll taxes on colonials were amongst the means used (Pentland, 1981). Active

14. For Tocqueville the essence of democracy was its tendency to promote the equality of condition or social levelling.

15. Gibbon Wakefield (1849: 849–853) discusses the difficulties of the capitalist obtaining labour for hire in British settler colonies, when land was so easy to obtain.

policies of dispossession are ongoing. The 1994–1995 Zapatista rebellion in Mexico is, like the 1910 revolution, about defending ancestral claims to land (Morin, 1994).

To have concentrations of capital, the majority must be dispossessed so that a large work force will be without the independent means to earn a living. Capitalism requires inequality.

It is true that democracy emerged in societies that were capitalist, or becoming so. Capitalism must have had something to do with it. Orthodox Marxists and liberal social scientists thought that the bourgeoisie (the “middle class”) was the main agent of bourgeois democracy (Rueschemeyer et al., 1992: 271). Although they were the harbingers of a larger franchise to challenge the power of “feudal” elements, this is historically inaccurate. Most capitalists opposed full democracy. Universal adult suffrage was not achieved in most Western countries until the early 1900s and not in the U.S.A. until the 1960s.¹⁶ This was long after capitalists and their allies had gained political power in a number of countries.

Nor was democracy a necessary outcome of the prior establishment of capitalism. Many liberals assume that liberal democracy is the natural final stage of mature capitalism (Fukuyama, 1992). This kind of thinking derives from the teleology of progress assumptions rather than from history. Two of the most dynamic countries, Germany and Japan, where modernizing “revolutions from above” ushered in monopoly capitalism, moved toward fascism and militarism. They nearly succeeded in imposing their versions of capitalism on the world. If they had won World War II, liberal democracy might have been but a brief historical interlude.

Capitalism opened spaces favourable to democracy in certain circumstances. By socializing work, capitalism brought together communities of workers who constituted the potential for autonomous activity. Where feudal or absolutist power was not too entrenched, capitalism allowed civil society enough separation from both the state and major economic interests for non-work-based communities of interest to grow. But capitalists were not the main agents of democracy and usually were major opponents (Therborn, 1977; Rueschemeyer et al., 1992).

What is democracy? Schumpeter outlined an elite model of democracy that has since become dominant (1942: 269). He rejected earlier visionary models that focussed on self-governing communities of citizens who are made capable of common purpose through civic education and participation (Barber, 1984: 117–118). Instead, Schumpeter described the way elites continued to rule despite formal structures of democracy (Macpherson, 1977). Rather than “the people” deciding the important questions, and then choosing representatives to carry out their wishes, Schumpeter suggested that the “democratic” process be reversed. Electorates should choose the men who are to do the deciding. This is a “democracy of personnel selection.”

16. Many blacks in the United States south did not have the vote until the breakthrough by the civil rights movement, led by Martin Luther King.

This system has value. The periodic replacing of one group of rulers by another limits the buildup of arbitrary power. People who have lived under totalitarian regimes know that elite “democracy” is useful in protecting citizens’ rights and freedoms. But it does not empower people to direct their collective lives in ways they see fit.

By democracy, I mean real control of decision making in all spheres of society, public and private, by non-elite people. This is the revolutionary democracy of Jean-Jacques Rousseau and the participative system of John Stuart Mill. It is the class-, caste- and race-emancipatory projects of Marx, Gandhi and Mandela and the grassroots democracy of second-wave feminism.

For two centuries, millions have dedicated their lives to achieving it. The radical democratic impulse periodically erupts. After decades of low-level civil war, South Africans demonstrated civility in 1994 by patiently waiting hours to vote in an election that was a revolutionary transfer of power. Recently, unarmed people have stared down tanks and soldiers in Moscow, Bangkok, Bucharest, Seoul and Beijing. Thousands have died fighting for popular democracy, just as their counterparts had done earlier in the West. Had they not done so, we would not have even elite democracy.

In no society whose history I know have economic and political elites acceded without resistance to the radical and egalitarian ideas of democracy and universal citizens’ rights. The demands of the Western elites for “democracy and market reform” in Eastern Europe are disingenuous. These are calls for capitalism and the veneer of democracy.

Democracy without Sovereignty

Fukuyama (1992) embraces Lord Bryce’s definition of political liberalism as exemptions from societal control over property rights, religion and political matters unnecessary to the welfare of the whole community. Democracy, on the other hand, calls for citizens to share in political power (42–43). Transnationals make up 47 of the 100 largest economic entities in the world, while states make up the other 53 (Goldstein and Weiss, 1991). Shifting power from governments to “market forces” under these conditions means transferring power from democratic bodies to giant corporations. If neoliberalism exempts most societal spheres from democratic control and reduces the sovereignty of political communities, is real democracy still possible?

Continental integration agreements enshrine the rights of transnationals and diminish the power of democracies. The language of the European Community is typical: “Nationals of a member state will have ‘the freedom of establishment’” (Burrows, 1987: 180). “Nationals” means corporations, not citizens. Through international agreements, transnationals are granted citizenship-like status, making it difficult for future governments, especially those of minor countries, to challenge the powers of transnationals and to chart divergent socio-economic paths.

Transnationals tend to import from sister branches located abroad (Dunning, 1993: 386–387). Foreign-owned companies have in the past accounted for more than 70% of Canada's imports (Statistics Canada, 1981: xix). Yet, though they import much more and export less, article 1102 of the North American Free Trade Agreement states that Canada must treat American and Mexican corporations as if they were Canadian (NAFTA, 1992: 11:1).

John Foster Dulles¹⁷ once said there are two ways to conquer a country—one is by force of arms; the other is by taking control of its economy. The second way is more subtle. As George Grant has observed, “foreign capital is able to determine possible governments by incarnating itself as an indigenous ruling class” (1965: 43). In the 1992 British election, the Conservatives received 7 million of 11 million pounds in campaign funding from foreign backers with business and property interests in Britain. As Major-General Sir Brian Wyldbore-Smith, the party's fundraiser, said: “these people have an interest in the success of the Conservatives” (*Guardian Weekly*, May 9, 1993, p. 3).

Civil rights activists endured jail, police beatings and miles of trudging home after a hard day's work so that people like Rosa Parks, a black seamstress in Montgomery, Alabama, no longer had to give up their bus seats to whites (Bennett, Jr., 1968: 59–61). Anti-discrimination laws were passed only after mass protests. Cleverly, international “trade” agreements borrow the language of civil rights and invoke the phrase “non-discrimination.” But non-discrimination is only for the Exxons of the world, not for the Rosa Parkses.

While millions of desperate migrants are turned back at borders and many others endure exploitation and abuse as illegal aliens, rich foreigners have recently been given special treatment. In the mid-1970s, Canada initiated a new class of immigrant, the business immigrant, partly to attract the rich fleeing Hong Kong (Harrison, 1994). The programme has been copied by Australia and the U.S.A. and now focusses on investors. If you invest a quarter of a million dollars in Canada,¹⁸ a half-million in Australia or 2.5 million in the United States,¹⁹ you can jump the queue on other applicants (de Mont and Fennell, 1989: 93). In place of the historic American invitation “Send us your poor, your huddled masses,” there is a new message: “Send us your rich, your coddled investors.”

Global citizenship rights for corporations enables them to escape obligations to country. The implicit threat is: Bring in strict anti-pollution regulations, promise public auto insurance or higher minimum wages, and we the corporation will move out. You the wage-earners and citizens who voted for such policies will be left hurting. Not us: we are mobile and responsible to shareholders, not communities.²⁰ Global corporate-citizenship rights enhances the transnationals' ability to use blackmail to discipline democracies.

17. Dulles was Secretary of State in the Eisenhower administration.

18. \$150,000 is enough outside the “have” provinces of Alberta, B.C. and Ontario.

19. These figures are denominated in the domestic currencies of each country.

20. See the interview with Maude Barlow in Laxer, 1991.

The global marketplace is the arena for transnationals, the rich and some business professionals, where rights and power are based on unequal command of property. The arena for most wage-earners and most citizens is countries and regions where the principles of democracy and equality are widely recognized. Capital is mobile. Labour, by and large, is not. Nor, for the most part, does labour want to be highly mobile. Millions of refugees in the world today deserve much more generosity and compassion than they now receive. But many more people would like to stay put and improve conditions at home. Most people do not want to want to roam the globe in search of a job. If most people are relatively immobile, then the sovereignty of their political communities to determine their destinies is fundamental to democracy.

Prospects for Social Solidarity in the Global Economy

Are there alternatives to new right globalization? Should we believe the inevitabilities of the neoliberal Enlightenment project? Should we settle into a postmodernist despair that the future is not what it used to be?

What is new about the 1990s is that socialist alternatives to capitalism are, for the first time in over a century, not credible. This is not to say that new versions of democratic socialism cannot become credible as the bases for powerful movements. In place of the old socialisms, new language and concepts are needed that are more inclusive than that of class, and that place less emphasis on unity as uniformity. I am not the first to suggest resurrecting the language of democracy and citizens' rights in the campaign for radical changes (see, for example, Laclau and Mouffe, 1985; Bowles and Gintis, 1986). I would add that popular democratic-inclusive nationalisms are also crucial to developing the necessary solidarities of purpose.²¹ The heart of the socialist vision—ending exploitation, building solidarities, developing human capacities and democratic control—is as relevant as ever (Harrington, 1990).

Class is still with us. If anything, recent globalization has accentuated class inequalities. But, as feminist, racial and national liberation movements have shown us, class is not the only form of domination and exploitation. Class has less resonance as a rallying cry than it did from the 1890s to 1945—even in Europe, the birthplace of class politics (Hobsbawm, 1990).

For democratic-egalitarian projects to succeed in challenging the power and unitary vision of the transnationals, they must be able to incorporate social movements that are class-based with those that are not. They must also be able to demonstrate that they, and not the elites, better represent the whole of the political community. Such inclusive, non-ethnically based, community identities have traditionally been called "nationalism" or "patriotism."²²

21. See Laxer, "Nationalism, the Left and Globalization" (1995b, forthcoming).

22. Eric Hobsbawm, a critic of "nationalism," argues that its opposite was the revolutionary-popular idea of "patriotism." For a discussion of the differences between ethnically exclusive nationalism and nationalism as an inclusive, democratic project, see Laxer, 1995b (forthcoming).

Marxists argued that it took more than ideas, more than fury at existing injustices and more than determination to mount an alternative to the capitalist power structure and its supporting ideologies. They thought there needed to be communities of people (workers) who had the consciousness, power and social solidarity to ring out the old and ring in the new. This insight is worth keeping. Non-elite people can exercise transformative power only through organization, mobilization of large numbers and the development of counter-ideologies and traditions.

Marxists share the assumption that democratic control from below requires unity. The idea of political unity dates back to Plato and was affirmed in Rousseau's "general will" (Koyzis, 1993). This ethos was captured by the French Revolution slogan "A nation one and indivisible." Contrary to Marx and Engels and to liberal rationalists, people are not embracing one world culture. The technical means to communicate globally do not create a sense of common destiny, shared memories and continuity between generations, the essential subjective components of national cultures. There is no global state to foster a global identity (Smith, 1990: 179). Diversity is evident everywhere. Is it possible to develop social solidarities that cut across diverse loyalties and multiple identities? Can there be unity in diversity?

In the past 150 years work has, especially in the developed countries, been increasingly socialized, in Marx's sense of taking people from atomized household production units and bringing them together in collective work units in factories and offices. The increasing socialization of work under progressively monopolized private control was the great contradiction of capitalism, and was supposed to lead to its downfall.

Two major streams contributed to the ever-increasing socialization of work, confirming Marx's predictions. The generation-by-generation movement off farms, and the more recent movement of women from unpaid work in atomized households into often unequal and exploitive work settings, increasingly socialized work. At the same time it weakened earlier community and kinship ties. The socialization of work contributed not only to social-political movements based on class but also to those centred on gender and race, cutting across class lines.

We know from historical experience that the mere socialization of work did not necessarily lead to the formation of communities of workers who rejected the logic and power of capitalism and campaigned for its replacement. The socialization of work created unfavourable as well as favourable conditions for the rise of such oppositional communities. Generally, circumstances favourable to union organizing were the ones with emancipatory potential. These ranged from the strength of working-class traditions, favourable labour laws and the strength of social democratic parties, to the organization of work, the size and nature of the public sector, capital intensity, management strategies, and age, gender and racial divisions in the labour market.²³

23. See Krahn and Lowe (1993: 247).

Organized working-class power has been crucial to the development of social services, citizens' rights and democracy.

What if we are now experiencing a historical reversal: the desocialization of work? The signs are not entirely clear. The participation rate of Canadian women in the paid labour force fell in the early 1990s, the first such decline in forty years (Basset, 1994). There is high real unemployment in all advanced countries, more part-time work, home-based work, self-employment and contracting out from corporations and the state to small businesses where employment is often temporary (Krahn and Lowe, 1993). In many countries, especially Germany, older workers are encouraged to exit the labour force altogether (Esping-Andersen, 1990: 151). These conditions are not conducive to building communities of wage-earners. The trends vary by country and are influenced by politics. Nevertheless, they seem to point to a reduction in the demand for labour and to the transference of work from the developed to the Third World.

Capitalism has been in crisis since 1973, recording lower productivity gains and lower profits. This crisis is at the heart of trends to end permanent jobs and to reduce wages and employment. Not all of these trends are rational. In the late 1980s Michael Hammer and James Champy (1993) were the influential business advocates of corporate "re-engineering," which was interpreted by many businesses to be mainly about "downsizing" and laying off many staff, especially at middle management levels. A study by Kenneth P. De Meuse et al. (1994) has shown that corporations that undertook large reductions in their work forces as part of downsizing in order to improve profit margins performed worse after the layoffs than they had before. Champy now admits that downsizing may have been a mistake (*The Edmonton Journal*, May 13, 1995, p. C2).

Whatever the efficacy of specific solutions, there is no doubt that fierce competition, reduced productivity gains and the mobility of corporations lie behind business' determination to discard commitments to stable work forces. Flexible automation is replacing Fordism and creating a dual labour market of good and bad jobs (Myles, 1991).

The 1990s have witnessed similar changes in the public sector, which was until recently a refuge from the private-sector afflictions of job insecurity and the vagaries of market cycles. No more: the 1990s recession and high-interest-rate policies led to a fiscal crisis of the state in most advanced countries.²⁴ The new right took advantage of this situation to demand major cutbacks in government services and the privatization of much that remained to be delivered (Osborne and Gaebler, 1992). The combined effect was massive cuts in public sector workforces and the weakening of public sector unions. Since the 1960s, the public sector had been the main area of strength for unions in Canada (Troy, 1992).

24. Of the 12 countries in the European Union in September 1994, only Ireland and Luxembourg had debt ratios of less than 60% of GDP and current deficits of 3% or less. Those were the convergence criteria for joining the European Monetary Union (*The European*, Sept. 23-29, 1994, p. 1).

The prospects for communities of wage-earners that can provide the bases for alternatives to the transnationals agenda are, on balance, diminishing. But their role will remain important.

What are the emancipatory prospects for movements based outside communities of wage-earners? I am referring to feminist, civil-rights, transformative-nationalist, environmental, religious-reformist and other bases for social movements. Many of their demands, such as employment equity, recognizing the dignity of work and eliminating sexual harassment, are work-related. But these movements do not emanate from work-based communities. The grounds for associating are rooted in civil society outside work and the state. They are sometimes called, in a lively academic discourse, “new social movements.” I am sceptical of some of the claims of a radical rupture from the older social movements but there is a new emphasis on the “politics of identity” (Laclau and Mouffe, 1985; Epstein, 1990; Kauffman, 1990; Carroll, 1992).

Non-work-based movements are fragmented in their identities, in their issues of concern and in the sites of their political actions. They lack an overarching vision. Many in the social movements want to keep it that way, seeing totalitarianism in demands for unity. Diverse social movements can, on occasion, build reactive coalitions in resistance to perceived common threats. The Pro-Canada Network (now Action Canada) that formed in opposition to the Canada-U.S. Free Trade Agreement was a successful example of such coalition-building (Gonick and Silver, 1989; Doern and Tomlin, 1991: 206–213). The “No to EU” coalition that opposed Sweden’s entry into the European Union was able to rally 47% of voters to their side in the November 1994 referendum. This broadly based coalition, with similar composition to the Pro-Canada Network, received remarkable support, given elite unanimity amongst the right, business, the Social Democratic government and most union leaders for the Yes side (Laxer, 1995a).

The more difficult question is whether such coalitions can, or want to, build positive movements to challenge rule by the transnationals. Can they achieve their ends better by remaining single-issue movements or by forming broader coalitions? Has neoliberalism reduced the feeling of political efficacy to the point where people feel their actions do not matter?

Many things keep these movements apart, but several may bring them together. Shared democratic and egalitarian values are spreading into more and more spheres of life. What was once “private” has become “public.” “The personal is political,” feminists declared, challenging the classical liberal—and now neoliberal—idea that politics is only about government’s limited role in capitalism. Other things bring social movements together. National and regional identities facilitate understandings and alliances amongst social movements. Continental integration pacts are not popular. A poll of citizens living in the European Union showed that only 32% favoured a federal Europe in 1994.²⁵ National sovereignty and democracy are powerful rallying cries for

25. The MORI poll was reported in *The European*, Sept. 23–29, 1994, p. 1.

citizens and wage-earners who are rooted in place and attached to their communities (Laxer, 1995a). The most powerful impetus for cooperation may be the new right's globalization project, which is totalizing in its ambitions and focusses on culture as much as on production.

The creation of a uniform world market, one that can sell McDonald's hamburgers, Hollywood movies and similar products and services in undifferentiated malls anywhere in the world, is the aim of transnationals. They are gaining more and more proprietary control by turning rich and diverse cultures into a uniform, largely American "entertainment industry" and through continent-wide agreements of harmonization, deregulation, and political and economic uniformity (Barber, 1992). Culture is central to the new "trade" issues of intellectual property, copyright, and the new services. Transnationals are also gaining more control over the environment through increased rights for capital mobility, proprietary rights over biological engineering and deregulation.

The transnationals will not necessarily succeed in homogenizing world culture or in maintaining capital mobility. The scope of and opportunities for social movements are expanding. Many new social movements recruit mainly from the growing and diverse groups outside the traditional working class. Greater formal education, more leisure time and better communications encourage a rich life of networking locally, nationally and internationally.

Because environmentalists, feminists, economic nationalists and others are all threatened by new right globalization, they can develop coalitions for common purposes. I use the word "can" rather than "must" because there is nothing inevitable about this. Globalization may encourage each group to look beyond its issues and ways of doing politics and seek allies among other groups that oppose the new right's attempt to commodify everything and to dispose of politics. As we saw in Canada during the free-trade debate, public and private sector unions are natural partners of non-work-based movements. Putting aside antagonisms between the Catholic Church and feminists over abortion,²⁶ between environmentalists and forestry workers, the Pro-Canada Network came together to oppose the transnationals' agenda. It was able to turn a bare majority of the public against the trade agreement from an initial three-quarters in favour, despite near-unanimity among elites and the media in support of the FTA. The very diversity of the Network was a strength, suggesting that it represented a broader spectrum of Canadians than did its opponents. In English Canada, though not in Quebec, the coalition won the battle to represent the "nation" more effectively than the pro-FTA forces (Laxer, 1995a).

In taking a social-movements approach calling for "decentring the state"²⁷ from political and social action, some advocates want to wish away the state and political parties. This is not realistic. It was the failure to reform

26. See, on this issue, Sylvia Bashevkin (1989).

27. For a discussion of decentring the state in radical politics see Magnusson and Walker (1988), and a reply by Jenson and Keyman (1990).

the party system that led to the downfall of the grassroots campaign against the Canada-U.S. FTA. Winning public opinion was not enough. The partisanship of Liberals and New Democrats during the 1988 election split the opposition vote, preventing the majority from having their way. Non-work-based movements must develop means of dealing with the state, with elections and with political parties.

Can such coalitions agree upon enough of a common vision, while respecting differences, to transform political communities into more egalitarian, democratic, communitarian societies? The answers will come from further research and thinking and from concrete attempts at coalition-building.

Ownership and Location Commitment

Many things must be done to develop democratic alternatives so there can be sufficient investment to create paid employment for all who want it and to better utilize human capacities. The one I will briefly discuss is democratic social ownership.

Marxists emphasized the power of capital. So did populist farmers and pre-Marxist "utopian" socialists who advocated cooperatives, workplace control by "associated producers," and publicly owned banks and credit institutions (Harrington, 1990: 28). After World War II, social democrats repudiated these traditions and put their faith in control through state regulation and state planning. But these means failed to control the transnationals and have been discredited. It is time to reconsider ownership.

We have seen that corporations are mobile and that labour, by and large, is not. If private capital can more easily escape regulation and expropriation by democratic communities, ownership matters. In place of the traditional socialist policy of "nationalization," a strategy of displacement of corporate capitalism is a possibility. An alternative to private corporate ownership is democratic social ownership by wage-earners and communities that have "location commitment" to immobile labour and to territorially confined communities. These alternatives cover a wide range: worker cooperatives and worker-owned enterprises, community-controlled development funds, worker- or jointly controlled pension funds and labour- or social movement-controlled investment funds.

Ravaged by two severe recessions since 1981 and massive flights of capital, the Canadian labour movement is increasingly aware of corporate unwillingness to invest sufficiently in Canada to create full employment. Many trade unionists understand the importance of wage-earner capital funds, pioneered by the Swedish unions in the 1970s and adapted by the Quebec Federation of Labour in its Solidarity Fund (1984). This and other labour funds are profitable investments only because the federal and provincial governments provide tax breaks.²⁸ This means that social-movement

28. Ron Beggs, president of Working Ventures, claims that the funds cannot survive without the combined 40% federal and provincial tax credits. In provinces that do not match Ottawa's 20% tax break, his fund raises virtually no money (*The Globe and Mail*, Jan. 23, 1995, p. B11).

politics around social capital funds still depends on control of the state. Not all trends are moving toward social and collective goals, though. A former vice-president of the Bank of Montreal set up "Sportfund," "rented a union"—the Canadian Football League Player's Association—and cashed in on the tax breaks (*The Globe and Mail*, Jan. 23, 1995, p. B11).

In the 1990s, several provincial labour funds were started, among them the Crocus Fund, set up in 1991 to counter the flight of capital and jobs from Manitoba (Quarter, 1995). These labour funds are well on their way to becoming the dominant form of venture capital in Canada, and raised 75% of all new venture capital in the country in 1994 (*The Globe and Mail*, Jan. 23, 1995, p. B11). As such, they have the leverage to promote social ends such as workplace democracy, human rights, environmental protection and location commitment.²⁹

The early organizers of credit unions, such as the Caisse populaire in Quebec, understood that if small savings are gathered from millions of people, they can add up to large amounts. By 1989 the assets of credit unions and other financial cooperatives were \$93 billion, a major potential force in Canadian equity markets for progressive social goals (Quarter, 1992: 155).

Since the 1960s, the assets of occupational pension funds have dwarfed those of the credit unions and are the largest source of non-corporate capital. They account for 25% or more of all equity investments in Canada (Quarter, 1995). At present, most are not controlled by the wage-earners, for whom pensions are a form of deferred compensation. Several unions have begun campaigns to gain joint union-management control over pensions (Canadian Labour Congress, 1993). This is social movement politics waged largely outside the electoral arena.

In Quebec, the Caisse de dépôt et placement was set up as a nationalist response to "foreign" ownership—that of Anglo-controlled capital. Funded largely from Quebec pensions, it had net assets of \$45 billion in 1994 (Caisse de dépôt et placement du Québec, 1994). On some days the Caisse controls up to 20% of the transactions on the Montreal Exchange.³⁰ In moves widely criticized in the business press, the Caisse has kept Quebec-based firms from passing into the hands of out-of-province corporations. With only 13% of the share capital, the Caisse stopped two 1993 attempts by U.S. corporations to take over Univa, formerly Provigo, a major supermarket chain.³¹ The Caisse has location commitment. It does not have social goals of transforming the social economy,³² but a political movement to make it so is conceivable.

Although the value of these forms of existing social capital is massive, it is not large enough to transform the economy, even if these funds were transformed to democratic control and to social goals. Furthermore, with the

29. Whether these funds should follow social ends if this means a sacrifice in rate of return is a matter of considerable debate within and outside the labour movement. See Quarter, 1995.

30. From an interview I conducted with Pierre Beaulne (see Laxer, 1991).

31. *The Globe and Mail*, Mar. 13, 1993: p. B1; Apr. 26, 1993: p. B2; June 14, 1993: p. B1.

32. Interview with Philippe Gabelier, public affairs officer at the Caisse, June 6, 1995.

drop in the number of permanent jobs and in union membership, occupational pension funds and other forms of existing social capital are not likely to grow beyond the present 25%–30% of equity capital in Canada. If the goal were to eventually make social funds the dominant form of capital in Canada, additional sources would be needed. Two come to mind.

The federal government raises \$18 billion per year through unemployment contributions from employees and employers (Statistics Canada, 1994: 70). Employers contribute \$1.40 for every \$1.00 employees contribute. A 10% increase in these payroll taxes would raise \$1.8 billion annually, which could be earmarked for various new social capital funds, controlled by municipalities, unions or other groups. The funds could be regulated by federal legislation to ensure that they were wholly invested in Canada, and run democratically and in accordance with the public interest. If presented as a way to increase jobs and, in the long run, decrease the numbers drawing from unemployment funding, the idea could have wide appeal.

In his 1995 budget, Paul Martin imposed a temporary tax of \$100 million on bank profits, which had reached \$4.3 billion in 1993 (*The Globe and Mail*, Feb. 28, 1995, p. B12). This is a 2.3% tax rate. Given the banks' dismal historical record of draining capital out of Canada and refusing to invest in Canadian companies (Naylor, 1975), it would be fitting to have a permanent bank tax of 10% or more that would flow into regulated social capital funds that had location commitment to Canada.

A strategy of displacement rather than nationalization of corporate capital has pitfalls and advantages. Depending on how they are set up and the culture surrounding them, worker- or community-controlled capital funds can lead either to the popularization of capitalism or to alternatives to it. If workers' shares are conceived and established as another form of pay and as individual investments, such schemes fit nicely with the new right agenda. There are higher returns (and higher risks) on investments in the Third World. There may develop generational conflicts between older workers who desire higher returns on their investments and younger workers who desire investments for job creation in Canada. Worker or community ownership operating within market confines has difficulty overcoming the unjustly unequal rewards of the market system and the motivation of greed (Cohen, 1991: 18).

If, in a wage-earner-owned enterprise, individuals were able sell their shares to anyone, the collectivity could gradually lose democratic control and the enterprise could revert to a traditional capitalist model. If, on the other hand, wage-earners or communities retain control, as in the collective manner of cooperatives, there is the potential to develop democratic communities with goals other than profit maximization (Mygind and Rock, 1993). Officials at Quebec's Solidarity Fund observed that in the beginning, workers' motivation for investing in the Fund was mainly a matter of self-interest, while recently the motivation has increasingly been job creation.³³

33. Interview with Denis Leclerc and Alain Gauthier, June 6, 1995. Their views were based on surveys of investors in the Fund.

A major advantage of social capital funds is that they may be able to do some things that the state is prevented or hindered from doing under international "trade" agreements. These include stopping a foreign takeover bid and taking a foreign subsidiary into domestic control. Whether social capital funds, especially those that are parastate institutions such as the Caisse de Dépôt, could play these roles without being challenged under NAFTA or EU rules has not yet been tested.³⁴

Even if social capital were to become dominant in one or several countries, they would still not be free from global economic pressures emanating from transnationals and global financial institutions. But the more these countries built up capital with location commitment, the less effective' the global capitalists' use of economic blackmail strategies would be.

To pose alternatives to the transnationals, coalitions of labour and other social movements would have to be powerful and would have to occur in many countries. I am not optimistic that it is possible to build an effective, democratic internationalism from below to counter globalization from above, but it is worth trying.³⁵ If popular democratic control is to be enhanced, there remains a major role for democratic states with sufficient sovereignty to represent immobile labour and territorially based communities.

Conclusion

With the fall of communism in Eastern Europe and the scaling back of the great compromise, the new right is talking the language of triumph, of inevitability. History has led to convergence, so they say. We have heard this kind of talk before; it is rooted in the capitalist version of the Western Enlightenment project. Earlier predictions were proven wrong. As before, history is unlikely to move totally in the direction the new right wants.

One element of relative continuity is that the values and aspirations of democratic-egalitarian social movements have remained similar. People want a sense of belonging, security, equality, respect, personal development and freedom. These can best be fulfilled in socially supportive, democratic and egalitarian communities. Globalization by the transnationals is not indifferent to these needs and aspirations; it is hostile to them.

34. Conversation with Stephen Clarkson, 1993.

35. This question is discussed in my article "Opposition to Continental Integration" (Laxer, 1995a) and in *Nationalism and Democracy in the Global Economy* (Laxer, forthcoming). There is a growing literature on the development of an international civil society especially amongst environmental circles. For a start on this literature, see Lipschutz (1992).

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