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Soros and the market fundamentalists

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PERHAPS one of the greatest ironies at the turn of the last century was that the "ruthless speculator" George Soros should have "seen the light" in calling for "limits to be placed on market principles".

Indeed, he goes so far as to explain that he acted ruthlessly because he was dealing with mere numbers on the TV screen. He claims that had he known this would have meant harming people that he knew he would never have run this kind of business.

One hopes that his regrets also extend to people whom he did not know, as envisaged by the very strong protest by Prime Minister Datuk Seri Dr Mahathir Mohamad to Soros's kind of business.

Although Soros's book *The Crisis of World Capitalism* (Little, Brown 1998) is flawed as an academic work, it has focused on certain "social calls" which might merit some theoretical discussion.

Much of what Soros is saying is not new. These issues have been rigorously and robustly argued since the heydays of imperialism, colonialism and neo-colonialism.

I believe it is correct to say, however, that Soros's "social call" has taken into account certain more recent developments in international capitalism since then.

Soros' "social call" could mean that the ideology of total reliance on the free market has created a new kind of dominant political-economic power group he calls "market fundamentalist".

These groups are in a position to determine that market values should and must override all other social values. This amounts to re-asserting that the norms and values of the marketplace demand that self-interest and cutthroat competition must always take precedence over and sublimate all other values and social interests, irrespective of the consequences for human happiness.

Sir Henry Maine brilliantly summed this up when he postulated that this change in the value system can be traced to the shift in the scenario of human interaction from one of "status to contract" relationships.

This means that objective market-related contractual relationships define the fundamental basis of social interaction, replacing and marginalising the relationships based on custom and tradition that have existed from time immemorial.

Perhaps it might be conceded that Soros has gone further to argue that status relationships in the traditional marketplace have always meant that profits should only accrue if made in socially accepted ways.

He emphasises that with the intensification of global capitalism through free capital movement such restraints are swept away because the market only recognises norm-free competition. More importantly, he has made a significant observation that market fundamentalists do not recognise non-market oriented institutions and indeed professional groups or, for that matter, politicians. In other words, he is arguing that they may well have the power to make the nation state obsolete.

It is clear, however, that Soros does not have the monopoly on raising these "social calls". At least since the 1960s, long before globalisation, hundreds of NGOs and other human rights groups, particularly in developing countries, have consistently warned against the encroachment of multinational corporations.

Of course, the international community consistently paid lip service to

the need for developing countries to stand up to such encroachments. But in most cases these have been at best token indications of protest. A classic example here is the consumer movement, which even gained the recognition of the UN in the establishment of a Consumer Division in Penang for the Asia-Pacific region. I believe that, apart from the success in discrediting artificial baby milk powder which resulted in Dutch Baby being modified to Dutch Lady, there was little by way of direct action.

The dramatic rise in concern for the socially disadvantaged, particularly among the youth in Europe, the US and developing countries, means some of the social concerns raised by Soros have independently and dramatically been taken to centre stage, as in the massive public demonstrations which aborted the WTO conference in Seattle, and the recent large turnout in Chiangmai against the perceived inequities of globalised capitalism.

The globalisation problem will not be solved by public relations exercises or a newly democratic WTO. This is already becoming clear with the phenomenal success of the direct action groups in forcing large scale corporations and multinationals to review their corporate culture of profit maximisation at any cost. The fact that MacDonal'd's is backing down from using genetically modified potato chips, and cornflakes manufacturers are likewise rejecting modified corn, indicates that such groups have to be reckoned with.

One fervently hopes "Soros' Sorrows" will be seen as a wake-up call to all other "ruthless speculators" that their day of reckoning is at hand.

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